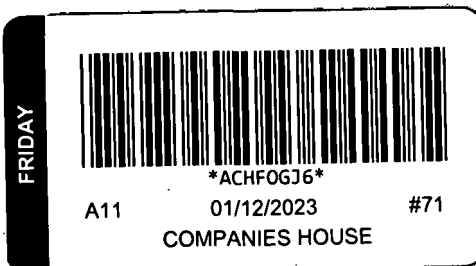


Registered number: 08636689

# Arabesque Asset Management Ltd

Directors' report and audited financial statements

For the year ended 31 December 2022



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## Arabesque Asset Management Ltd

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### Company Information

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**Directors**

Mr. Omar Selim  
Dr. Dominic Selwood

**Company secretary**

Dr. Dominic Selwood

**Registered number**

08636689

**Registered office**

5<sup>th</sup> Floor, Jamestown Wharf  
32 Jamestown Street  
London  
NW1 7BY

**Independent auditor**

Gravita Audit Limited  
Finsgate  
5 – 7 Cranwood Street  
London  
EC1V 9EE

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# Arabesque Asset Management Ltd

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# Arabesque Asset Management Ltd

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## Strategic Report

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### Introduction

The Directors present their Strategic report for Arabesque Asset Management Ltd (the "Company") for the year ended 31 December 2022.

### Principal activities and review of the year

The principal activity of the Company during the year ended 31 December 2022 was the distribution and provision of investment management services to Arabesque SICAV – Arabesque Systematic, separately managed accounts for clients based in the US, and funds marketed through Bank Islam Malaysia Berhad in Malaysia.

The Company was authorised by the Financial Conduct Authority (the "FCA") to undertake investment management services on 4 June 2014.

As of 31 December 2022, the Company had assets under management of USD 28.2m (£23.4m) (2021: USD 39.2m (£28.9m)) consisting of the above mentioned managed funds, advisory funds and separately managed accounts ("SMA's"). As of 31 December 2022, the Arabesque Asset Management Group (which includes Arabesque Asset Management Ltd and its subsidiaries Arabesque (Deutschland) GmbH and Arabesque Asset Management Singapore Pte Ltd) had assets under management of USD 443.2m (£368.6m) (2021: USD 495.7m (£366.0m)).

The loss after tax for the year ended 31 December 2022 was £1,155,500 (2021: £1,132,694). The Company's loss for the year ended 31 December 2022 increased due to the reduction in income as a result of the transfer of investment management contracts.

The results for the year ended 31 December 2022 and the financial position at 31 December 2022 of the Company, as shown on page 14, were considered satisfactory by the Directors. During the year ended 31 December 2022 the Company has continued its marketing activities to increase the future assets under management, which are forecast to increase in 2023 and beyond. The forecast increase in assets under management has resulted in the Company's directors being optimistic of the Company becoming profitable in the coming years.

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# Arabesque Asset Management Ltd

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## Strategic Report (continued)

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The Company has two wholly owned subsidiary, Arabesque Asset Management Singapore Pte Ltd ("AAMS") and Arabesque (Deutschland) GmbH ("ADG"). AAMS is a company incorporated in Singapore and which was authorised by the Monetary Authority of Singapore ("MAS") in October 2020 to conduct regulated activities, including fund management and research. The license enables the Company to pursue its strategy of expanding its authorised presence in the markets in which it operates.

ADG was authorised by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") in December 2020 became authorised by MAS2020 to conduct fund management activities. During 2021 the Company finalised the transfer of the investment management contracts, contracts which were previously fulfilled by the Company's German Branch, to ADG. This formed part of the Company's actions to meet the requirements for the management and distribution of funds in the European Union after the United Kingdom ("UK") left the European Union on 31 December 2020. It is planned that the Company will close its German Branch in 2023.

The company plans to sell its shares in Arabesque Asset Management Singapore Pte Ltd and Arabesque Deutschland GmbH to a new established company, Arabesque Jersey Ltd as part of an overall reorganization. Arabesque Jersey Ltd has been established in the first quarter of 2023.

The sale of these shares is planned to occur in 2023 and will be transacted at the book value of the investments. The decision to sell the shares is part of the company's strategic plan to streamline its operations and focus on core business activities.

The financial impact of the planned sale of shares will be reflected in the company's financial statements for the period in which the transaction occurs.

The Directors do not propose payment of an ordinary dividend for the year ended 31 December 2022 (2021: £nil).

### Future developments

The Directors do not anticipate any change in the nature of the Company's principal activities for the foreseeable future despite the planned sale of shares in Arabesque Asset Management Singapore Pte Ltd and Arabesque Deutschland GmbH. The sale of these shares will not result in any change to the company's activities as the company will continue to operate in its current line of business. The company will continue to focus on its core activities and pursue growth opportunities in its existing markets.

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## Arabesque Asset Management Ltd

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### Strategic Report (continued)

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#### Section 172 (1) statement

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 be most likely to promote the success of the company for the benefit of its members as a whole. As part of the Company's deliberations and decision making process, the Directors also takes into account the following:

- (i) likely consequences of any decision in the long term;
- (ii) the interests of the Company's employees;
- (iii) the need to foster the Company's business relationships with suppliers, customers and others;
- (iv) the impact of the Company's operations on the community and the environment;
- (v) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (vi) the need to act fairly between members of the Company

The Directors consider the Company's stakeholders to be the people who work for the Company, invest with the Company, own shares in the Company, regulate the Company and live in the societies served by the Company. During 2022, the Directors gave careful consideration to the factors set out above in discharging their duties under section 172. The Directors recognise that building strong relationships with their stakeholders will help deliver the Arabesque Asset Management Ltd strategy in line with its long-term values. The Directors are committed to effective engagement with all of its stakeholders. Depending on the nature of the issue in question, the relevance of each stakeholder group may differ and, as such, as part of Arabesque Asset Management Ltd's engagement with stakeholders, the Directors seek to understand the relative interests and priorities of each group and to have regard to these, as appropriate, in its decision making. The Directors acknowledge however, that not every decision it makes will necessarily result in a positive outcome for all stakeholders. The Directors also challenge management to ensure all stakeholder interests are considered in the day to day management and operations of Arabesque Asset Management Ltd.

The Directors seek to understand the interests and views of the Group's stakeholders by engaging with them directly as appropriate. The Directors will sometimes engage directly with certain stakeholders on specific issues, but the size and distribution of our stakeholders and of the Group means that stakeholder engagement often takes place at an operational level. The majority of decisions made by the Directors during the year are deemed to be routine in nature and are taken on a cyclical basis. The Directors are also focused on delivering both fair and right outcomes for all its Stakeholders. The product proposition for both internal and external customer groups has been debated by the Directors. As a result of these activities, the Directors believe they have demonstrated compliance with their legal duty under s.172 of the Companies Act 2006.

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## Arabesque Asset Management Ltd

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### Strategic Report (continued)

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#### Principal risks and uncertainties

The key business risks and uncertainties affecting the Company relate to the performance of the funds managed by the Company, as well of the performance of the funds managed by subsidiary companies, and the impact that underperformance may have on the ability to acquire and retain investors and hence on the level of assets under management and the fees earned by the Company.

The Company is exposed to foreign currency risk as the principal currency in which the Company operates is Pound Sterling ("GBP") and investment management fees are received in US dollars and the non-UK operations in Germany and Singapore respectively, Arabesque (Deutschland) GmbH and Arabesque Asset Management Singapore Pte Ltd, incur expenses in Euros and Singapore dollars. The Company and its subsidiaries aim to maintain appropriate liquidity in the relevant currencies through consideration of future income and expenses.

Due to the Company making losses, the Company has exposure to liquidity risk, as it may not have the necessary funding to pay its liabilities as they fall due. This risk is mitigated by continued monitoring of cash flow and the availability of additional funding from the Company's shareholder. The Company is indirectly exposed to market risk by virtue of its investment management services which are managed through the investment management process overseen by the investment team.

The Company with its two subsidiaries is covered by three regulators. The Company has responded to this through continued vigilance in all matters connected to regulatory compliance and also through retaining appropriate professional advisers. The Company is also planning to sell off the subsidiaries in the current financial year.

Other risks, such as legal risk and operational risk, are considered to be unchanged from prior years and both well understood and appropriately managed; accordingly, these are believed to have minimal potential impact.

In February 2022 Russian began so-called special operations in its neighbouring country Ukraine. These events have caused significant harm to the Ukrainian economy and have led to international sanctions being imposed on Russia and Russian-related businesses. The Company has no business in or connected with Russia, and the investment team has not invested in Russian shares since the Russian occupation of the Crimea in 2014. The Directors recognise that the events in Ukraine and economic sanctions imposed will negatively affect economic growth throughout Europe in the coming year but believe that the Company and its subsidiaries are comparatively unaffected, and it will not affect the ability of the Company to generate value in the long term or impact its long-term business plan.

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## Arabesque Asset Management Ltd

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### Strategic Report (continued)

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#### Key performance indicators

The key performance indicators of the Company are the growth and level of assets under management. The Directors continually monitor the Company's performance and recommend adoption of new key performance indicators where considered appropriate.

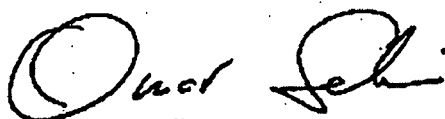
	2022	2021
Assets Under Management - remaining business (Company) (USDm)	28.2	39.2
Assets Under Management (Company and its subsidiaries) (USDm)	443.2	495.7

Following the transfer of the investment management contracts on 7 June 2021, the Company's revenue continues to be derived from assets under management, including those assets managed by subsidiary companies. This is due to the transfer pricing profit sharing agreement which is in place, whereby net revenue from fund management activities is allocated between the Company and its subsidiaries based on pre-determined percentage contributions. As a result, the Directors continue to monitor the total assets under management of the Company and its subsidiaries.

This report was approved by the board on 1 November 2023 and signed on its behalf.



Dr Dominic Selwood  
Director



Omar Selim  
Director



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# **Arabesque Asset Management Ltd**

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## **Directors' Report For the year ended 31 December 2022**

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The Directors present their report and the financial statements of Arabesque Asset Management Ltd (the "Company") for the year ended 31 December 2022.

### **Directors**

The Directors who served during the year ended 31 December 2022 and up to the date of approval of this report were:

Mr. Omar Selim  
Dr. Dominic Selwood

### **Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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## **Arabesque Asset Management Ltd**

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### **Directors' Report (continued)** **For the year ended 31 December 2022**

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#### **Going Concern**

The Directors have assessed the ability of the Company to continue as a going concern for the next 12 months from the date of approval of these financial statements.

Although the Company has generated a loss for the year ended 31 December 2022, the Directors believe that the Company will have support from its parent company, Arabesque Holding Ltd, and its wholly owned subsidiary company, Arabesque (Deutschland) GmbH, that they will not demand repayment of their payables for at least 12 months from approval of these financial statements. The parent company subscribed to 1,106,690 new shares of £1 each issued by the Company post year end (refer to note 26), for a mix of cash consideration and capitalisation of payables balance. The share issue improved the cash position of the Company and its net asset position post year end.

The Company has successfully implemented business continuity plans with Directors and employees having the ability to work remotely and therefore ensuring continuity of operations of the Company.

As a result, the Directors have concluded that there are no material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern for the next 12 months from the date of approval of these financial statements. Accordingly, the financial statements are appropriately prepared on the going concern basis.

#### **Auditor**

MHA MacIntyre Hudson resigned as auditors on 21 February 2023, and Gravita Audit Limited were appointed to fill the vacancy. Gravita Audit Limited has indicated its willingness to continue in office. A resolution proposing that Gravita Audit Limited be re-appointed as auditor of the Company will be put at the General Meeting.

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## Arabesque Asset Management Ltd

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### Directors' Report (continued) For the year ended 31 December 2022

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#### Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.


Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared financial statements in accordance with UK-adopted International Accounting Standards ("IAS") in conformity with the requirements of the Companies Act 2006. Under company law the 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 Company at the end of the period and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

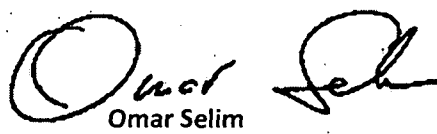
- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with applicable IFRSs, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

This report was approved by the board on 1 November 2023 and signed on its behalf by:

  
Dr Dominic Selwood  
Director

  
Omar Selim  
Director

## **Independent auditor's report to the Members of Arabesque Asset Management Ltd**

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### **Opinion**

We have audited the financial statements of Arabesque Asset Management Ltd for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements 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 Company's affairs as at 31 December 2022 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the financial statements 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 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, 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included reviews of expected cash flows for a period of 12 months, to determine expected cash outflow, which was compared to the liquid assets held in the Company.

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 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.

## **Independent auditor's report to the Members of Arabesque Asset Management Ltd (continued)**

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. *We have nothing to report 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 the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report nor 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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 8, 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.

## **Independent auditor's report to the Members of Arabesque Asset Management Ltd (continued)**

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In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the 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 these financial statements.

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

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

The objectives of our audit, in respect to fraud are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatements due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our knowledge and experience of the entity's activities.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, employment and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and reviewing legal expenditure; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

## **Independent auditor's report to the Members of Arabesque Asset Management Ltd (continued)**

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We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify noncompliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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](http://www.frc.org.uk/auditorsresponsibilities).

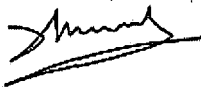
This description forms part of our auditor's report.

## **Independent auditor's report to the Members of Arabesque Asset Management Ltd (continued)**

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### **Use of this 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.



**Sachin Ramaiya (Senior Statutory Auditor)**

For and on behalf of  
Gravita Audit Limited

Chartered Accountants  
Statutory Auditor  
Finsgate  
5-7 Cranwood Street  
London EC1V 9EE

1 November 2023



## Arabesque Asset Management Ltd

### Statement of Comprehensive Income For the year ended 31 December 2022

	Notes	2022	2021
		£	£
Revenue	4	668,121	303,177
Cost of sales		(30,602)	(14,020)
<b>Gross profit</b>		<b>637,519</b>	<b>289,157</b>
Administrative expenses	5	(1,816,888)	(1,657,929)
<b>Operating loss</b>	6	<b>(1,179,369)</b>	<b>(1,368,772)</b>
Other income	8	24,000	49,055
Finance income	9	13,232	13,295
Finance costs	10	(11,198)	(2,275)
<b>Loss before taxation</b>		<b>(1,153,335)</b>	<b>(1,308,697)</b>
Tax on loss for the year	11	(2,165)	(1,504)
<b>Loss from continuing operations</b>		<b>(1,155,500)</b>	<b>(1,310,201)</b>
Profit on discontinued operation, net of tax	12	-	177,507
<b>Loss for the year</b>		<b>(1,155,500)</b>	<b>(1,132,694)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(1,155,500)</b>	<b>(1,132,694)</b>

The notes on pages 20 to 57 form part of these financial statements.

# Arabesque Asset Management Ltd

## Statement of Financial Position For the year ended 31 December 2022

	Notes	2022 £	2021 Restated £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	6,973	18,706
Right-of-use assets	20	29,197	61,057
Investments	14	-	915,994
Other non-current assets	16	360,538	351,238
		<b>396,708</b>	<b>1,346,995</b>
<b>Current assets</b>			
Available for Sale	15	915,994	-
Trade and other receivables	17	684,290	1,278,259
Prepayments and accrued income	18	142,565	111,227
Cash and cash equivalents		245,939	164,390
		<b>1,988,788</b>	<b>1,553,876</b>
<b>Total assets</b>		<b>2,385,496</b>	<b>2,900,871</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued share capital	22	17,176,006	15,692,625
Capital contribution	24	16,402	20,488
Accumulated losses		(15,528,249)	(14,372,749)
		<b>1,664,159</b>	<b>1,340,364</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	20	-	30,112
			<b>30,112</b>
<b>Current Liabilities</b>			
Trade and other payables	19	691,233	1,498,759
Lease liabilities	20	30,104	31,635
		<b>721,337</b>	<b>1,530,395</b>
<b>Total liabilities</b>		<b>721,337</b>	<b>1,560,507</b>
<b>Total equity and liabilities</b>		<b>2,385,496</b>	<b>2,900,871</b>

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## Arabesque Asset Management Ltd

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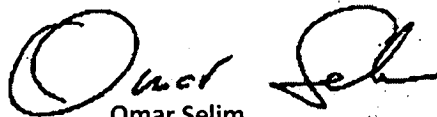
### Statement of Financial Position For the year ended 31 December 2022

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The financial statements were approved and authorised by the board and were signed on its behalf on 1 November 2023.



Dr Dominic Selwood  
Director



Omar Selim  
Director

The notes on pages 20 to 57 form part of these financial statements

## Arabesque Asset Management Ltd

### Statement of Changes in Equity For the year ended 31 December 2022

	Share capital £	Share based payment reserve £	Retained earnings £	Total equity £
As at 1 January 2022	15,692,625	20,488	(14,372,749)	1,340,364
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(1,155,500)	(1,155,500)
<b>Total comprehensive income for the year</b>	-	-	(1,155,500)	(1,155,500)
<b>Transactions with owners</b>				
Shares issued during the year	1,483,381	-	-	1,483,381
Equity incentive granted: capital contribution	-	(4,086)	-	(4,086)
<b>Total transactions with owners</b>	1,483,381	(4,086)	-	1,479,295
As at 31 December 2022	17,176,006	16,402	(15,528,249)	1,664,159

The notes on pages 20 to 57 form part of these financial statements

## Arabesque Asset Management Ltd

### Statement of Changes in Equity For the year ended 31 December 2022

	Share capital £	Share based payment reserve £	Retained earnings £	Total equity £
As at 1 January 2021	14,192,625	7,585	(13,240,055)	960,155
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(1,132,694)	(1,132,694)
<b>Total comprehensive income for the year</b>	-	-	(1,132,694)	(1,132,694)
<b>Transactions with owners</b>				
Shares issued during the year	1,500,000	-	-	1,500,000
Equity incentive granted: capital contribution	-	12,903	-	12,903
<b>Total transactions with owners</b>	1,500,000	12,903	-	1,512,903
As at 31 December 2021	15,692,625	20,488	(14,372,749)	1,340,364

The notes on pages 20 to 57 form part of these financial statements.

# Arabesque Asset Management Ltd

## Statement of Cash Flows For the year ended 31 December 2022

	Notes	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Loss before tax from continuing operations		(1,153,335)	(1,308,697)
Profit before tax from discontinued operations		-	177,507
<b>Loss before tax</b>		<b>(1,153,335)</b>	<b>(1,131,190)</b>
<i>Non-cash adjustment to reconcile profit or loss to net cash flows:</i>			
Finance income	9	(13,232)	(13,295)
Finance costs	10	11,198	2,275
Depreciation of property, plant and equipment	13	13,848	15,889
Loss on disposal of property, plant and equipment	13	(294)	-
Transfer of property, plant and equipment to subsidiary company	13	-	-
Depreciation of right of use assets	20	31,860	18,585
Share based payment expense	24	(4,086)	12,903
<i>Working capital adjustments:</i>			
Decrease / (increase) in trade receivables and prepayments	17	562,631	175,895
(Decrease) / increase in trade and other payables	19	(807,526)	(791,990)
<b>Cash used in operations</b>		<b>(1,358,936)</b>	<b>(1,710,928)</b>
Interest received		3,932	13,295
Interest paid		(9,338)	(625)
Income tax paid / (received)	11	(2,165)	(1,504)
<b>Net cash used in from operating activities</b>		<b>(1,366,507)</b>	<b>(1,699,762)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant, property and equipment	13	(2,322)	(8,121)
Proceeds from the sale of property, plant and equipment	13	500	-
Purchase of equity in subsidiary entities	14	-	(400,053)
<b>Net cash used in investing activities</b>		<b>(1,822)</b>	<b>(408,174)</b>
<b>Cash flows from financing activities</b>			
Payment of principal portion of lease		(33,503)	(19,544)
Share issue	22	1,483,381	1,500,000
<b>Net cash generated from financing activities</b>		<b>1,449,878</b>	<b>1,480,456</b>
Net (decrease) / increase in cash and cash equivalents		81,549	(627,480)
Cash and cash equivalents at 1 January		164,390	791,870
<b>Cash and cash equivalents at 31 December</b>		<b>245,939</b>	<b>164,390</b>

The notes on pages 20 to 57 form part of these financial statements.

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# Arabesque Asset Management Ltd

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## Notes to the Financial Statements For the year ended 31 December 2022

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### 1. Company information

Arabesque Asset Management Ltd, (the "Company") is a private company limited by shares, registered in England and Wales and domiciled in the United Kingdom. The registered office and place of business is 5<sup>th</sup> Floor, Jamestown Wharf, 32 Jamestown Street, London, NW1 7BY.

### 2. Accounting policies

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

#### 2.1. Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis and under the historical cost convention in accordance with United Kingdom adopted International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB") that are effective or issued and adopted as at the time of preparing these Financial Statements, and in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

#### 2.2. Consolidation

The Company is a wholly owned subsidiary of its immediate parent, Arabesque Holding Ltd and a wholly owned indirect subsidiary of its ultimate parent, The Arabesque Partnership LLP. It is included in the consolidated financial statements of Arabesque Holding Ltd and The Arabesque Partnership LLP, which are both publicly available. Therefore, the Company is able to utilise the exemption available in section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of both the immediate and ultimate parent's registered office is 5<sup>th</sup> Floor, Jamestown Wharf, 32 Jamestown Street, London, NW1 7BY.

These financial statements are separate financial statements of the Company.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 2. Accounting policies (continued)

##### 2.3. Going Concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate. The Company will have continued support from its parent company, Arabesque Holding Ltd. The parent company has confirmed that it will not be demanding repayment of their balance due by the Company for a period of at least 12 months from the date of approval of these financial statements. The parent company subscribed to 1,106,690 new shares of £1 each issued by the Company post year end (refer to note 26), for a mix of cash consideration and capitalisation of payables balance. The share issue improved the cash position of the Company and its net asset position post year end.

The company has also obtained guarantees from its wholly owned subsidiary, Arabesque (Deutschland) GmbH, that they will not demand repayment of the current payables owed by the Company to them until such time as the Company is in a position to repay the balance or a part thereof.

As a result of the above, and having scrutinised the cash outflow projections of the Company and the assumptions used in its preparation, the directors are satisfied that the company will have sufficient resources readily available to meet its liabilities as they fall due for a period of at least twelve months from the date of signing of these financial statements. Accordingly, the financial statements are prepared on a going concern basis.

The financial statements do not include any adjustments that would result if the above support from Arabesque Holding Ltd and Arabesque (Deutschland) GmbH were withdrawn.

##### 2.4. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements, and which the Directors expect to be applicable to the Company's financial statements, are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

##### *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right



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# Arabesque Asset Management Ltd

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## Notes to the Financial Statements For the year ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.4. Standards issued but not yet effective (continued)

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice, if any.

New and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements, and which the Directors do not expect to be applicable to the Company's financial statements, include:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37;
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter;
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities;
- Reference to the Conceptual Framework – Amendments to IFRS 3;
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- Definition of Accounting Estimates – Amendments to IAS 8;
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

#### 2.5. Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 2. Accounting policies (continued)

##### 2.5. Current versus non-current classification (continued)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

##### 2.6. Revenue Recognition

Revenue represents fees arising from the provision of investment management services.

Revenue from the provision of investment management is recognised in accordance with the investment management agreement with the respective funds whose assets are managed by the Company. Fees from the services are recognised as a percentage of asset under management for the period the service is provided.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due). Please see note 2.15, Financial Instruments.

##### 2.7. Expenses

Expenses are recognised on an accruals basis.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 2. Accounting policies (continued)

##### 2.8. Interest income and expense

Interest income and expense is recognised in profit and loss on an accruals basis.

##### 2.9. Non-current assets held for sale and discontinued operations

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 2. Accounting policies (continued)

##### 2.10. Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at the date of the Statement of Financial Position. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

##### 2.11. Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Plant and machinery	- 10 years straight line
Fixtures and fittings	- 3 years straight line
Computer equipment	- 3 years straight line

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the Statement of Comprehensive Income

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 2. Accounting policies (continued)

##### 2.12. Leases

###### *Right-of-use assets*

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold property      - 2 years

The right-of-use assets are also subject to reviews for impairment when such indicators of impairment exist.

###### *Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 2. Accounting policies (continued)

##### 2.12. Leases (continued)

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in current and non current liabilities (see notes 20).

##### 2.13. Taxation

###### Current income tax

Provision is made for corporation tax, in respect of the Company in the Statement of comprehensive income at the current rates on the excess of taxable income over allowable expenses and is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Current tax on items recognised in other comprehensive income or equity, are recognised in other comprehensive income or equity respectively. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

###### Deferred tax

Deferred balances are recognised in respect of all temporary differences that have originated but not reversed by the date of the Statement of financial position other than those differences regarded as permanent. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates and laws that have been enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

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# Arabesque Asset Management Ltd

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## Notes to the Financial Statements For the year ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.14. Foreign Currencies

The Company's functional and presentational currency is Pound Sterling as this is the primary economic environment in which the Company operates.

The income and expenses of the German office are incurred in Euro and translated to Pounds Sterling in accordance with the accounting policy below.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions are recognised in the profit or loss.

Foreign exchange gains and losses are presented within 'administrative expenses'.

#### 2.15. Financial Instruments

##### *Financial assets*

The Company classifies its financial assets as loans, trade receivables and cash and cash equivalents. The classification depends on the purpose of which the financial assets were acquired.

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 2. Accounting policies (continued)

##### 2.15. Financial Instruments (continued)

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Prepayments and other receivables are stated at their nominal values.

##### *Financial liabilities*

The Company's financial liabilities comprise trade and other payables and amounts due to related parties which classified as "Other financial liabilities". These are initially recognised at fair value and subsequently carried at amortised cost using the effective interest. Trade payables are non-interest-bearing obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.



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# Arabesque Asset Management Ltd

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## Notes to the Financial Statements For the year ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.15. Financial Instruments (continued)

##### *Offsetting*

Financial assets and liabilities are offset and the net amounts reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. Share premium includes any premium received on issue of share capital. Any transaction costs associated with the issuing of the shares are deducted from share premium, net of any income tax benefits.

Retained earnings include all current and prior period related profits. All transactions with owners of the parent are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

#### 2.16. Share Based Payments (Equity Incentive)

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period.

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# Arabesque Asset Management Ltd

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## Notes to the Financial Statements For the year ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.16. Share Based Payments (Equity Incentive) (continued)

In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the profit and loss account for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the profit and loss account.

#### 2.17. Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

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# Arabesque Asset Management Ltd

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## Notes to the Financial Statements For the year ended 31 December 2022

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### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of financial position and the amounts reported for revenue and expenses during the year.

#### Critical judgements in applying the entity's accounting policies

The Company has not been required to apply any critical judgements in applying the accounting policies.

#### Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### Useful economic lives of non-financial assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the non-financial assets and note 2.11 for the useful economic lives for each class of assets.

#### Impairment of trade receivables

The Company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the current credit worthiness of the debtor as assessed by the directors, the ageing profile of debtors and historical experience. See notes 17 and 18 for the carrying amount of the receivables.

#### Valuation of share options

Where share options are granted, management exercises judgement in determining the fair value of these financial instruments taking into account internal and external factors during the financial year. Due to the significant degree of judgement required, external valuation experts are engaged to review the fair value prepared by management during this process.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

##### Intercompany Recharges

The company has applied judgement in determining the allocation of costs for intercompany recharges between its subsidiaries based on headcount proportions. The Holding Recharge of 50% of Arabesque Holding Ltd has been split using headcount proportions between the daughter companies of Arabesque Holding Ltd. These methods of cost allocation have been deemed appropriate by management given the nature of the services provided and the allocation of resources among the subsidiaries.

The financial impact of these recharges has been included in the financial statements of the respective subsidiaries in accordance with applicable accounting standards. The company has evaluated the impact of these intercompany recharges on the financial statements and believes that they are appropriate and reflect the true economic substance of the transactions.

##### Impairment of Available for Sale assets

In determining whether there are indicators of impairment of the company's available for sale asset, factors taken into consideration in reaching such a decision include the economic viability and the expected future financial performance of the assets, and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. For the company's fixed asset investments in both Arabesque (Deutschland) GmbH and Arabesque Asset Management Singapore Pte. Ltd, there is an impending sale of these entities to a fellow group entity as part of the ongoing group reorganisation exercise after the reporting date. Hence, the expected net disposal proceeds and the availability of resources have also been taken into consideration when assessing whether there are indicators of impairment as at the reporting date.

##### Loan provisions

The directors continually monitor outstanding loans and also put in place controls to ensure provisions for expected credit losses are minimised, including the holding of adequate legal security if deemed necessary. Where debts become overdue, management assesses the collectability of the debt on a case by case basis. Where doubts exists over the recoverability of debts, provisions will be made and charged to the statement of comprehensive income. These provisions are estimates and the actual losses and timing of future cash flows are dependent on future events. Any difference between the expectations and the actual future losses will be accounted for in the period when such determinations is made. As at the reporting date, the

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

##### Loan provisions (continued)

directors of the company have assessed and are satisfied that there were no expected credit losses, and hence no provisions required, on the amounts owed to the company by group entities and its employees.

#### 4. Revenue

Revenue from fund management activity recognised in the Statement of comprehensive income is analysed as follows:

	2022 £	2021 £
<i>Geographical location</i>		
Europe	553,179	231,760
Rest of the World	114,942	71,417
	<u>668,121</u>	<u>303,177</u>

	2022 £	2021 £
<i>Type of service</i>		
Investment management services	<u>668,121</u>	<u>303,177</u>

#### 5. Administrative expenses

Administrative expenses include salaries, professional fees, office expenses, travel expenses, intercompany recharges and foreign exchange losses or gains.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 6. Operating loss

The operating loss is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible fixed assets	13,848	15,889
Depreciation of right of use assets	31,860	18,585
Foreign exchange (gain) / loss	79,499	(3,558)
Auditor's remuneration:		
- Audit services for the Company	20,000	15,000

#### 7. Employee benefits expense

Staff costs during the year ended 31 December 2022 were as follows:

	2022 £	2021 £
Wages and salaries	685,819	969,269
Social security costs	97,205	120,763
Pension costs	5,061	5,652
Equity incentive expense	(4,086)	3,592
	783,998	1,108,587

The Director's did not receive any remuneration during the year ended 31 December 2022 from the Company for their services to the Company (2021: £Nil).

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# Arabesque Asset Management Ltd

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## Notes to the Financial Statements For the year ended 31 December 2022

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### 7. Employee benefits expense (continued)

The average monthly number of employees, including the Directors, during the year ended 31 December 2022 was as follows:

	2022 Number	2021 Number
Directors	2	2
Administration	7	10
	<u>9</u>	<u>12</u>

### 8. Other income

Other income includes fees received in respect of the appointed representative agreement.

### 9. Interest income

	2022 £	2021 £
Bank interest income	117	138
Interest income on employee loans	13,115	13,157
	<u>13,232</u>	<u>13,295</u>

### 10. Finance costs

	2022 £	2021 £
Interest on borrowings	9,338	625
Interest on lease liabilities (note 20)	1,860	1,650
	<u>11,198</u>	<u>2,275</u>

# Arabesque Asset Management Ltd

## Notes to the Financial Statements For the year ended 31 December 2022

### 11. Taxation

	2022 £	2021 £
<b>Current tax</b>		
Charge for the year	2,165	1,504
Research and development tax credits	-	-
<b>Total current tax</b>	<u>2,165</u>	<u>1,504</u>
<b>Taxation on loss on ordinary activities</b>	<u>2,165</u>	<u>1,504</u>

#### Factors affecting tax charge for the year

The tax assessed for the year differs from the pro-rated standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Loss before tax from continuing operations	(1,153,335)	(1,308,696)
Profit before tax from discontinued operations	0	177,507
Loss on ordinary activities before tax	<u>(1,153,335)</u>	<u>(1,131,190)</u>
Loss on ordinary activities multiplied by the pro-rated standard rate of corporation tax in the UK of 19% (2021: 19%)	(219,134)	(214,926)
<b>Effects of:</b>		
Non-deductible expenses	(506)	6,373
Foreign tax	2,165	1,504
Capital allowances in excess of depreciation	5,596	1,821
Tax losses unutilised	214,151	182,178
Pension contributions	(107)	24,554
Research and development tax credits	-	-
<b>Total tax (credit) / charge for the year</b>	<u>2,165</u>	<u>1,504</u>



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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 11. Taxation (continued)

##### Factors that may affect future tax charges

The company has estimated tax losses carried forward of £13,389,297 (2021: £12,273,609) which are available for offset against future trading profits.

##### Deferred taxation

The unrecognised deferred tax asset arises as follows:

	Taxable trading loss £	Accelerated capital allowances £	Other provisions £	Total £
As at 1 January 2022 at 25%	3,068,052	14,182	32,444	3,114,678
Movement in year at 25%	279,273	(850)	1,960	280,383
As at 31 December 2022 at 25%	<u>3,347,325</u>	<u>13,332</u>	<u>34,404</u>	<u>3,395,061</u>

	2022 £	2021 £
Taxable trading losses	3,347,325	3,068,052
Accelerated capital allowances	13,332	14,182
Other provisions	<u>34,404</u>	<u>32,444</u>
	<u>3,395,061</u>	<u>3,114,678</u>

The deferred tax asset of £3,395,061 (2021: £3,114,678) has not been recognised as it is uncertain when there will be sufficient taxable profits against which these amounts can offset.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 12. Discontinued operations

On 7 June 2021, the Company completed the transfer of the investment management contracts for the Arabesque SICAV – Arabesque Systematic funds to a subsidiary company, Arabesque (Deutschland) GmbH. The transfer, which was initiated on 31 December 2020, was effected to allow the management and distribution of these funds to continue in an uninterrupted manner following the UK's departure from the European Union.

	2022	2021
	£	£
Revenue	-	647,523
Cost of sales	-	(470,016)
<b>Gross profit</b>	-	<b>177,507</b>
Administrative expenses	-	-
<b>Operating income</b>	-	<b>177,507</b>
<b>Profit before taxation from discontinued operations</b>	-	<b>177,507</b>
Taxation	-	-
<b>Profit from discontinued operations</b>	-	<b>177,507</b>

# Arabesque Asset Management Ltd

## Notes to the Financial Statements For the year ended 31 December 2022

### 13. Property, plant and equipment

	Computer equipment £	Total £
<b>Cost</b>		
At 1 January 2021	55,560	55,560
Additions	8,121	8,121
Disposals	-	-
At 31 December 2021	63,681	63,681
Additions	2,322	2,322
Disposals	(6,500)	(6,500)
At 31 December 2022	59,503	59,503
<b>Depreciation</b>		
At 1 January 2021	29,087	29,087
Charge for the year	15,889	15,889
Disposals	-	-
At 31 December 2021	44,976	44,976
Charge for the year	13,848	13,848
Disposals	(6,294)	(6,294)
At 31 December 2022	52,530	52,530
<b>Net book value</b>		
At 31 December 2022	6,973	6,973
At 31 December 2021	18,706	18,706

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# Arabesque Asset Management Ltd

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## Notes to the Financial Statements For the year ended 31 December 2022

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### 14. Fixed asset investments

#### Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

	<i>Registered number</i>	<i>Class of shares</i>	<i>Holding</i>
Arabesque (Deutschland) GmbH	HRB97525	Ordinary	100%
Arabesque Asset Management Singapore Pte Ltd	202007745K	Ordinary	100%

- Arabesque (Deutschland) GmbH is incorporated in Germany, and its registered office is Zeppelinallee 15, 60325 Frankfurt am Main, Germany.
- Arabesque Asset Management Singapore Pte Ltd is incorporated in Singapore, and its registered office is 18A Gemmill Lane, 069255, Singapore.

Both Arabesque (Deutschland) GmbH and Arabesque Asset Management Singapore Pte Ltd provide investment management services.

#### Investment in subsidiary undertakings

	<b>2022</b> £	<b>2021</b> £
<b>Cost or valuation</b>		
At 1 January 2022	915,994	515,941
Additions	-	400,053
Reclassification into Available For Sale	(915,994)	
At 31 December 2022	-	915,994
<b>Net book value</b>		
At 31 December 2022	-	915,994

The investment in subsidiary undertakings relates to the share capital of Arabesque (Deutschland) GmbH and Arabesque Asset Management Singapore Pte Ltd.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 14. Fixed asset investments (continued)

During the year the assets have reclassified into Available For Sale (AFS).

A summary of the additions to fixed asset investments is shown below:

	Total Investment £	Reclassification into AFS 2022 £
Investment in the capital reserves of Arabesque (Deutschland) GmbH	-	(499,922)
Investment in ordinary shares of Arabesque Asset Management Singapore Pte Ltd	-	(416,072)
	<u>-</u>	<u>(915,944)</u>

#### 15. Assets available for sale

As part of an ongoing reorganisation The Arabesque Group established Arabesque Jersey Ltd on 30 August 2022. In accordance with this decision the directors have opted to sell the investments in Arabesque (Deutschland) GmbH and Arabesque Asset Management Singapore Pte Ltd to Arabesque Jersey Ltd during the current year. As a result Arabesque Asset Management Ltd has reclassified the investments into assets available for sale. The assets will be sold to Arabesque Jersey Ltd at the book value and no gain or loss will be incurred on the transaction.

The transaction is going to be funded via a loan from Arabesque Holding Ltd. The Directors see no reason for impairment of the asset, and therefore, no impairment loss has been recognized in the statement of comprehensive income.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 15. Assets available for sale (continued)

As of 31 December 2022, the carrying amount of the investments reclassified to available for sale was Arabesque (Deutschland) GmbH £499,922 and Arabesque Asset Management Singapore Pte Ltd £416,072.

The fair value of the investments was not materially different from the carrying amount at the reporting date.

The reclassification has no impact on the profit or loss for the year ended 31 December 2022. The impact of the reclassification on the statement of financial position was as follows:

	Before reclassification £	After reclassification £
<b>Non-current assets</b>		
Property, plant and equipment	6,973	6,973
Right-of-use assets	29,197	29,197
Investments	915,994	-
Other Non-Current Assets	360,538	360,538
	<b>1,312,702</b>	<b>396,708</b>
<b>Non-current assets</b>		
Available for sale	-	915,994
	<b>0</b>	<b>915,994</b>

#### 16. Other non-current assets

As of 31 December 2022, Arabesque Asset Management Ltd had outstanding staff and directors' loans totalling £502,764. These loans are repayable upon meeting certain salary conditions and repayment schedules have been agreed upon by the parties involved.

As of 31 December 2022, £142,226 of the staff loans is recognized as short-term liabilities, as is due within one year. The remainder of £360,538 is recognised as long-term as the repayment conditions have not yet been met. All loans are subject to interest at a rate of 3% per annum, in accordance with the company's policies.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 16. Other non-current assets (continued)

The company has assessed the recoverability of the staff loans and has concluded that the loans are not impaired, as the conditions for repayment are seen as possible to meet.

Based on a review of the conditions for repayment, the Company has retrospectively reclassified £351,238 of the staff loans from short-term liabilities to long-term liabilities for the prior period as at 31 December 2021.

The company believes that the terms of the loans are fair and reasonable, and consistent with prevailing market conditions. The company will continue to monitor the staff loans and will reassess the recoverability of the loans as necessary.

#### 17. Trade and other receivables

	2022 £	2021 £
Trade receivables	-	1,518
Director's loan	-	-
Amounts due from group undertakings	407,104	997,953
VAT recoverable	23,395	36,323
Corporation tax recoverable	111,565	99,273
Other receivables	142,226	143,192
	<u>684,290</u>	<u>1,278,259</u>

Included in other receivables are employee loans totalling £142,226 (2021: £143,192), which are repayable on demand and accrue interest at 3% per annum.

All amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 18. Prepayments and accrued income

	2022 £	2021 £
Prepayments	98,699	104,485
Accrued Income	43,866	6,742
	<u>142,565</u>	<u>111,227</u>

Included in prepayments which total £98,699 (£2021: £104,485), and are reported separately on the face of the statement of financial position, as at 31 December 2022 are amounts invoiced in respect of the next financial period.

Accrued income of £61,562 (2021: £6,742) relates to fund management fee income.

#### 19. Trade and other payables: amounts falling due within one year

	2022 £	2021 £
Trade payables	85,855	86,048
Other payables	744	4,185
Accruals	174,356	206,004
Taxes and social security payments	4,525	139,983
Amounts owed to group undertakings	425,753	1,062,539
	<u>691,233</u>	<u>1,498,759</u>

Trade payables include cloud storage, data license, accounting and tax, company secretarial, and consultancy fees, with a settlement term of 30 days.

Accruals include unbilled audit, tax, and accountancy fees, compliance consulting fees, insurance premiums and electricity costs, cost of sale rebate, back pay, and accrued holiday pay. All payables and accruals are payable within 12 months of the reporting date.



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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 19. Trade and other payables: amounts falling due within one year (continued)

During the year ended 31 December 2022 Arabesque Holding Limited advanced to the Company an amount of £1,243,638 (2021: £860,000) which was identified as a potential source of capital for the Company. During the year ended 31 December 2022 £1,253,000 (2021: £1,500,000) of this advance was capitalised (see note 22). Due to the nature of this advance, there is no intention to settle this amount on a net basis with other amounts due from Arabesque Holding Ltd – hence this advance is not netted with amounts due from Arabesque Holding Ltd (see note 25).

#### 20. Leases

The Company has lease contracts for office premises used in its operations.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Office premises £	Total £
At 1 January 2022	61,057	61,057
Depreciation expense	(31,860)	(31,860)
At 31 December 2022	29,197	29,197

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 20. Leases (continued)

Set out below are the carrying amounts of lease liabilities (included under trade and other payables) and the movements during the year:

	2022	2021
	£	£
At 1 January	(61,748)	
Additions	-	(79,642)
Accretion of interest	(1,860)	(1,650)
Payments	33,504	19,544
At 31 December	<u>(30,104)</u>	<u>(61,748)</u>

The following are the amounts recognised in the Statement of Comprehensive Income:

	2022	2021
	£	£
Depreciation expense of right-of-use assets	31,860	18,585
Interest expense on lease liabilities	1,860	1,650
Total amount recognised in profit or loss	<u>33,720</u>	<u>20,235</u>

The Company had total cash outflows for leases of £33,504 in 2022 (2021: £19,541). In 2022 the Company had non-cash additions to right-of-use assets and lease liabilities of £Nil (2021: £79,642).

#### 21. Financial instruments – risk management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk

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# Arabesque Asset Management Ltd

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## Notes to the Financial Statements For the year ended 31 December 2022

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### 21. Financial instruments – risk management (continued)

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented through these financial statements.

Principal financial instruments:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

The Company does not issue or use financial instruments of a speculative nature. A summary of financial instruments held by category is provided below:

#### Assets per Statement of Financial position

	2022 £	2021 £
Trade and other receivables	684,290	1,278,259
Cash and cash equivalents	245,939	164,390
	<u>930,229</u>	<u>1,442,649</u>

All financial assets are measured at amortised cost.

#### Liabilities per Statement of Financial position

	2022 £	2021 £
Lease liabilities non-current	0	30,112
Lease liabilities current	30,104	31,636
Trade and other payables	691,233	1,498,759
	<u>721,337</u>	<u>1,560,507</u>

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# Arabesque Asset Management Ltd

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## Notes to the Financial Statements For the year ended 31 December 2022

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### 21. Financial instruments – risk management (continued)

All financial liabilities are measured at amortised cost.

The carrying value of financial assets and liabilities is considered to be a reasonable approximation of the fair value.

#### General objectives, policies and processes

The Directors have overall responsibility for the determination of the Company's risk management objectives and policies, and they design and operate processes that ensure the effective implementation of these objectives and policies.

The overall objective of the Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

#### Credit risk

Credit risk is the risk of financial loss to the Company if a trading partner or counterparty to a financial instrument fails to meet its contractual obligations. Related parties form the largest counterparty group of the Company therefore credit risk is considered to be low. Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables are given in note 14.

#### Financial assets – maximum exposure

	2022 £	2021 £
Trade and other receivables	684,290	1,278,259
Cash and cash equivalents	245,939	164,390
	<u>930,229</u>	<u>1,442,649</u>

The Company's credit risk on cash and cash equivalents is limited because the Company places funds on deposit with financial institutions with A+ or AA credit-ratings assigned by international credit-rating agencies.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 21. Financial instruments – risk management (continued)

##### Capital Management

The Company's capital management policies are designed to support its business activities. Arabesque Asset Management Ltd manages its capital structure to maintain a strong credit rating and sufficient liquidity to support its operations and growth initiatives. It considers its capital to include common stock, capital contribution and retained earnings.

Arabesque Asset Management Ltd regularly reviews its capital structure. It is subject to imposed regulatory capital requirements and it has been in compliance with all such requirements as of the end of the current reporting period.

There have been no changes to the Company's capital management policies during the current reporting period. The Company will continue to monitor its capital position and may make adjustments to its capital management policies and practices as needed to support its business activities and maximize shareholder value.

##### Interest rate risks

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no investments that are directly linked to market interest rates, and is therefore not subject to a significant risk exposure due to the changes in the level of market interest rates.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 21. Financial instruments – risk management (continued)

##### Foreign exchange risk

Foreign exchange risk relates to the risk of losses arising due to currency fluctuations. The Company's functional currency is Pound Sterling (GBP) and most of the day-to-day transactions take place in GBP. Foreign exchange risk arises because, the funds which the Company manages are denominated in US Dollars (USD), and consequently revenues are received in USD. In addition, the Company's German branch transacts predominantly in Euro (EUR).

To mitigate exposure to foreign exchange risk expected cash flows are monitored in line with forward exchange rates, and cash is held in currency dominated bank accounts as deemed appropriate by management in order to meet the cash flow requirements of the business.

##### Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Company's trade and other payables are repayable within one year from the reporting date and the contractual undiscounted cash flow analysis for the Company's trade and other payable is the same as their carrying value. All trade and other payables have contractual maturities within one year.

The Company prepares annual 12 month cash flow projections based on working capital modelling, and reviews against cash balances on a monthly basis. At the end of the financial year, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

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# Arabesque Asset Management Ltd

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## Notes to the Financial Statements For the year ended 31 December 2022

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### 21. Financial instruments – risk management (continued)

The Company's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders
- To ensure that the Company has the cash available to develop the services provided by the Company to provide an adequate return to share

### 22. Share capital

	2022 £	2021 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
17,176,006 (2021: 15,692,625) Ordinary Share Capital shares of £1 each	<u>17,176,006</u>	<u>15,692,625</u>

The Company issued 1,483,381 (2021: 1,500,000) Ordinary shares of £1 each during the year ended 31 December 2022.

Ordinary shares hold full voting, dividend and capital distribution rights.

### 23. Pension commitments

The Company operates a defined contribution pension scheme for UK based employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the fund and amounted to £5,061 (2021: £5,652). Contributions totalling £1,018 (2021: £1,807) were payable to the fund at the balance sheet date.

### 24. Share Based Payments

Effective on 1 January 2021, the Company launched a new incentive programme for its employees as part of their remuneration for services provided called the Arabesque Incentive Plan ("AIP"). The AIP grants employees share options over Ordinary B shares in the Company. These Ordinary B shares rank equally with Ordinary A shares of the Company except that the Ordinary B shares

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 24. Share Based Payments (continued)

give the holder no voting rights until there is a liquidity event, when both A and B Ordinary shares will become one share class.

Interests in the AIP have been accounted for as equity-settled share-based payments. The AIP contains a 3-year and a 12-year performance award programme. Vesting on the 3-year program is dependent on achieving individual performance and business performance targets whilst the vesting condition on the 12-year programme is only the length of employment service. The weighted average remaining contractual life of the share options is 2 years.

The AIP replaces the previous equity incentive plan which was based on membership interests in the ultimate parent undertaking, The Arabesque Partnership LLP, which continues solely for existing members and no new members will be admitted into the incentive plan based on membership interests in The Arabesque Partnership LLP. This incentive plan is based on a 12-year vesting with no performance conditions other than employment service with the group.

The following table illustrates the number of, and movements in, share options during the year. There were no exercises of share options during 2022 and accordingly no weight-average exercise price is disclosed.

	2022 Number	2021 Number
Outstanding at 1 January	2,977,083	-
Granted during the year	2,550,000	3,110,000
Forfeited during the year	(2,050,444)	(132,917)
Exercised during the year	-	-
Expired during the year	-	-
<b>Outstanding at 31 December</b>	<b>3,476,639</b>	<b>2,977,083</b>

The fair value of the interests granted is assessed by the Directors by reference to external valuation reports and is spread over the vesting period from the date of award. Inputs to the valuation model include

- qualitative considerations of the businesses within the Group which include the stage of their operations and their current profitability levels. Given the early stage of operations and reported losses in those businesses, management's judgement is that it is unlikely that the shares options have current significant value; and
- quantitative assumptions including minority interest discount and recent transactional data.

The weighted average remaining contractual life of share options outstanding as at 31 December 2022 amounted to 2.5 years.



## Arabesque Asset Management Ltd

### Notes to the Financial Statements For the year ended 31 December 2022

#### 25. Related party transactions

		The Arabesque Partnership LLP	Arabesque Holding Ltd	Arabesque (Deutschland) GmbH	Arabesque Asset Management USA Inc.	Arabesque AI Ltd	Arabesque S-Ray GmbH
		Ultimate parent undertaking of Arabesque Asset Management Ltd	Immediate parent undertaking of Arabesque Asset Management Ltd	Subsidiary undertaking of Arabesque Asset Management Ltd	Related party of Arabesque Asset Management Ltd by virtue of common ownership	Related party of Arabesque Asset Management Ltd by virtue of common ownership	Related party of Arabesque Asset Management Ltd by virtue of common ownership
	Total £	£	£	£	£	£	£
At 31 December 2021 - due from (note 17)	997,953	10,589	713,721	-	273,643	-	-
At 31 December 2021 - due to (note 19)	(1,062,538)	-	(833,127)	(127,195)	-	(31,360)	(70,856)
Expenses paid by related party on behalf of the Company	(161,782)	-	(96,768)	-	-	(1,915)	(63,099)
Expenses paid by the Company on behalf of the related party	310,460	-	62,184	22,811	-	83,324	142,141
Services provided to the Company by the related party	129,184	-	-	105,184	-	24,000	-
Services provided to the Company by the related party	(398,812)	-	(381,507)	-	-	(13,564)	(3,741)
Cash movements	(63,368)	-	(54,033)	(67,277)	(16,752)	19,868	54,826
Movement to creditors	656,007	-	589,530	66,477	-	-	127
At 31 December 2022 - due from (note 17)	407,104	10,589	-	-	256,891	80,353	59,271
Capital advance	(1,253,000)	-	(1,253,000)	-	-	-	-
Share capital issued	1,483,381	-	1,483,381	-	-	-	-
Movement from creditors	(656,007)	-	(589,530)	(66,477)	-	-	(127)
At 31 December 2022 - due to (note 19)	(425,753)	-	(359,149)	(66,477)	-	-	(127)

## Arabesque Asset Management Ltd

### Notes to the Financial Statements For the year ended 31 December 2022

#### 25. Related party transactions (continued)

		The Arabesque Partnership LLP	Arabesque Holding Ltd	Arabesque (Deutschland) GmbH	Arabesque Asset Management USA Inc.	Arabesque AI Ltd	Arabesque S-Ray GmbH
		Ultimate parent undertaking of Arabesque Asset Management Ltd	Immediate parent undertaking of Arabesque Asset Management Ltd	Subsidiary undertaking of Arabesque Asset Management Ltd	Related party of Arabesque Asset Management Ltd by virtue of common ownership	Related party of Arabesque Asset Management Ltd by virtue of common ownership	Related party of Arabesque Asset Management Ltd by virtue of common ownership
	Total £	£	£	£	£	£	£
At 31 December 2020 - due from (note 17)	1,019,597	10,589	672,928	1,329	251,238	1,149	82,364
At 31 December 2020 - due to (note 19)	(1,531,714)	-	(1,531,714)	-	-	-	-
Expenses paid by related party on behalf of the Company	(210,295)	-	(156,202)	-	(1,890)	(3,796)	(48,406)
Expenses paid by the Company on behalf of the related party	231,605	-	112,821	44,760	-	29,024	44,999
Services provided to the Company by the related party	135,897	-	-	135,897	-	-	-
Services provided to the Company by the related party	(70,826)	-	-	-	-	(30,967)	(39,858)
Cash movements	(356,350)	-	65,261	(309,181)	24,294	(26,770)	(109,954)
Non-cash movements	18,913	-	18,913	-	-	-	-
At 31 December 2021 - due from (note 17)	997,953	10,589	713,721	-	273,643	-	-
Capital advance	(801,413)	-	(801,413)	-	-	-	-
Share capital issued	1,500,000	-	1,500,000	-	-	-	-
At 31 December 2021 - due to (note 19)	(1,062,539)	-	(833,127)	(127,195)	-	(31,360)	(70,856)

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 25. Related party transactions (continued)

Expenses are paid and received on behalf of other companies within the Arabesque Group by Arabesque Asset Management Ltd.

Included in cash movements are funding and settlement of funding advances.

During the year ended 31 December 2022 Arabesque Holding Ltd advanced to the Company an amount of £1,253,000 (2021: £860,000) which was identified as a potential future source of capital for the Company. Due to the nature of this advance, there was no intention to settle this amount on a net basis with other amounts due from Arabesque Holding Ltd – hence this advance is not netted with amounts due from Arabesque Holding Ltd.

During the year ended 31 December 2022, £1,483,381 of this deemed as being consideration for shares issued (see note 22).

#### Key management personnel

Key management personnel are considered to be the Directors - see note 7 for disclosure of Directors' remuneration. Dr. Dominic Selwood is a related party of the Company as he is a director of the Company. During the year ended 31 December 2022 no further loan amounts were advanced by the Company (2021: £Nil) to Dr. Dominic Selwood, interest on the loan accrues at 3% and during the year ended 31 December 2022 interest of £9,300 (2021: £9,300) accrued on the loan. As at 31 December 2022 the principal amount outstanding on the loan was £310,000 (2021: £310,000) and the interest owed, which has been added to the principal amount was £50,538 (2021: £41,238)

#### 26. Events after the Balance Sheet date

As part of a group re-organisation, the Company will dispose of the entire share capital of its two wholly-owned subsidiaries, Arabesque Asset Management Singapore Pte Ltd and Arabesque (Deutschland) GmbH, to Arabesque Jersey Ltd. As part of the same group re-organisation, the Company will become a direct subsidiary of Arabesque Jersey Ltd through a share disposal by the current parent company, Arabesque Holding Ltd. The decision to sell these subsidiaries is consistent with the strategic objectives of the Arabesque Group and is aimed at optimising its business operations.

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## Arabesque Asset Management Ltd

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### Notes to the Financial Statements For the year ended 31 December 2022

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#### 26. Events after the Balance Sheet date (continued)

These transactions are expected to be finalised during the financial year ended 31 December 2023 and the financial effects will be reflected in the financial statements, including the recognition of the investments as assets held for sale.

New shares were issued to the sole shareholder, Arabesque Holding Ltd, post year end, as follows:

2 May 2023: 250,000 ordinary shares of £1 each for a total consideration of £250,000, which was settled through a capitalisation of a payable balance due to Arabesque Holding Ltd.

29 September 2023: 856,690 ordinary shares of £1 each for a total cash consideration of £856,690.

#### 27. Ultimate controlling party

Arabesque Asset Management Ltd is a wholly owned subsidiary of Arabesque Holding Ltd, which is the immediate parent undertaking of the Company.

Arabesque Holding Ltd is controlled by The Arabesque Partnership LLP, a limited liability partnership incorporated in the United Kingdom. The Arabesque Partnership LLP is the ultimate controlling party of the Company

The Company is included in the and in consolidated financial statements of Arabesque Holding Ltd and The Arabesque Partnership LLP.