21 March 2024

Aquis Exchange PLC
("Aquis", the "Company" or the "Group")

Results for the year ended 31 December 2023

Another year of double-digit revenue growth

Aquis Exchange PLC (AQX.L), a creator and facilitator of next-generation financial markets, is pleased to announce its audited results for the year ended 31 December 2023.

Financial highlights:

	FY23 (£m)	FY22 (£m)	
Net revenue	**22.7**	20.1	+13%
Profit before tax	**5.2**	4.5	+15%
Basic EPS (p)	**19.4p**	17.2p	+13%
Cash and cash equivalents	**14.8**	14.2	+4%

Net revenue split by division:

	FY23 (£m)	FY22 (£m)	
Markets	**10.9**	10.3	+7%
Technologies	**6.3**	5.2	+22%
Data	**3.7**	3.0	+24%
Aquis Stock Exchange	**1.8**	1.6	+8%
Group Net Revenue:	**22.7**	20.1	+13%

Business highlights:

- Strong performance particularly noteworthy given difficult market conditions
- Clear benefit of diversified revenue streams, with revenue growth and profit across all four divisions
- **Aquis Markets** increased market share following change to proprietary trading rule in November 2023. The overall pan-European market share for December 2023 was 4.97%, up from 4.76% in November 2023 and 4.58% in October 2023. Post-period, the average in January 2024 was 5.3% and in February 2024 had risen to 5.46%.
- **Aquis Technologies** was awarded two new technology contracts in 2023, including one for a central bank. In addition, an existing contract progressed from design and consultancy to exchange delivery stage. The division now has nine contracts, seven of which have recognised revenue.
- **Aquis Data** revenues continued to increase to £3.7m in the year and good progress seen towards a consolidated tape.
- **Aquis Stock Exchange** admitted 16 new companies in 2023 – the most of any growth exchange in the UK for the second year running.

Alasdair Haynes, CEO, Aquis Exchange PLC said:

"I am really pleased to announce that the Aquis Group has continued to deliver a strong performance with double digit revenue and profit growth across all divisions, despite some of the most challenging market and economic conditions we have ever seen, which have continued into the first quarter of 2024.

"This makes it all the more noteworthy that Aquis was able to deliver growth across all its divisions, with significant progress made on a number of strategic initiatives, including an increase in the pan-European market share of our Aquis Markets division, and a significant Technology contract secured with a central bank.

"Aquis has a proven track record of growth since our IPO in 2018, and we're more excited than ever about the opportunities ahead for all of our divisions: from the global reach of our leading technology to the strength of our market

share, and the disproportionate upside for Aquis as the UK and EU head towards a consolidated tape. Supporting this confidence is our strong cash position, which enables us to grow and innovate further in coming years."

An overview of the results from Alasdair Haynes, CEO, is available to view on this link.

The Group will be hosting webinars for analysts and retail investors today at 09:30 and 14:00 respectively.

If you would like to register for the analyst webinar, please contact aquis@almastrategic.com. Investors who would like to attend the retain investor webinar can sign up to Investor Meet Company for free and add themselves to the meeting via https://www.investormeetcompany.com/aquis-exchange-plc/register-investor. Investors who have already registered will be automatically invited.

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Notes to editors:

About Aquis Exchange PLC

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

Aquis consists of four divisions:

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

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

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

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

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

Chair's Statement

Overview

It is with great pleasure that as Chair of Aquis Exchange PLC (AQXE) I am able to report another year of increasing revenue, profit and technological innovation.

This has been an important year for Aquis. We have become recognised for our ability to facilitate and operate better markets for a modern economy, and we have become a strong voice for competition and innovation. The Group continues to make strong progress, underpinned by continued growth in each of the Group's four business activities: Markets, Technology, Data and the Aquis Stock Exchange. These results were particularly noteworthy given the adverse economic and markets environment which resulted primarily from significant interest rate increases through the course of the year as Western governments focussed on reducing inflation.

During 2023, net revenue increased by 13% to £22.7m and profit before tax by 15% to £5.2m. Building on 2022 performance, revenue increased further through strong contributions from the Aquis dark pool (AMP), as well as significantly increased contributions from technology licensing and market data. We continued to develop our presence in Europe and enhance client relationships within the EU 27 markets.

We undertook a comprehensive rebranding exercise which reflected how the Group has developed since its inception 10 years ago.

We have also continued to invest heavily in our technology, resulting in Aquis becoming the first recognised investment exchange (RIE) to run a cloud-based matching engine.

Board and Governance

There were no additions to the Board during 2023 and one departure as a result of the retirement of Mark Spanbroek in April 2023 after 10 years with Aquis. Mark joined the Board shortly after the Company was created and has helped guide the evolution from startup to profitable quoted company. In anticipation of his potential retirement, during 2022 Aquis appointed Fields Wicker-Miurin as Senior Independent Director and Chair of the Nominations & Remuneration Committee and Ruth Wandhöfer as Independent Non-Executive Director and member of the Audit, Risk and Compliance Committee (ARCC) and the Aquis Europe subsidiary Board. In January 2024, Deirdre Somers joined the ARCC.

On behalf of the whole Group, I would like to thank Mark for his advice and counsel to Aquis.

In addition to Mark's departure, in October 2023 Jonathan Clelland announced his intention to retire at the AGM in April 2024. Jonathan joined the company in 2012 when it was first created, initially as CFO & COO and more recently as CEO of AQEU, the Group's Paris subsidiary. Jonathan has been responsible for creating and managing the Group's financial, regulatory and administrative functions since inception and also successfully spearheaded the IPO in June 2018, as well as the acquisition of AQSE and AMP (the Aquis dark pool). We are incredibly grateful for Jonathan's extensive work which has helped shape Aquis into the company it is today and wish him well in his retirement. Following Jonathan's departure there will be two Executive Directors on the Board: Alasdair Haynes, CEO and Richard Fisher, CFO. There has also been a restructuring of senior management in anticipation of his departure, with David Stevens stepping up to the COO role. This streamlined Board will retain the balanced set of skills resulting from recruitment during the last three years.

Culture, Stakeholder Engagement and Section 172 Duties

The Board continued its engagement with key stakeholders, particularly focusing on employees and shareholders. This included Fields Wicker-Miurin, Chair of the Nominations and Remuneration Committee (NRC) and me consulting with shareholders in advance of the renewal of our Directors' Remuneration Policy at the 2023 AGM.

During the year I retained my responsibility as the appointed representative of the Board to liaise with employees, which provides a valuable insight into the management and development of the Group.

Environment, Social and Corporate Responsibility

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

We continue to make progress on our ESG plans by measuring our carbon footprint and have set a target to reduce our environmental impact. In addition, we continued our financial literacy community project and increased our staff engagement efforts, reflecting the continued growth of the organisation.

We are proud that our Board in 2024 will comprise three women and five men. We will continue to build the best teams at Aquis irrespective of peoples' gender, religion, ethnicity or any other factor that is not relevant to the job in hand. We particularly like the Gender Pay Gap measure as an objective way of measuring the level of female seniority in the company. We remain committed to further improving the measure of female seniority; in 2023 this was 20% on base salary and 23% on annual bonus, an improvement on 28% and 33% respectively last year. Our target remains to be materially better than the average in UK financial services on this measure.

Our focus for the year ahead

We are confident that we have the resources and technology to support further profit growth across all our business activities and we will continue to invest in order to maintain this trajectory.

Glenn Collinson

Chair

Chief Executive's Report

Overview

This last year has been a remarkably difficult period for markets and participants alike, with major economic headwinds throughout the year resulting in overall pan-European volumes significantly below those of 2022.

This makes it particularly impressive that Aquis was able to deliver growth across its divisions, with significant progress made on a number of strategic initiatives.

The overall strong performance resulted in the Group generating a 13% growth in net revenue (calculated by including the ECL Impairment movement on Contract Asset balances - see Note 6 to the financial statements) to £22.7m (net of provisions) and a profit before tax of £5.2m in 2023 compared to a profit before tax of £4.5m in 2022. This increase provides the Group with the right platform for continued investment and further strengthening of its principal business activities.

The Group profited from growth in the Technologies division along with solid performances in pan-European secondary market trading given market conditions. The primary market activities of the Aquis Stock Exchange and data revenue progressed well. This growth demonstrates the resilience of the diversified business model that Aquis has created. In the Markets division, Aquis generated a return to an overall market share of the pan-European equities secondary market trading of approximately 5% through an innovative change to the proprietary trading rule on its UK and EU trading platforms. Liquidity providers on Aquis now have the option to choose if they wish to interact with aggressive non-client proprietary trading. In addition, we made a small investment in blocktrading technology firm OptimX Markets, to support our planned growth in conditional order types for the Aquis Markets business.

Reflecting the increasing diversification across four business divisions, we successfully completed a rebrand during the year. The Group now consists of Aquis Markets (formerly referred to as the Aquis Exchange business), Aquis Technologies, Aquis Data and Aquis Stock Exchange.

Aquis Markets

See here for an introduction to Aquis Markets

Over the period, the secondary market multilateral trading facility ("MTF") platforms operated by the Group in London and Paris continued to grow despite challenging economic and regulatory conditions, underpinning the resilience of the subscription model. The number of trading members increased as well as some members' activity levels, leading Aquis Markets revenue to increase by 7% to £10.9m.

Overall pan-European order book volumes for equity instruments decreased by 20% vis-à-vis 2022. In spite of this, through continued development of the product suite and the change of the proprietary trading rule on its UK and EU trading platforms, Aquis maintained activity levels and increased revenues. The rule change in particular demonstrates Aquis' commitment to providing members with the greatest choice and flexibility when transacting on the MTF platform, and resulted in immediate growth in market share, with more expected post-period.

Aquis Markets continued to increase trading opportunities during 2023 offering clients the ability to trade more than 3,500 stocks and ETFs across 16 European Markets as at the end of December 2023.

Aquis Technologies

See here for an introduction to Aquis Technologies

Aquis Technologies, where Aquis licenses its leading exchange related technology to a variety of international financial services clients across different asset classes, performed strongly in 2023. The division has a strong pipeline and offers material future growth opportunities. Net revenue from technology licensing in 2023 grew 22% to £6.3m, reflecting the increasing interest in our innovative, cutting-edge in-house technology.

In 2023, Aquis Technologies renewed or extended two contracts and secured two new contracts – including one for a central bank - bringing the total to nine. In addition, an existing contract moved from design and consultancy to exchange delivery stage.

Aquis Technologies achieved two notable milestones in 2023, delivering the first exchange grade 24/7 platform and becoming the first recognised investment exchange (RIE) to run a cloud-based matching engine. In addition, the division made further development progress of its technology platforms to support growth across different asset classes internationally.

Aquis Data

See here for an introduction to Aquis Data

Data revenues increased 24% in 2023 to reach £3.7m as the Group continued to benefit from increased recognition of the quality and competitive price of Aquis market data. Data is a key pillar of the Aquis strategic plan, and we expect that it will continue to make a significant contribution to the Group in the medium-term.

In addition to the contribution data brings to the Group results, management believe in the medium-term it will increase further in importance when consolidated tapes for the UK and Europe are implemented. Implementation timetables from 2026 have been announced and it is widely recognised and accepted that introducing consolidated tapes for equities should improve the quality and pricing of market data and lead to a fairer distribution of data fees across the various European trading venues.

Aquis Stock Exchange (AQSE)

See here for an introduction to Aquis Stock Exchange

The Aquis Stock Exchange had a successful 2023, notwithstanding the extremely difficult IPO market in the UK (and wider markets).

The exchange attracted 16 IPOs during the year: the most of any growth company exchange in the UK for the second year running. The business continued its integration with the main retail investor platforms thereby ensuring access to its broad range of companies, along with further strengthening its relationships with market makers, corporate advisers and brokers.

We continue to see entrepreneurial, new-economy growth companies looking to the Aquis Stock Exchange as a public markets partner, and we expect to continue to make progress in building a competitive primary marketplace over the years to come.

There is a clear and unique opportunity to build a pan-European, technology-driven, listing exchange for growth companies, overcoming several issues faced by small and mid-cap market participants today, thereby transforming the equity market landscape.

Further Investment in Research and Development (R&D)

The Group continued to invest in R&D throughout 2023 in order to maintain and enhance the quality of our technology and its ability to deliver new products and platform enhancements to our clients. The successes that we have enjoyed during 2023 reflect the benefit of these investments.

Our proven trading platform has been developed in-house and is based on proprietary technology, which does not rely on third party software suppliers. The quality and flexibility of Aquis technology was demonstrated through the implementation of our cloud-based matching engine for the Aquis Stock Exchange and creation of the first ever exchange grade 24/7 market; two examples of the successful execution of our medium-term Group strategy.

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

Resources

During 2023 we continued to invest in personnel resources across a number of departments with headcount across the London and Paris offices increasing by 14%. We intend to further strengthen our team, particularly in support of the sales and technology activities.

We also reorganised the senior management team in November 2023 following the announcement that Jonathan Clelland will retire in April 2024. Jonathan joined the company at formation as CFO and COO. More recently and following Richard Fisher's promotion to CFO, Jonathan took on the additional role of CEO of Aquis Exchange Europe, the Group's Paris subsidiary. He has played a major role in Aquis' success and growth over the last 11 years; but I am confident that we have the right senior management team in place to carry on this positive trajectory following his departure.

Outlook

Aquis enjoyed a strong finish to 2023 with an improvement in equity markets share, technology innovations, new contracts and further investment in our key resources.

There remains some macro-economic uncertainty which may negatively impact equity markets; however, I believe that our strong team and technology platform should enable us to overcome this and any future challenges. Although it is difficult to predict with any degree of certainty the effect of these events on the broader Group, I remain confident in our unique proposition and our readiness to achieve the next level of operational, financial and strategic success.

Aquis Markets has made an encouraging start to the current financial year, particularly the growth in lit market share as clients react positively to our rule change.

We are excited about the opportunities ahead for our Technologies division, following the significant central bank contract win in 2023.

Aquis has grown significantly during the last five years since we listed, underpinned by our continued investment in our business and we remain committed to continuing this investment to support the broadening of our market position through innovation and excellence. We will also continue to promote the Aquis values of transparency, fairness and simplicity, enabling our end customers to get better performance and results.

Our principal aim in the future remains to deliver robust and sustainable returns for the benefit of shareholders and all our other stakeholders in the medium and long term.

Our highly capable and experienced management team remains focused on serving our clients as we grasp the opportunities ahead and, in particular, on delivering our shared goals and technological innovations. The outlook for 2024 is currently in line with Board expectations.

Alasdair Haynes

Chief Executive Officer

Financial Review

It has been a year of strong revenue growth during 2023. The breakdown of the net revenues is as follows:

Net revenue analysed by division:

	2023	2022	YoY Growth
	£	£	%
Revenue analysed by division			
Markets	**10,919,263**	10,244,767	6.6
Technology	**6,281,934**	5,168,063	21.6
Stock Exchange	**1,771,284**	1,647,195	7.5
Market Data	**3,722,237**	3,002,986	24.0
	22,694,718	20,063,011	13.1

The Group generated a profit before taxation for the year of £5.2m compared to £4.5m in the previous year. The continued growth in profits during 2023 is primarily attributable to increased exchange revenue through the growing success of AMP and revenue growth from members' subscriptions as a result of increased trading levels, along with increased revenue from data, technology licensing and issuer fees.

Profit before tax increased 15% to £5.2m (2022: £4.5m) and EPS increased to 19.4p per share (2022: 17.2p). Profit before taxation is after applying amortisation charges to internally generated intangible assets, as well as depreciation and finance charges, which reflect the accounting treatment of leases under IFRS 16.

The lease liabilities arising from the Group's office leases are paid over the lease term, and attract a finance expense amounting to £103k for 2023. The associated right of use assets are depreciated on a straight-line basis over the life of the lease, and attract a depreciation charge of £383k for 2023.

The Group generated an income tax credit of £8k (2022: £157k) which was driven by an increase in net deferred tax assets by £191k (2022: £302k). This was offset by an overseas corporation tax charge of £184k (2022: £144k).

Revenue from licensing technology contracts is subject to a provision under IFRS 9 for Expected Credit Losses. For 2023 the application of IFRS 9 resulted in a net impairment provision charge of £1,016k (2022: credit £133k) recognised in the Income Statement.

The Group's cash and cash equivalents as at 31 December 2023 increased to £14.8m (2022: £14.2m) demonstrating the Group's strong cash generation. Over the year the Group purchased £1.2m of treasury shares used to service employee share schemes.

Group investments, productivity and capital management

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

In deciding its investment plans, Group management receive a detailed analysis of the exchange and client technical opportunities, and related time requirements on a quarterly basis. These are used to determine personnel and other resources requirements needed for allocation to these opportunities. This information also includes an estimate of the deployment cost.

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

The Group is required to maintain sufficient capital to meet the regulatory obligations for all entities. These are calculated and updated annually. At 31 December 2023, the Company ICARA requirement (based on the 2022 published financial Annual Report and Accounts) amounted to £5.2m (2022 £4.7m) and AQSE's FRR amounted to £2.4m (2022 £2.4m). The individual entities of the Group meet the respective FCA and ACPR capital adequacy requirements with plenty of headroom for further investment in business operations.

Future development of the business

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

During 2023, the Group has continued to invest in AQSE, building market presence and brand whilst also benefitting from synergies across the Group's exchange memberships, data offering and use of technology.

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

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

- Likely consequences of any decisions in the long term ;
- Interests of the Company's employees;
- Need to foster the Company's business relationships with suppliers, customers and others;
- Impact of the Company's operations on the community and environment;
- Desirability of the company maintaining a reputation for high standards of business conduct; and
- Need to act fairly between all members of the company.

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

Stakeholder Management

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

The Board is acutely aware that the Group's long term success and sustainable value creation is critically reliant on maintaining good relations with all stakeholders and ensuring that decisions are made after taking account of the principal stakeholders' interests.

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

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

Clients

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

Shareholders

Executive Management meet with the key shareholders at appropriate times during the year and provide feedback to the Board. Additionally, the Chair and other Non-Executive Directors continued, where possible, to engage with shareholders through one-on-one meetings. Shareholders have been extremely appreciative of these meetings and feedback is provided to the Board in both written and verbal updates.

Employees

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

This was complemented mid-2023 by the introduction of a monthly employee engagement pulse survey, which allowed employees to provide feedback in confidence. These survey results were consistently positive. The Executive develops an action plan to address the key areas highlighted with particular emphasis on our core values, listed later in this report, and on investing further in employee training and career development.

Suppliers

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

Regulators

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

Board Effectiveness and High Standards of Business Conduct

The Board remains committed to high standards of corporate and regulatory governance. During the year, the Board explored how to improve the Group's cyber security risk management frameworks and became more informed about the policy-making environment for financial markets in Europe.

Consequences of Long-Term Decisions

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

The Board and its Committees have also further evolved during the year. Jonathan Clelland, COO, is scheduled to retire in April 2024 and his UK and French responsibilities are in the process of being assumed by Richard Fisher, CFO, David Stevens, COO, and other members of the management team. In addition, Deirdre Somers joined the Audit Committee during the year.

In order to ensure that the Group has the required skills and experience to effectively manage the business and anticipate future changes, the Board operates a skills matrix to map the requirements of the organisation against the current skills and composition of the Group. Management plan to recruit additional employees, in particular in the technology area in the UK and France during 2024.

The Interests of Employees

The impact of COVID-19 continued to decrease over 2023; however the Board continued to monitor the day-to-day operations, the business continuity plans and the employees' well-being carefully throughout the year. This included work from home issues and the office environment. The Board has also ensured engagement with employees through the engagement survey and the nomination of a Board representative to meet with employees when possible.

Our Purpose

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

In addition, the Group is also focused on stimulating growth in the economy by listening to the needs of issuers and creating a supportive, fair and low-cost environment for capital raisers to list instruments, particularly for innovative growth companies while ensuring an appropriate balance of investor protection

Our Culture, Diversity and Employee Well-being

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

- Trust (integrity, competence and deliver when we say we will);
- Proactivity (discipline and initiative);
- Openness (transparency);
- Excellence (through creativity and innovation);
- Collaboration (through positive, collegiate and free thinking); and
- Respect.

Despite a further increase in employee numbers in 2023 the Group has a relatively small resource base, and therefore has concentrated on recruiting personnel with a high degree of specialist skills. The Group provides on-going training and support with the aim of ensuring that personnel retain and enhance their technical skills and that employees feel that there is opportunity to develop within the Group. The Group also operates a flexible working policy to ensure it takes account of individual employee requirements.

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

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

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

Aquis' commitments are:

- To create an environment in which individual differences and the contributions of all team members are recognised and valued;
- To create a working environment that promotes dignity and respect for every employee;
- To not tolerate any form of intimidation, bullying, or harassment, and to discipline those that breach this policy;
- To make training, development, and progression opportunities available to all staff;
- To promote equality in the workplace;
- To encourage anyone who feels they have been subject to discrimination to raise their concerns so we can apply corrective measures;

- To encourage employees to treat everyone with dignity and respect; and
- To regularly review all our employment practices and procedures so that fairness is maintained at all times.

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

In 2021 the Group established aspirational 3-year diversity targets for the Board and for the employees. These targets were established to underpin the importance the Board places on this issue and to provide clear guidance and focus on these aspirations.

The targets and progress are outlined below:

1. Reduce the gender (seniority) pay gap to 25% (salary) – below the UK Financial Services industry average (which for 2023 is 27.9%) On track: In 2023, the gender (seniority) pay gap was 20% on base salary and 23% on base salary plus annual bonus. This is an improvement on 2022 (28% and 33%) and on base year 2021 (41% and 44%).

2. Increase the management team diversity ratio On track: Progress towards the target made in 2023 following the promotions of two senior staff to ExCo. Management intends to further improve on this metric in 2024.

3. Meet the Hampton Alexander Review target of at least 33% of board members being female Achieved: The overall female NED ratio will stand at 37.5% after the 2024 AGM

4. Create a targeted diversity inclusive supplementary development program for employees who we believe have the potential to be promoted to Exco in the next 5 years On track: Management has identified a number of current employees for the ExCo pipeline and development initiatives are in place. This pipeline meets diversity targets.

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

The Group has a commitment to preventing slavery and human trafficking by ensuring our supply agreements comply with the Modern Slavery Act 2015 ("MSA") with zero tolerance for failings.

Consumption and the environment

It is a key objective of Aquis Exchange PLC to be able to understand and reduce its own impact on the environment. In 2023, Aquis underwent a voluntary carbon footprint assessment, using ESGmark® to help us calculate, report and reduce our carbon emissions. The sources that were measured for 2023 were:

Scope 1: Fuel consumption (gas office heating in London premises)

Scope 2: Electricity consumption in London premises

Scope 3: Electricity usage from purchased data centre services, Well-To-Tank components of fuel and electricity consumption in London premises

The carbon footprint assessment found that Aquis Exchange PLC emitted a total of 497 tonnes of CO2e (tCO2e) in 2023, or 7.4 tCO2e per FTE, using the market-based emissions approach.

We continue to evaluate our partners with respect to our value chain carbon footprint. For example, the choice to use data centres with a 100% renewable supply has reduced market-based emissions by 26% against the UK residual fuel mix.

In 2023, Aquis Stock Exchange became the first major regulated exchange to become cloud-based. While most major financial exchanges operate using physical data centres, the infrastructure required to run a trading environment is not beneficial to the environment because of the fact that servers must always be "on" and significant duplicative processing occurs. If trading firms could leverage all the benefits of running a cloud-based solution, the cost optimisation, scalability and resiliency would make a positive contribution to reducing the impact on the environment.

Our objectives for 2024 are to:

- Move towards renewable energy sources to reduce Scope 2 emissions
- Increase measurement of Scope 3 activities to provide a more complete evaluation of our carbon footprint and opportunities for reduction.

Governance

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

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

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

The wider community

Aquis has been involved in a number of charitable and community enhancing initiatives in the year. In 2023, Aquis has continued the partnership with Ravens Wood School in Bromley to spearhead an 'Investment Club' scheme with A-Level Economics and Business students. Aimed at increasing financial literacy and accessibility, students received tailored talks and presentations from members of Aquis staff on aspects of the financial services industry, public markets and career advice. Students then created their own mockup AQSE universe portfolios with an imaginary starting value of £50,000 using an app developed by Aquis fed with real price data. Aquis intends to continue with and expand this programme in future. Aquis also participated in the London Youth Rowing Race the Thames project and employees have shown their desire to make a difference.

Knowledge Transfer Project

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

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

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

Next steps in our ESG journey

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

In addition, during 2024 we aim to:

- Develop a formal ESG policy;

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

Principal risks and uncertainties

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

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

Mitigation	The Group continues to broaden its client base to reduce client concentration but recognises that volumes from smaller participants are not likely in aggregate to be as large. The Group has offset some of the risk of industry concentration through the quality of the MTF exchange offering and the strengthening of the product offering. The Group seeks to maintain positive relationships with all current and future members of its MTF exchange and to be vigilant for change at any client. The Group has diversified its business activities to include primary markets, technology sales, data and market gateways.
Risk	Liquidity provision concentration –Aquis Markets
Risk Description	In most trading venues globally, there is considerable symbiosis between the venue and the liquidity providers on which the venues rely to make continuous prices and enhance liquidity. In Europe, where there is significant competition between a limited number of trading venues, the ability to attract significant liquidity to the venue is critical. The barriers to entry are even higher for new trading venues, which must build liquidity from scratch and differentiate themselves to attract and retain it. Market makers themselves have differing business models and trading strategies; as a result, they may be attracted to different types of venues depending on the value proposition. Banks also provide liquidity on the Aquis platform but historically this has not been as significant as the market makers. Aquis has a highly differentiated business model for its pan-European secondary market trading activities compared to the incumbent platforms, both dramatically reducing the cost of trading and also permitting market makers to decide if they wish to interact with aggressive trading from other market makers. This differentiated and flexible approach has been a driver of Aquis' success to date. The number of market makers that have trading models currently aligned with Aquis' business philosophy is even more concentrated than on the main markets. Therefore, Aquis has always relied heavily on a small number of key market makers to support liquidity and a wider group to supplement it. These market makers have not always been the same organisations and have changed over time. Nonetheless, it is a risk that if a key market maker decides to change its business model or philosophy it would cause a short-term disruption in the total liquidity provided.
Risk Mitigation	This risk is mitigated internally through a number of actions including those set out below, and externally through the likely evolution of the structure of the European equity market. Internally, management maintain a close relationship with its market makers to ensure that there continues to be positive synergies for all parties. Aquis has been successful during 2023 and will continue to actively seek to grow membership and diversify its liquidity providers.

	Following the change to the proprietary trading rule in November 2023 Aquis noted a dilution of the concentration risk away from a small number of liquidity providers to a broader set of investor flows. Externally, the market share growth that Aquis has achieved to date is a strong indication of the benefits to its members and liquidity providers and makes it likely that natural liquidity will continue to grow, making the Aquis marketplace deeper and more attractive for all counterparties. Additional liquidity providers are likely to follow over time as they should be incentivised to adapt or create new models that capitalise on Aquis' value proposition and interaction with a wider set of trading flows. The number of liquidity providers in European equity markets is still relatively small today, reflecting the continued need to invest in technology and regulatory oversight. However, the Group's innovative offerings will continue to counter this risk.
Risk	Liquidity Provision Concentration –AQSE
Risk Description	A relatively small population of market makers support AQSE with similar risks to those identified above with regard to potential short-term impact if one or more market makers were to change their business model or approach.
Mitigation	The number of market makers active on AQSE has and is anticipated to increase as the number of companies and reputation of the exchange continues to improve.
Risk	Supplier risk
Risk Description	The Group is exposed to the failure of a key supplier. Examples include loss of data supplied to Aquis which is an important input into the trading platform. This may impact the ability to undertake market surveillance.
Mitigation	Aquis has back up plans in place for key suppliers and has agreed procedures and thresholds in place for managing this if necessary.

Financial risks

The Group's current assets comprise cash and liquid resources including trade receivables arising directly from its operations. The main financial risks are capital, credit, liquidity and foreign currency risks. The Group has approved FX hedging policies in place and as at 31 December 2023 actively managed the balance sheet and risks with the use of financial derivatives. A significant % of revenues remain GBP denominated whilst the Group enters into forward FX trades as appropriate and will continue to do so in the future where any further contracts are non-GBP denominated.

The Group has continued to increase its profits during 2023 demonstrating that it has been able to manage strategic and operational risks; however, future results could be negatively impacted if any of the risks outlined above were to occur. Financial risk management disclosures have been made in Note 5 of the Group Financial Statements accompanying this report.

Viability statement

The Directors have undertaken a detailed review of the Group's prospects, taking account of the Group's current position and principal underlying business risks and its prospects for the period January 2024 – December 2026. These include considering the impact during 2023 and potential future impact due to macroeconomic crises and/or military conflicts. The Directors consider this to be an appropriate period considering the target business and revenue growth, and the objective to maintain and enhance profitability during this period.

The Group maintains a strong equity capital position which has been strengthened during 2023 as profitability has been enhanced. This is complemented by the Group achieving and in certain areas exceeding its goals. Taking into account its ability to execute its principal objectives during continued challenging circumstances, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

This assessment has concentrated in particular on the key differentiating factors that the Group has established, the quality and resiliency of the Group's technology, the brand and market position, and the reputation, quality and experience of its key personnel. This Strategic Report was approved by the Board of Directors on 20 March 2024 and is signed on its behalf by:

Alasdair Haynes, Chief Executive Officer

Richard Fisher, Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Profit and loss					
Revenue	**10**	23,710,941	19,929,527	13,147,339	10,342,525
Impairment credit / (charge) on contract assets	**11**	(1,016,223)	133,484	(1,016,223)	133,484
Impairment (charge) on trade and other receivables	**11**	(79,395)	(12,784)	(59,608)	-
Other gains	**12**	51,407	-	51,407	-
Operating expenses	**12**	(16,396,478)	(14,239,918)	(6,874,123)	(5,616,089)
Earnings before interest, taxation, depreciation and amortisation		6,270,252	5,810,309	5,248,792	4,859,920
Depreciation and amortisation	**12**	(1,372,565)	(1,259,492)	(1,299,276)	(1,187,569)
Finance expense	**12, 25**	(103,249)	(67,691)	(88,571)	(51,069)
Finance income	**12**	400,449	43,283	127,447	16,537
Profit before taxation		5,194,887	4,526,409	3,988,392	3,637,819
Income tax credit	**14, 15**	7,789	157,203	49,837	163,925
Profit for the year		**5,202,676**	**4,683,612**	**4,038,229**	**3,801,744**

Other comprehensive income

Items that may be reclassified subsequently to profit or loss:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Foreign exchange differences on translation of foreign operations	(120,961)	181,370	-	-
Other comprehensive income for the year	(120,961)	181,370	-	-
Total comprehensive income for the year	**5,081,715**	**4,864,982**	**4,038,229**	**3,801,744**

Earnings per share (pence)

Basic					
Ordinary shares	**16**	19	17	15	16
Diluted					
Ordinary shares	**16**	19	17	14	16

Consolidated Statement of Financial Position

As at 31 December 2023

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Notes	**£**	**£**	**£**	**£**
Assets					
Non-current assets					
Goodwill	**17**	83,481	83,481	-	-
Intangible assets	**17**	1,501,885	1,032,224	1,501,885	1,032,224
Property, plant and equipment	**18**	3,818,841	4,155,215	3,350,793	3,628,081
Investment in subsidiaries	**19**	-	-	6,884,202	6,884,202
Investments	**20**	591,945	-	591,945	-
Investment in trusts	**21**	-	-	4,389,445	3,350,325
Deferred tax asset	**14**	1,785,331	1,593,931	1,506,022	1,456,184
Trade and other receivables	**22**	5,811,089	5,352,110	5,795,918	5,329,674
		13,592,572	12,216,961	24,020,210	21,680,690
Current assets					
Trade and other receivables	**22**	6,894,936	4,135,426	6,736,943	10,571,256
Derivative financial instruments	**5**	51,407	-	51,407	-
Cash and cash equivalents	**23**	14,765,910	14,170,965	6,356,259	5,595,827
Total assets		35,304,825	30,523,352	37,164,819	37,847,773
Liabilities					
Current liabilities					
Trade and other payables	**24**	4,471,470	4,268,735	3,665,932	8,992,201
Net current assets		17,240,783	14,037,656	9,478,677	7,174,882
Non-current liabilities					
Lease liabilities	**25**	2,457,105	2,874,877	2,100,483	2,449,312
		2,457,105	2,874,877	2,100,483	2,449,312
Total liabilities		6,928,575	7,143,612	5,766,415	11,441,513
Net total assets		28,376,250	23,379,740	31,398,404	26,406,260

Equity					
Called up share capital	**26**	2,751,678	2,750,945	2,751,678	2,750,945
Share premium account	**30**	11,809,757	11,785,045	11,809,757	11,785,045
Other reserves	**31**	2,741,589	1,813,119	2,741,589	1,813,119
Treasury Shares	**27**	(4,389,445)	(3,350,325)	-	-
Retained earnings		15,519,507	10,316,831	14,095,380	10,057,151
Foreign currency translation reserve		(56,836)	64,125	-	-
Total equity		28,376,250	23,379,740	31,398,404	26,406,260

Statement of Changes in Equity

For the year ended 31 December 2023

Group	Notes	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Treasury Shares	Foreign Currency Translation Reserve	Total
Balance at 1 January 2022		**2,750,545**	**11,771,462**	**1,118,314**	**5,633,219**	**(1,526,835)**	**(117,245)**	**19,629,460**
Profit for the year		-	-	-	4,683,612	-	-	**4,683,612**
Foreign exchange differences on translation of foreign operations		-	-	-	-	-	181,370	**181,370**
Total comprehensive income for the year		**-**	**-**	**-**	**4,683,612**	**-**	**181,370**	**4,864,982**
Issue of new shares	**26, 30**	400	13,583	-	-	-	-	**13,983**
Movement in share based payment reserve	**31**	-	-	694,805	-	-	-	**694,805**
Movement in treasury shares	**27**	-	-	-	-	(1,823,490)	-	**(1,823,490)**
Balance at 31 December 2022		**2,750,945**	**11,785,045**	**1,813,119**	**10,316,831**	**(3,350,325)**	**64,125**	**23,379,740**
Balance at 1 January 2023		**2,750,945**	**11,785,045**	**1,813,119**	**10,316,831**	**(3,350,325)**	**64,125**	**23,379,740**
Profit for the year		-	-	-	5,202,676	-	-	**5,202,676**
Foreign exchange differences on translation of foreign operations		-	-	-	-	-	(120,961)	**(120,961)**
Total comprehensive income for the year		**-**	**-**	**-**	**5,202,676**	**-**	**(120,961)**	**5,081,715**
Issue of new shares	**26, 30**	733	24,712	-	-	-	-	**25,445**
Movement in share based payment reserve	**31**	-	-	928,470	-	-	-	**928,470**
Movement in Treasury Shares	**27**	-	-	-	-	(1,039,120)	-	**(1,039,120)**
Balance at 31 December 2023		**2,751,678**	**11,809,757**	**2,741,589**	**15,519,507**	**(4,389,445)**	**(56,836)**	**28,376,250**

Company	Notes	Share Capital	Share Premium	Share Based Payment Reserve	Retained Earnings	Total
Balance at 1 January 2022		2,750,545	11,771,462	1,448,430	6,255,407	**22,225,844**
Profit and total comprehensive income for the year		-	-	-	3,801,744	**3,801,744**
Issue of new shares	**26, 30**	400	13,583	-	-	**13,983**
Movement in share based payment reserve	**31**	-	-	364,689	-	**364,689**
Balance at 31 December 2022		**2,750,945**	**11,785,045**	**1,813,119**	**10,057,151**	**26,406,260**
Balance at 1 January 2023		**2,750,945**	**11,785,045**	**1,813,119**	**10,057,151**	**26,406,260**
Profit and total comprehensive income for the year		-	-	-	4,038,229	**4,038,229**
Issue of new shares	**26, 30**	733	24,712	-	-	**25,445**
Movement in share based payment reserve	**31**	-	-	928,470	-	**928,470**
Balance at 31 December 2023		**2,751,678**	**11,809,757**	**2,741,589**	**14,095,380**	**31,398,404**

Statement of Cash Flows

For the year ended 31 December 2023

		Group		Company	
		2023	2022	2023	2022
	Notes	£	£	£	£
Net cash flows from operating activities	**28**	**4,103,719**	**4,020,715**	**4,340,136**	**2,201,847**
Investing activities					
Recognition of intangible assets	**17**	(1,081,918)	(777,465)	(1,081,918)	(777,465)
Purchase of property, plant and equipment	**18**	(411,316)	(769,419)	(409,731)	(752,938)
Investment acquisitions	**20**	(591,945)	-	(591,945)	-
Interest received	**12**	384,712	28,722	112,154	2,416
Purchase of treasury shares		-	-	(1,196,309)	(1,955,720)
Net cash (used in) investing activities		**(1,700,467)**	**(1,518,162)**	**(3,167,749)**	**(3,483,707)**
Financing activities					
Issue of new shares	**26, 30**	25,445	13,983	25,445	13,983
Principal portion of lease liability	**5, 25**	(516,482)	(300,994)	(437,400)	(231,259)
Purchase of treasury shares		(1,196,309)	(1,955,720)	-	-
Net cash (used in) financing activities		**(1,687,346)**	**(2,242,731)**	**(411,955)**	**(217,276)**
Net increase/(decrease) in cash and cash equivalents		**715,906**	**259,822**	**760,432**	**(1,499,136)**
Cash and cash equivalents at the beginning of the year		14,170,965	14,046,399	5,595,827	7,094,963
Effect of exchange rate changes on cash and cash equivalents		(120,961)	(135,256)	-	-
Cash and cash equivalents at the end of the year		**14,765,910**	**14,170,965**	**6,356,259**	**5,595,827**
		-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT CHANGES IN THE REPORTING PERIOD

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

Operating segments (Note 6) have been split into four business divisions (previously three). Comparative disclosures for the prior year have been updated to ensure comparability between the two reporting periods.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Company information

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

Accounting convention

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

The financial statements have been prepared on the historical cost basis as modified by the revaluation of financial instruments carried at fair value through profit and loss.

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

Going concern

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

The Group has made an increased profit in 2023 against prior year and has substantial cash reserves and a strong balance sheet, due to high levels of investment within the Group. There has been a growth in revenue between the current year and comparative years. Additional revenue growth is projected for 2024, with profits forecasted for future years. In making this assessment the Directors have considered their knowledge of internal sales pipelines alongside expected trends in European and UK securities markets. Future profitability is also considered from a cost perspective with assumptions used for inflation and interest rates affecting operating expenditures and interest income on bank deposits. The nature of Group costs are predictable and consistent to the extent that the Directors are able to rely on current cash positions in excess of regulatory minima to predict future cash positions.

There remains uncertainty over market conditions ahead when considering continued military action in Ukraine, intensifying conflict in the Middle East between Israel and Palestine and Houthi rebel activity affecting commerce in the Red Sea, in addition to national elections in many countries, and more specifically the upcoming General Election in the UK and Presidential Election in the US. In spite of these factors, Aquis has demonstrated resilience during uncertain market conditions and the Directors do not believe that there will be a material adverse effect on Group performance.

Taking the above into account, the principal risks discussed in the Strategic Report section of the Annual Report, the financial risks and mitigating actions taken by management (see Note 5), and the Group's current financial performance position, the Directors do not foresee any material uncertainty in the Group's ability to continue to prepare the financial statements on a going concern basis over a period of at least 12 months from the date of approval of these financial statements.

Consolidation

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

The Group assesses control on a continuing basis and includes entities it controls as of the end of the reporting period.

The financial statements of the consolidated entities are prepared using consistent accounting policies and are presented as if they were a single economic entity. Intercompany transactions, balances, and unrealized gains and losses on transactions between consolidated entities are eliminated in full.

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

• The Trusts were established to (i) facilitate the acquisition and holding of shares under the Aquis Exchange PLC Share Incentive Plan and (ii) facilitate the acquisition and holding of shares under the Aquis Exchange PLC Restricted Share Plan.

• The activities of the Trusts are limited by the agreements in place; and

• The Trusts do not have any assets outside of the partnership share money received and the shares purchased. The use of any shares or cash that remain in the Trust funds once the trustee no longer holds any shares relating to the SIP,RSP or PPO, is directed by the company. The Trust itself has no rights to any dividends.

Accounting Policies

Revenue

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

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

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

Revenue from licensing contracts is assessed for each contract and split into five Performance Obligations (see Note 10 for further details on 'POs' and Note 4 for Judgements and estimates):

• Project Implementation / Design fees (PO1) recognised over time as the obligations are met;

• Licencing fees (PO2) recognised at a point in time when the licence is transferred to the customer;

• Maintenance fees (PO3) recognised over time as the obligations are met;

• Live services fees (PO4) recognised over time as the obligations are met;

• Hosting fees (PO5) recognised over time as the obligations are met.

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

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

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

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

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

Estimated listing period for Aquis Stock Exchange securities

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

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

It is estimated that a one year increase/ decrease in the deferral period would cause a £8k decrease /£9k increase in annual revenue released respectively. The estimated listing periods will be reassessed at each reporting date to ensure they reflect the best estimates of the Group.

Intangible assets other than goodwill

Internally generated intangible assets

Internally developed intangible assets arising from the capitalisation of Research and Development expenditures, product analysis, quality assurance, and website development costs are recognised in the financial statements when all of the following criteria are met:

• The technical feasibility of completing the intangible asset so that it will be available for use or sale is established;

• There is an intention to complete the intangible asset and use or sell it;

• The Group has the ability to use or sell the intangible asset;

• The existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset can be demonstrated;

• Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset; and

• The Group has the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

Amortisation is recognised in order to write off the cost or valuation of the assets, less their residual values over their useful lives. The development of trading platforms has been amortised over 3 years on a straight-line basis reflecting management's estimate of the useful life of the technology, the rationale of which is discussed in Note 4.

Website technology and communication licences

Website technology and communication licences represent externally acquired intangible assets and are recognised in the financial statements as the Group receives the right to control and use the product over a period of time. Website technology represents external development costs to design the Group's website. Communication licences relate to licences that transfer the right to obtain a benefit from intellectual property.

Amortisation on these assets is recognised over 3 years on a straight line basis which represents the estimated useful life of both types of asset.

Acquisition costs of customer lists and IP Addresses

The price of and acquisition costs incurred when obtaining customer lists and IP Addresses is capitalised in line with IAS 38. Management expects that future economic benefits are attributable to the entity over an indefinite term for these assets. Therefore, the useful economic life is considered indefinite and no annual amortisation is recognised. These assets are subsequently recognised as cost less impairment, and at each balance sheet date Management consider any indicators of impairment which would lead to a detailed impairment review to ascertain their carrying amount.

Business Combination

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

Goodwill

In March 2020 the acquisition of AQSE gave rise to goodwill in the consolidated financial statements. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. Goodwill is assessed for impairment annually, with any impairment charge recognised in the Statement Of Comprehensive Income. Note 17 provides further detail on the impairment assessment for goodwill as at 31 December 2023.

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

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

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

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

• Fixtures, fittings and equipment: 5 years straight line.

• Computer equipment: 3 - 7 years straight line.

Impairment of tangible and intangible assets

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

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Cash and cash equivalents

Cash and cash equivalents include cash at bank.

The Group and Company as regulated bodies are required to maintain liquid cash assets as part of their prudential reporting responsibilities to external regulators. During the financial year ended 31 December 2023 the Group was required to maintain £4,196k of available cash assets as part of its liquidity requirements (Company £1,710k). Further details of the Group's risk management approach to regulatory capital commitments is included in Note 5.

Financial assets

Trade and other receivables

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

Contract assets

Contract assets are recognised for licensing fees recognised at inception of a licensing contract but not yet billed under IFRS 15. Contract assets are initially measured at fair value and subsequently measured at amortised cost and are stated net of any expected credit loss provision (ECL) recognised in accordance with IFRS 9, as detailed in Note 11. Contract assets are presented on the Statement of Financial Position as trade receivables. The right to consideration becomes unconditional once the customer has been billed.

Investments

At initial recognition, the group measures investments in equity instruments at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains / (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Rent deposit asset

Under IFRS 16 a rent deposit is accounted for as a financial asset if the collateral provided to the lessor is not a payment relating to the right to use the underlying assets and hence is not a lease payment as defined.

Impairment of financial assets

The Group has considered the impact of the application of an expected credit loss model when calculating impairment losses on current and non-current contract assets and other financial assets at amortised cost (presented within trade and other receivables). In applying IFRS 9 the Group must consider the probability of a default occurring over the contractual life of its trade receivables and contract asset balances on initial recognition of those assets. Note 11 details the Group's credit risk assessment procedures.

Financial liabilities

After initial recognition all financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. In 2023 the Group did not hold any Financial liabilities beyond Trade and other payables and the lease liabilities recognised under IFRS 16 as described in the "Leases" sub-section below.

Trade and other payables

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried at fair value with net changes in fair value reflected in the income statement. This category includes derivative instruments.

Equity instruments

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

Earnings per share

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

Taxation

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

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

Current tax

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

Deferred tax

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

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

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

Employee benefits

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

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

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

Retirement benefits

Pension obligations

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

Share-based payments

EMI Options

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

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

Employee share incentive plan

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

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

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

Restricted share plan

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

Company Share Option Plan

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

Premium Priced Options Plan

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

Leases - as a lessee

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

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

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

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

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

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

Foreign exchange

Functional and presentation currency

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

Transactions and balances

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

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

On disposal of a foreign operation, exchange differences previously recognised in other comprehensive income are reclassified to the income statement.

Foreign currency contracts used to manage foreign currency risk are accounted for as derivatives as described above under "Financial instruments at fair value through profit or loss".

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

New IFRS Standards that are effective for the current year

There were no new standards effective during the year ended 31 December 2023. One standard has been amended and is effective as of 2023 as set out below. This has not impacted the current year financial statements.

IFRIC agenda decision - Definition of a lease	Substitution Rights (IFRS 16) - effective 1 Apr 2023

Standards which are in issue but not yet effective

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

Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Issued August 2023) - effective 1 Jan 2025
IFRS S2	Climate-related disclosures (Issued June 2023) - effective 1 Jan 2024

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Critical judgements

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

Judgements in relation to performance obligations

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

• Implementation/ project fees: these are upfront, non-refundable fees that a customer pays in order to obtain the user agreement. Even if the user acceptance certificate is never issued, the implementation fee cannot be reclaimed and so the revenue is guaranteed and can be recognised from the time of invoice as Aquis becomes unconditionally entitled to payment but in practice recognition will often be deferred until the work is completed.

• Licensing fees: The customer is liable to pay the monthly licensing fee from the date of signing the user acceptance agreement (contract inception date). At this point in time Aquis has fulfilled its promise to deliver the licence (i.e. the system has been deployed in the client's production environment) and this performance obligation is fulfilled. Management uses judgement when assessing the recoverability of the licencing fees, and recognises them only when their collection is assumed to be highly probable. This assessment takes into consideration the current status of the client's business, including whether the exchange system is active with products/ securities added and members trading on it. The licensing fees are recognised at a point in time, which occurs after the contract is signed and once Aquis is satisfied that receiving the licencing fees is highly probable.

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

• Live services: fees charged to support infrastructure, operations, and first-line market surveillance as part of running regulatory grade exchanges. These services are recognised over time when Aquis provides the service.

• Hosting: these fees are charged for the use of Aquis' hardware on a monthly basis. These services are recognised over time as the customer requires.

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

Capitalisation of internally generated intangible assets resulting from Research and Development

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

<u>Critical accounting estimates</u>

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

Estimating the useful life of intangible assets

The expected useful life of most intangible asset is estimated to be 3 years, but some intangible assets are considered to have an indefinite useful economic life. In making this judgement management have taken into account product upgrade cycles, the pace of change of regulation as well as benchmarking against other companies with internal systems and technology research and development. Intangible assets with indefinite lives are reviewed for indicators of impairment at the end of each accounting period.

Expected credit loss of contract assets

An impairment for the expected credit loss of contract assets that arise as a result of applying IFRS 15 to licensing revenue is required under IFRS 9. This impairment is an accounting estimate which is calculated based on the Directors' best estimates of the probability of default and loss given default. The quantification of the assumptions and stresses for the year are disclosed in Note 11 of the financial statements.

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

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

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

• Level of funding;

• Regulatory approvals;

• Market, industry and business model;

• Macro-economic forecasts;

• Corporate governance/ Group management;

• Whether the client is revenue generating;

• Level of client profitability;

• Contract length and the associated range of economic scenarios therein;

• Payment history; and

• External credit ratings.

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

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

Deferred tax asset

Deferred tax assets (Note 14) are recognised to the extent that their utilisation is probable. The utilisation of deferred tax assets will depend on whether it is possible to generate sufficient taxable income in the respective tax type and jurisdiction. A total net deferred tax asset is recognised in the current period, since profitability is expected to continue for at least the next 3 years. The deferred tax asset is calculated based on expected profitability over this period as Aquis is a high growth company and there is considerable uncertainty in estimating financial performance beyond this length of time.

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

Share-based payments

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

Valuation of derivatives

The company uses foreign currency forwards to manage its exposure to exchange rate fluctuations. Although in the current period the reported value is immaterial, there is potential for changes based on large currency or relative interest rate shifts. As such, they are a source of estimation uncertainty. Note 24 provides additional information on the fair value of derivatives.

5 FINANCIAL RISK MANAGEMENT

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

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

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

Capital risk management and capital commitments

Risk description	Risk management approach
There is a risk that Group entities may not maintain sufficient capital to meet their obligations. The Group comprises regulated entities. It considers that increases in the capital requirements of its regulated	The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders.

companies, or a scarcity of equity (driven by its own performance or financial market conditions) either separately or in combination are the principal risks to managing its capital. AQXE has a total capital regulatory requirement of £5.2m as at 31 December 2023, with available capital of £26.4m, reflecting a surplus of £20.1m / 478%. The total regulatory requirement is set as the total capital ratio plus Pillar 2 add on. Within the AQSE subsidiary the capital regulatory minima is set by the FCA through the Financial Resource Requirement (FRR) which is currently set at £2.4m. Financial resources available (representing net assets) were £2.8m at 31 December 2022, reflecting a £0.4m headroom above regulatory minima.	The Group has mitigated the level of risk significantly by ensuring that, as set out within the risk description, each entity in the Group maintains a level of capital that is well in excess of regulatory requirements. Maintaining a strong capital structure is a key priority for the Group. If there was an erosion of capital for any reason the Group may issue new shares or sell assets to ensure capital adequacy requirements continue to be met. The directors have assessed the impact of a 10% fall in the Group's available capital and concluded the impact not to be material. The Group supports both Aquis Europe and AQSE in maintaining capital adequacy, and holds sufficient capital to be able to inject capital into the businesses as and when required, and has historically done so within AQSE after the Company had been acquired to enable its capital to be sufficient as the company was brought up to the current profitable trading levels evidenced from 2022. The Group continuously monitors its level of capital in order to ensure it remains compliant with regulatory capital requirements and performs monthly and quarterly reporting on capital balances and associated headroom. Proposed investment requirements, capital expenditure and potentially increasing capital resources through equity or debt issuance are assessed annually as part of the budgeting process, as well as on an ad-hoc basis as required.

Credit risk

Risk description	**Risk management approach**
The Group's credit risk relates to its customers being unable to meet their obligations to the Group either in part or in full.	The Directors make a judgement on the credit quality of the Group's customers based upon the customers' financial position, the recurring nature of billing and collection arrangements and, historically, a low incidence of default. Aquis' assessment of the credit risk associated with a licensing customer is conducted at inception of the contract (but before the user agreement is signed) and includes factors that are specific to the customer, general economic conditions and an assessment of both the current as well as the forecast direction of these conditions. Based on this assessment, the prospective customer is assigned to a customer category with an appropriate risk rating. Aquis' credit risk management processes are applied to all trade receivables and are calculated using a lifetime ECL method, as detailed in Note 11. The Directors have stress tested the current approach to managing this risk and believe it to be appropriate. If 10% of trade receivables outstanding from 31 December 2023 were to default, the hypothetical impairment charge would be immaterial.

Liquidity Risk

Risk description	**Risk management approach**

The Group's operations are exposed to liquidity risk to the extent that they are unable to meet their daily payment obligations.	The Group maintains sufficient liquid resources to meet its financial obligations as and when they become due in the ordinary course of business. Management monitors forecasts of the Group's cash flow quarterly through an assessment of cash resources that are in excess of regulatory capital requirements. The Group is solvent with net current assets in excess of £17.2 million (2022: £14.0 million), with the majority of the debtor's book being short term in nature. The Group is also funded entirely by equity, with no external debt funding obligations to be met. The Directors have stress tested the current approach to managing this risk and believe it to be appropriate. If group net assets were to fall by 10% there would still be a significant surplus to meet the Group's liabilities as they fall due.

Interest Rate Risk

Risk description	Risk management approach
The Group is not materially exposed to market risk including interest rate (see below for FX risk). There is no negative exposure to interest rate changes since the Group and Company have no external debt obligations, and the interest rate on the lease liability is the rate implicit in the lease and as such is not subject to change over the term of the lease.	Bank deposits are primarily placed over night or as interest rates have risen the Group has started to prudently place some funds on deposit for up to 3 months. The Directors have stress tested the current approach to managing this risk and believe it to be appropriate. The only adverse impact would be if interest rates were to fall and reduce interest income on bank deposits. As at 31 December 2023 total interest income on deposits was £0.4 million (2022: £0.1 million).

FX Risk

Risk description	Risk management approach
The Group operates in the UK and Europe, with Sterling as its principal currency of operation. The Group invoices its customers primarily in GBP, but some contracts have been structured using USD and as such foreign exchange risk arises from invoicing in USD. The Group incurs the majority of expenses in GBP, but some costs are denominated in USD and EUR. The value of the USD denominated contract is considered material to Group and Company's balance sheet. However, the foreign exchange exposure for costs invoiced in other currencies is considered immaterial. An immaterial amount of cash held by Aquis Exchange Europe SAS is held in a euro denominated bank account and an immaterial amount of USD held by Aquis Exchange PLC, with the remaining cash held in Sterling denominated bank accounts.	Foreign exchange risk has previously arisen on foreign currency denominated costs within Aquis Exchange PLC or through the translation of GBP denominated balances within Aquis Exchange SAS. At the end of 2022 Aquis entered into a USD denominated technology contract and hence opened a USD account which holds a low level of USD at the year end £0.2 million (2022: £0.2 million). The contract will deliver USD cash flows in the future from 2023 and so in January 2023 Aquis entered into an FX forward arrangement to lock in the future GBP benefit of this contract. As at the year end at 31 December 2023 the value of the FX forward was in the money at £51,407 (2022: nil). The Directors performed stress testing on the cost base of the group in non-functional currencies and concluded that an adverse movement of 10% versus GBP would not render a material impact.

The statement of financial position is analysed below:

Group **31 December 2023**	**Amortised Cost**	**Fair Value through P&L**	**Fair Value through OCI**	**Non-financial instruments**	**Total in the Statement of Financial Position**

Trade and other receivables	3,033,440	-	-	9,672,585	12,706,025
Cash and bank balances	14,765,910	-	-	-	14,765,910
Investments	-	-	591,945	-	591,945
Trade and other payables	2,632,181	-	-	1,311,950	3,944,131
Lease Liabilities	2,984,444	-	-	-	2,984,444
Derivatives	-	51,407	-	-	51,407

Group **31 December 2022**	**Amortised Cost**	**Fair Value through P&L**	**Fair Value through OCI**	**Non-financial instruments**	**Total in the Statement of Financial Position**
Trade and other receivables	2,317,384	-	-	7,170,152	9,487,536
Cash and bank balances	14,170,965	-	-	-	14,170,965
Trade and other payables	2,022,394	-	-	1,723,541	3,745,935
Lease Liabilities	3,397,677	-	-	-	3,397,677

Company **31 December 2023**	**Amortised Cost**	**Fair Value through P&L**	**Fair Value through OCI**	**Non-financial instruments**	**Total in the Statement of Financial Position**
Trade and other receivables	3,009,785	-	-	9,523,076	12,532,861
Cash and bank balances	6,356,259	-	-	-	6,356,259
Investments	-	-	591,945	-	591,945
Trade and other payables	2,971,755	-	-	256,777	3,228,532
Lease Liabilities	2,537,883	-	-	-	2,537,883
Derivatives	-	51,407	-	-	51,407

Company **31 December 2022**	**Amortised Cost**	**Fair Value through P&L**	**Fair Value through OCI**	**Non-financial instruments**	**Total in the Statement of Financial Position**
Trade and other receivables	8,539,250	-	-	7,361,680	15,900,930
Cash and bank balances	5,595,827	-	-	-	5,595,827
Trade and other payables	8,082,958	-	-	471,843	8,554,801
Lease Liabilities	2,886,712	-	-	-	2,886,712

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

Group	1 Year	2-5 years	5+ years	Total
31 December 2023				
Trade and other payables	3,944,131	-	-	3,944,131
Lease Liabilities	527,339	1,599,056	1,337,759	3,464,154
	4,471,470	1,599,056	1,337,759	7,408,285
31 December 2022				
Trade and other payables	3,745,935	-	-	3,745,935
Lease Liabilities	522,800	1,580,900	1,293,977	3,397,677
	4,268,735	1,580,900	1,293,977	7,143,612

Company	1 Year	2-5 years	5+ years	Total
31 December 2023				
Trade and other payables	3,228,532	-	-	3,228,532
Lease Liabilities	437,400	1,239,300	1,202,850	2,879,550
	3,665,932	1,239,300	1,202,850	6,108,082
31 December 2022				
Trade and other payables	8,554,801	-	-	8,554,801
Lease Liabilities	437,400	1,239,300	1,210,012	2,886,712
	8,992,201	1,239,300	1,210,012	11,441,513

6 OPERATING SEGMENTS

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

1) Aquis Exchange – operator of MTF and related services. The Group operates two MTFs: Aquis Exchange (AQXE), which is UK regulated and Aquis Exchange Europe (AQEU), which is French regulated.

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

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

4) Aquis Data – Market Data services across the MTF and Recognised Investment Exchanges operated by Group entities.

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

2023 Group	Aquis Markets	Aquis Stock Exchange	Aquis Technologies	Aquis Data	Total
Revenue	10,919,263	1,771,284	7,298,157	3,722,237	23,710,941
Impairment credit / (charge) on Contract Assets	-	-	(1,016,223)	-	(1,016,223)
Net revenue	**10,919,263**	**1,771,284**	**6,281,934**	**3,722,237**	**22,694,718**
Impairment (charge) on trade and other receivables	-	(19,787)	(58,108)	(1,500)	(79,395)
Other gains	-	-	51,407	-	51,407
Costs	(7,134,010)	(1,634,472)	(3,550,170)	(2,992,168)	(15,310,820)

Share based payments	(499,963)	(81,102)	(334,162)	(170,431)	(1,085,658)
EBITDA	**3,285,290**	**35,923**	**2,390,901**	**558,138**	**6,270,252**
Depreciation, amortisation and net interest	(292,793)	4,626	(583,951)	(203,247)	(1,075,365)
Profit before tax	**2,992,497**	**40,549**	**1,806,950**	**354,891**	**5,194,887**

2022 Group	**Aquis Markets**	**Aquis Stock Exchange**	**Aquis Technologies**	**Aquis Data**	**Total**
Revenue	10,244,767	1,647,195	5,034,579	3,002,986	19,929,527
Impairment credit / (charge) on Contract Assets	-	-	133,484	-	133,484
Net revenue	**10,244,767**	**1,647,195**	**5,168,063**	**3,002,986**	**20,063,011**
Impairment (charge) on trade and other receivables	-	(12,784)	-	-	(12,784)
Other gains	-	-	-	-	-
Costs	(6,485,855)	(1,446,507)	(3,037,456)	(2,450,228)	(13,420,046)
Share based payments	(377,564)	(61,247)	(252,354)	(128,707)	(819,872)
EBITDA	**3,381,348**	**126,657**	**1,878,253**	**424,051**	**5,810,309**
Depreciation, amortisation and net interest	(488,177)	(103,202)	(507,527)	(184,994)	(1,283,900)
Profit before tax	**2,893,171**	**23,455**	**1,370,726**	**239,057**	**4,526,409**

The tables above represent the segment-level information that is monitored by the Chief Operating Decision Makers, which are the Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer. All non-current assets (contract assets) are held centrally by Aquis Exchange PLC, other than the lease for the Paris office assigned to AQEU. The geographical analysis of the non-current assets is as follows; UK: £5,817k, Singapore: £3,099k and South Africa: £1,928k, Total: £10,844k.

At a Group level revenue from any one customer does not exceed 10% of total Group Revenue (2022: none). At a Company level revenue from two technology licence customers exceeded 10% of total Company revenues, and amounted to £4,171k (2022: £3,383k).

2023 Company	**Aquis Markets**	**Aquis Stock Exchange**	**Aquis Technologies**	**Aquis Data**	**Total**
Revenue	3,994,208	-	7,298,157	1,854,974	13,147,339
Impairment credit / (charge) on Contract Assets	-	-	(1,016,223)	-	(1,016,223)
Net revenue	**3,994,208**	**-**	**6,281,934**	**1,854,974**	**12,131,116**
Impairment (charge) on trade and other receivables	-	-	(58,108)	(1,500)	(59,608)
Other gains	-	-	51,407	-	51,407
Costs	(742,211)		(3,550,170)	(1,496,084)	(5,788,465)
Share based payments	(499,963)	(81,102)	(334,162)	(170,431)	(1,085,658)
EBITDA	**2,752,034**	**(81,102)**	**2,390,901**	**186,959**	**5,248,792**
Depreciation, amortisation and net interest	(579,451)	4,626	(583,951)	(101,624)	(1,260,400)
Profit before tax	**2,172,583**	**(76,476)**	**1,806,950**	**85,335**	**3,988,392**

2022 Company	Aquis Markets	Aquis Stock Exchange	Aquis Technologies	Aquis Data	Total
Revenue	3,894,736	-	4,970,622	1,477,167	10,342,525
Impairment credit / (charge) on Contract Assets	-	-	133,484	-	133,484
Net revenue	**3,894,736**	**-**	**5,104,106**	**1,477,167**	**10,476,009**
Impairment (charge) on trade and other receivables	-	-	-	-	-
Other gains	-	-	-	-	-
Costs	(533,647)	-	(3,037,456)	(1,225,114)	(4,796,217)
Share based payments	(377,564)	(61,247)	(252,354)	(128,707)	(819,872)
EBITDA	**2,983,525**	**(61,247)**	**1,814,296**	**123,346**	**4,859,920**
Depreciation, amortisation and net interest	(598,622)	(23,455)	(507,527)	(92,497)	(1,222,101)
Profit before tax	**2,384,903**	**(84,702)**	**1,306,769**	**30,849**	**3,637,819**

7 EMPLOYEES

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

Group	**2023 Number**	**2022 Number**
Management	3	3
IT	23	20
Compliance and Surveillance	13	11
Operations	8	7
Business Development	21	18
Finance / HR / Admin	5	5
Marketing	2	2
	75	66

Company	**2023 Number**	**2022 Number**
Management	2	2
IT	21	18
Compliance and Surveillance	6	5
Operations	8	7
Business Development	13	10
Finance / HR / Admin	5	5
Marketing	2	2
	57	49

Their aggregate remuneration was comprised of:

Group	**2023 £**	**2022 £**
Salaries and wages	7,523,034	6,598,428
Social security costs	1,056,857	967,032
Other pension costs	314,281	159,366

Share based payments	1,085,658	819,872
Employee benefits	238,727	170,102
	10,218,557	8,714,800

Company	**2023**	**2022**
	£	**£**
Salaries and wages	5,264,174	4,698,746
Social security costs	766,553	680,908
Other pension costs	207,351	116,151
Share based payments	1,085,658	819,872
Employee benefits	238,723	169,596
	7,562,459	6,485,273

8 RETIREMENT BENEFIT SCHEME

Defined contribution schemes

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

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

9 DIRECTOR'S REMUNERATION

Further details on Directors' remuneration are included within the Directors' Report in the Annual Report and Accounts for 2023.

Company	**2023**	**2022**
	£	**£**
Short-term employee benefits	1,096,773	1,063,558
Additional salary in lieu of pension contributions	26,465	23,631

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

	2023	**2022**
	£	**£**
Short-term employee benefits	419,001	420,501
Additional salary in lieu of pension contributions	14,000	12,500

There are no directors to whom retirement benefits are accruing in respect of qualifying services. No directors exercised share options in the year (2022: none).

10 REVENUE

An analysis of the Group's revenue by product for each segment is as follows:

2023 Group	**Aquis Markets**	**Aquis Technologies**	**Aquis Data**	**Aquis Stock Exchange**	**Total**
Exchange fees	10,919,263	-	-	663,068	11,582,331
Licence fees	-	7,298,157	-	-	7,298,157
Data vendor fees	-	-	3,722,237	-	3,722,237

Issuer fees	-	-	-	1,108,216	1,108,216
Total	**10,919,263**	**7,298,157**	**3,722,237**	**1,771,284**	**23,710,941**

2022 Group	**Aquis Markets**	**Aquis Technologies**	**Aquis Data**	**Aquis Stock Exchange**	**Total**
Exchange fees	10,244,767	-	-	624,675	10,869,442
Licence fees	-	5,034,579	-	-	5,034,579
Data vendor fees	-	-	3,002,986	-	3,002,986
Issuer fees	-	-	-	1,022,520	1,022,520
Total	**10,244,767**	**5,034,579**	**3,002,986**	**1,647,195**	**19,929,527**

2023 Company	**Aquis Markets**	**Aquis Technologies**	**Aquis Data**	**Aquis Stock Exchange**	**Total**
Exchange fees	3,994,208	-	-	-	3,994,208
Licence fees	-	7,298,157	-	-	7,298,157
Data vendor fees	-	-	1,854,974	-	1,854,974
Issuer fees	-	-	-	-	-
Total	**3,994,208**	**7,298,157**	**1,854,974**	**-**	**13,147,339**

2022 Company	**Aquis Markets**	**Aquis Technologies**	**Aquis Data**	**Aquis Stock Exchange**	**Total**
Exchange fees	3,894,736	-	-	-	3,894,736
Licence fees	-	4,970,622	-	-	4,970,622
Data vendor fees	-	-	1,477,167	-	1,477,167
Issuer fees	-	-	-	-	-
Total	**3,894,736**	**4,970,622**	**1,477,167**	**-**	**10,342,525**

Revenues from customers attributable to each of the following countries

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	£	**£**	**£**	**£**
Australia	57,000	41,675	33,567	26,406
British Virgin Islands	3,625	14,467	-	-
Canada	4,150	11,853	-	-
Cayman Islands	-	1,160	1,422	1,119
China	142,000	-	-	-
Colombia	39,329	-	-	-
Cyprus	-	7,887	-	-
Denmark	32,238	-	-	-
Finland	24,000	-	-	-
France	1,215,591	1,128,945	179,094	140,887
Germany	425,349	319,888	106,432	83,726
Gibraltar	4,000	-	-	-
Guernsey	2,100	1,972	-	-
Hong Kong	24,000	107,525	105,681	83,135
Hungary	35,000	-	-	-

Ireland	1,517,301	91,177	103,278	81,245
Isle of Man	825	-	-	-
Italy	24,000	-	-	-
Jersey	1,300	10,207	-	-
Kenya	14,150	-	-	-
Luxembourg	2,177	17,398	21,336	16,784
Netherlands	158,239	43,147	54,841	43,141
Norway	38,025	39,784	-	-
Peru	-	1,972	-	-
Singapore	483,311	-	-	-
Slovenia	-	2,706	-	-
South Africa	109,245	2,514,905	3,074,384	2,418,504
Spain	79,872	-	-	-
Sweden	24,000	6,496	7,965	6,266
Switzerland	222,330	184,437	113,107	88,977
United Arab Emirates	-	17,746	-	-
United Kingdom	17,432,294	13,602,675	7,955,010	6,257,912
United States	1,595,490	1,761,505	1,391,222	1,094,423
			-	
			-	
	23,710,941	**19,929,527**	**13,147,339**	**10,342,525**

Subscription fees and data vendor fees:

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

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

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

Licence fees and contract assets:

Aquis Exchange PLC provides technology services under licence to clients. The services comprise the provision of an exchange platform and / or a surveillance system and may also include support services comprising basic infrastructure support or additional services. The duration of the licences varies between 1 and 7 years and will consist of an implementation fee, and, post implementation, a monthly licence fee for the duration of the contract. The monthly fees also cover system maintenance and system upgrades that typically occur every 12 – 18 months. The licensing contracts are accounted for under IFRS 15 and any corresponding contract assets are subject to IFRS 9 provisioning, as disclosed further in Note 11. Contract liabilities arise when consideration has been provided to Aquis prior to completion of relevant performance obligations as outlined below. These balances typically arise when customers pay in advance of implementation. As of the balance sheet date there are no contract liabilities (2022: nil).

The revenue from licensing contracts with customers has been categorised reflecting the nature, amount, customer categorisation (see also Note 4), contract duration and uncertainty of revenue and cash flows. Revenue from licensing contracts is assessed for each contract and is recognised as and when each performance obligation is satisfied. A transaction price is determined by the contractual terms of an agreement. Transaction prices are allocated to each performance obligation based on the standalone price of the product or service offered by the Group. The list of performance obligations included within Aquis' Technology Licence agreements is outlined below.

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

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

Contract Assets (Group and Company)	£	£
As at 1 January	6,114,105	3,528,400
PO2: Licence fees	5,419,476	3,805,388
PO3: Maintenance fees	449,533	315,687
Net ECL (provision)/credit on contract assets	(1,016,223)	133,484
Transfers to trade receivables	(2,345,265)	(1,756,638)
Adjustments for foreign exchange gains	(141,182)	87,784
As at 31 December	8,480,444	6,114,105

The scope of a Technology Licence contract was amended during the year which resulted in cumulative catch-up adjustments of £86,400 (2022: £191,000) being recognised in the year despite satisfaction of their performance obligation in prior periods.

Upon invoicing of revenues the right to consideration becomes unconditional and thus contract asset balances have been reduced for balances transferred to trade receivables. The unrecovered amount included in receivables is £626,607 (2022: £462,463).

Performance obligation (PO)	Recognition of revenue upon completion
PO1: Implementation fees	Implementation/ project fees are upfront, non-refundable fees that a customer pays in order to obtain the user agreement. Even if the user acceptance certificate is never issued, the implementation fee cannot be reclaimed and so the revenue is guaranteed and can be recognised at the time of invoice as Aquis becomes unconditionally entitled to payment.
PO2: Licencing fees	At a point in time upon signing the user acceptance agreement, as the Company has fulfilled its promise to deliver the licence (i.e. the system has been deployed in the client's production environment). A corresponding contract asset (trade receivable) is recognised to reflect the customer's obligation to pay the monthly licensing fee over the remaining term of the contract.
PO3: Maintenance fees	Over the course of the licensing contract, as the performance obligation to maintain the system is settled and the customer benefits from using the system.
PO4: Live services	Over the course of the licensing contract, as the performance obligation to provide surveillance and similar core market operations tasks are settled and the customer benefits over time.
PO5: Hosting	Over the course of the licensing contract, as the performance obligation to use Aquis' hardware and infrastructure is used over time by the customer.

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

Group and Company			2023			
	£	£	£	£	£	£
Risk category[1]	1	2	3	4	5	Total
PO1	65,000	500,000	280,630	-	-	845,630
PO2	2,550,000	2,027,500	85,586	756,390	-	5,419,476
PO3	62,457	239,453	125,000	22,623	-	449,533
PO4	-	-	-	-	-	-

PO5	-	42,000	-	-	-	42,000
	2,677,457	**2,808,953**	**491,216**	**779,013**	**-**	**6,756,639**

Group and Company			**2022**			
	£	**£**	**£**	**£**	**£**	**£**
Risk category[1]	**1**	**2**	**3**	**4**	**5**	**Total**
PO1	-	-	236,842	-	-	236,842
PO2	-	191,000	3,382,792	231,596	-	3,805,388
PO3	-	315,687	-	-	-	315,687
	-	506,687	3,619,634	231,596	-	4,357,917

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

Group and Company	**2024**	**2025**	**2026**	**2027-2030**	**Total**
As at 31 December 2023	**£**	**£**	**£**	**£**	**£**
PO3	671,465	437,931	437,931	823,254	2,370,581
PO4	70,000	120,000	120,000	230,000	540,000
PO5	231,000	-	-	-	231,000
	972,465	**557,931**	**557,931**	**1,053,254**	**3,141,581**

Group and Company	**2023**	**2024**	**2025**	**2026-2029**	**Total**
As at 31 December 2022	**£**	**£**	**£**	**£**	**£**
PO3	429,384	353,197	234,245	691,179	1,708,005
PO4	-	-	-	-	-
PO5	-	-	-	-	-
	429,384	353,197	234,245	691,179	1,708,005

[1]Customer risk category definitions: 1 – High, 2 – Moderately High, 3 – Moderate, 4 – Moderately Low, and 5 – Low.

11 IMPAIRMENT

The Group has two types of financial asset that are subject to potential impairment, these are contract assets relating to technology licencing contracts within the Company and also trade receivables arising on services provided in the AQSE subsidiary. At a Company level intercompany balances are assessed for any ECL on outstanding receivables arising during the normal course of business between the Parent and its subsidiaries.

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

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

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

	Group		Company	
	Contract Assets	**Trade Receivables**	**Contract Assets**	**Trade Receivables**
Reconciliation of opening to closing loss allowances 2023	**£**	**£**	**£**	**£**
Opening Impairment Provision at 1 January	1,347,278	58,953	1,347,278	-
ECL increase during the year	-	79,395	-	59,608
Written-off financial assets	-	(34,845)	-	(1,500)
ECL on new contract assets	1,729,154	-	1,729,154	-
ECL reversed over time	(712,931)	-	(712,931)	-
Closing Impairment Provision at 31 December	**2,363,501**	**103,503**	**2,363,501**	**58,108**

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

<u>Technology Licencing Contracts</u>

During contract negotiation Aquis assesses the potential credit risk of a prospective client prior to committing to the contract, and the Directors consider factors that are specific to the customer, general economic conditions and an assessment of both the current as well as the forecast direction of these conditions. Based on this assessment, the prospective customer is assigned to a customer category with an appropriate risk rating.

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

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

Although the full risk assessment is completed only at the start of the contract, the Directors assess each contract at the balance sheet date to determine whether the level of ECL provision, based on LGD and PD at contract inception, remains appropriate. The Directors consider a variety of factors specific to each customer, such as past payment history, but also assess the intent and ability to settle contractual commitments over the remaining contractual term, examples of which include but are not limited to, availability and sources of funding, revenue generating activities and profitability, and ongoing communications with the customer. Further factors considered by the Directors throughout the contract term are included within Note 4 under critical accounting estimates.

The Contract Asset Impairment provision as at 31 December 2023 is £2,422k (2022: £1,348k) and has been calculated with reference to estimations based on the PD and LGD as described above for each individual contract taking into account the nature, amount, customer categorisation, contract duration and uncertainty of revenue and cash flows.

The contracts are short-to-medium term in length and, as at 31 December 2023, the average contract duration for the portfolio of technology contracts is 3.4 years. (2022: 3.1 years).

Intercompany receivables

In line with IFRS 9 the Company has considered the qualitative and quantitative characteristics of the risk of default by its subsidiaries on outstanding receivables. These are considered non-material, both in quantum and in nature given regular settlement of balances and sufficient liquidity in both subsidiaries to cover amounts due to the Parent.

Trade Receivables

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

The simplified provision matrix presented below is based on historic default rates over the expected life of the trade receivables and is adjusted where appropriate for forward-looking estimates. The trade receivables balance is split into 8 separate categories depending on the age of each debt, ranging from 0 days past due to over 180 days past due. An appropriate estimation of the probability of default is applied to each category of debt, based on both historical default rates and expectations for the future. All AQSE customers are assessed within a single credit risk category. In determining that the value of any potential AQXE provision is immaterial the Directors have separated AQXE customers into three distinct risk categories based on homogenous characteristics for each customer class. The factors used to differentiate each credit risk category in AQXE are primarily based on the liquidity pools of each customer class, payment history and profiles, in addition to regulated status. The assessment of AQXE provisions as immaterial excludes a specific provision against a specific debtor against which a provision of £58,108 was recognised in the year. Alongside AQSE provisions the total Group Provision at the year end was £103,503 (2022: £45,395).

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

Trade receivables have payment terms of 30 days from the date of billing. For debts older than 180 days, debts are assessed on a case-by-case basis and are written off if there is no reasonable expectation of recovery. During the year a total of £33,345 (2022: £12,784) of trade receivables were written off relating to debts from companies that had ceased membership with AQSE and the contractual rights to cash flows from the financial assets were deemed to have expired.

The total loss allowance is calculated by applying the expected loss rate to the trade receivables balance in each age bucket. The total portion of the ECL balance relating to trade receivables as at 31 December 2023 was £103,503, of which £45,395 related to AQSE balances (31 December 2022: £58,953). The table below shows the allocation of provisions against AQSE Trade Receivables:

Group - 2023

Days past Due	**0 days**	**1–29 days**	**30–59 days**	**60–89 days**	**90–124 days**	**125 – 149 days**	**150–179 days**	**Over 180 days**	**Total**
Expected loss rate	**0.5%**	**1%**	**3%**	**5%**	**10%**	**25%**	**50%**	**100%**	
Trade receivables	**112,837**	**59,774**	**232,940**	**28,224**	**66,830**	**4,500**	**6,600**	**21,503**	**533,208**
Expected loss	564	598	6,891	1,411	6,683	1,125	3,300	6,585	27,157
Specific provisions	-	-	3,320	-	-	-	-	14,918	18,238

charged / (released)									
Total Expected Credit Losses	**564**	**598**	**10,211**	**1,411**	**6,683**	**1,125**	**3,300**	**21,503**	**45,395**

Group - 2022

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

12 OPERATING EXPENSES AND OTHER GAINS AND LOSSES

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

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
Other gains	**£**	**£**	**£**	**£**
Fair value movements in Derivative Instruments	51,407	-	51,407	-

Other gains relate to fair value movements on derivative financial assets used to mitigate foreign currency risk. Please see Note 5, Financial Risk Management, for further details.

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
Administrative Expenses	**£**	**£**	**£**	**£**
Fees payable to the company's auditor for the audit of the company's financial statements	270,000	241,250	205,000	190,000
Fees payable to the company's auditor for the Client Asset audit	10,700	10,000	10,700	10,000
Share-based payments	1,085,658	819,872	1,085,658	819,872
Exchange loss/(gains)	104,162	116,415	146,103	(50,269)
Employee costs	9,132,899	7,894,927	6,476,801	5,665,400
Operating costs	5,793,059	5,157,454	5,317,912	4,675,889
Intercompany recharge	-	-	(6,368,051)	(5,694,803)
	16,396,478	**14,239,918**	**6,874,123**	**5,616,089**

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

The Group expends resources to build trading platforms for its own use and for licencing to customers. Research and development costs that are not eligible for capitalisation have been expensed in the period incurred and are recognised in administrative expenses. In 2023 the amount recognised in the income statement was £512,543 (2022: £536,687).

Profit before taxation is stated after charging:

Depreciation, amortisation and finance costs	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Depreciation of property, plant and equipment	760,308	760,537	687,019	688,615
Amortisation of intangible assets	612,257	498,955	612,257	498,954
	1,372,565	1,259,492	1,299,276	1,187,569

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Finance expense on lease liabilities (Note 25)	103,249	67,691	88,571	51,069
Finance income on lease assets (Note 25)	(15,737)	(14,561)	(15,293)	(14,121)
Interest on deposited funds	(384,712)	(28,722)	(112,154)	(2,416)
	(297,200)	**24,408**	**(38,876)**	**34,532**

Total company expenses were as follows:

Total expenses	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Expenses	**17,471,843**	**15,523,818**	**8,134,523**	**6,838,190**

13 SHARE-BASED PAYMENTS

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

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

The Fair Value of any awards made in the year is calculated and recognised through the P&L over the appropriate period as set out in the detail on each scheme below. The total costs recognised through the P&L in the Group in 2023 was £1,086k (2022 : £820k).

	Group and Company 2023 £	Group and Company 2022 £
Enterprise Management Incentives (EMI) scheme	**11,479**	58,430
Restricted Share Plan (RSP) scheme	**540,304**	485,860
Company Share Ownership Plan (CSOP) scheme	**57,963**	43,039
Premium Priced Option (PPO) scheme	**299,643**	69,000
Share Incentive Plan (SIP) scheme	**176,269**	163,543
	1,085,658	819,872

The aggregate level of share options and shares awarded which existed at the year end is 3,526,785 shares (2022: 2,209,612 shares).

	Group and Company	
	2023	2022
	£	£
Enterprise Management Incentives (EMI) scheme	**899,378**	906,711
Restricted Share Plan (RSP) scheme	**416,572**	346,742
Company Share Ownership Plan (CSOP) scheme	**203,530**	163,073
Premium Priced Option (PPO) scheme	**1,745,443**	606,931
Share Incentive Plan (SIP) scheme	**261,862**	186,155
	3,526,785	2,209,612

<u>Enterprise Management Incentive Plan</u>

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

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

Of the total number of options granted, 7,333 (2022: 3,999) were exercised, none (2022 : Nil) expired and none (2022 : 28,295) were forfeited during 2023.

The exercise price for the options granted on 14 June 2018 is £2.69 per share to be settled in cash at the date of exercise.

The weighted average remaining contractual life of options outstanding at the end of the reporting period amounted to nil months (2022: nil).

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

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

The weighted average remaining contractual life of options outstanding at the end of the reporting period amounted to nil (2022: 3.5 months).

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

Details of the EMI scheme are as follows:

	2023		2022	
	Number of Shares	**Average Exercise Price (£)**	**Number of Shares**	**Average Exercise Price (£)**
• Outstanding at the beginning of the period	906,711	3.30	939,005	3.29
• Granted during the period	-	-	-	-
• Forfeited during the period	-	-	(28,295)	3.22
• Exercised during the period	(7,333)	3.47	(3,999)	3.50
• Expired during the period	-	-	-	-
• Outstanding at the end of the period	899,378	3.29	906,711	3.30
• Exercisable at the end of the period	899,378	3.29	672,628	3.23

<u>Restricted Share Plan</u>

The Group implemented a Restricted Share Plan (RSP) senior executive option scheme in 2020. Total grants were made in April 2023 of 72,622 at a grant price of £4.01 (April and September 2022: 117,975 options at a grant price of £4.81).

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

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

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

The issue price for the options granted on 26 April 2023 is £4.03 per share to be settled in cash at the date of exercise at £0.10. The following inputs were used in the Black Scholes model: average maturity of 3 years, volatility of 23% and risk-free interest rate of 3.585%.

Details of the RSP scheme are as follows:

	2023		2022	
	Number of Shares	**Average Exercise Price (£)**	**Number of Shares**	**Average Exercise Price (£)**
• Outstanding at the beginning of the period	346,742	4.85	228,767	4.88
• Granted during the period	72,622	4.01	117,975	4.81
• Forfeited during the period	(2,792)	4.03	-	-
• Exercised during the period	-	-	-	-
• Expired during the period	-	-	-	-
• Outstanding at the end of the period	416,572	4.71	346,742	4.85
• Exercisable at the end of the period	140,447	3.64	-	-

Company Share Ownership Plan

The Group implemented a Company Share Ownership Plan (CSOP) employee option scheme in 2021. Grants in April 2023 were made amounting to 58,225 options at a grant price of £4.10 (April 2022: 78,053 options at a grant price of £4.90).

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

The Black-Scholes model with an average expiry duration of 5 years, volatility of 21% and risk-free interest rate of 1.669% was used to calculate the fair value of the options granted in April 2022. The weighted average remaining contractual life of options outstanding at the end of the reporting period amounted to 8 years and 1 months (2021: 7 years and 8 months).

The issue price for the options granted on 26 April 2023 is £4.10 per share to be settled in cash at the date of exercise at £4.10. The following inputs were used in the Black Scholes model: average maturity of 3 years, volatility of 23% and risk-free interest rate of 3.585%.

Details of the CSOP scheme are as follows:

	2023		2022	
	Number of Shares	**Average Exercise Price (£)**	**Number of Shares**	**Average Exercise Price (£)**
• Outstanding at the beginning of the period	163,073	5.95	95,780	6.85
• Granted during the period	58,225	4.10	78,053	4.90
• Forfeited during the period	(17,768)	5.19	(10,760)	6.39
• Exercised during the period	-	-	-	-
• Expired during the period	-	-	-	-
• Outstanding at the end of the period	203,530	5.48	163,073	5.95
• Exercisable at the end of the period	203,530	5.48	-	-

Premium Priced Option Plan

The Group implemented a Premium Priced Option (PPO) option scheme in 2022 primarily focussed on Senior Executives.

Grants in April 2023 were made amounting to 1,138,512 options at a grant price of £5.04 (June 2022: 648,811 at a grant price of £4.79).

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

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

The issue price for the options granted on June 2022 is £3.828 per share to be settled in cash at the date of exercise at £4.785. The following inputs were used in the Black Scholes model: average maturity of 5 years, volatility of 22.5% and risk-free interest rate of 1.79%.

The issue price for the options granted on 26 April 2023 is £4.03 per share to be settled in cash at the date of exercise at £5.0375. The following inputs were used in the Black Scholes model: average maturity of 5 years, volatility of 22.5% and risk-free interest rate of 3.723%.

Details of the PPO scheme are as follows:

	2023		2022	
	Number of Shares	**Average Exercise Price (£)**	**Number of Shares**	**Average Exercise Price (£)**
• Outstanding at the beginning of the period	570,931	4.79	-	-
• Granted during the period	1,138,512	5.04	648,811	4.79
• Forfeited during the period	-	-	(77,880)	4.79
• Exercised during the period	-	-	-	-
• Expired during the period	-	-	-	-
• Outstanding at the end of the period	1,709,443	4.95	570,931	4.79
• Exercisable at the end of the period	-	-	-	-

Share Incentive Plan

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

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

Details of the SIP scheme are as follows:

	2023	2022
	Number of Shares	**Number of Shares**
• Shares held at the beginning of the period	186,155	139,543
• Partnership shares purchased in the period	16,863	12,478
• Matching shares purchased during the period	33,726	24,956
• Free shares purchased during the period	35,673	22,465
• Exercised during the period	(2,607)	(9,241)

• Forfeited during the period	(7,948)	(4,046)
• Shares held at the end of the period	261,862	186,155
• Exercisable at the end of the period	-	-

14 DEFERRED TAX ASSET

A net deferred tax asset of £1,785,331 (2022: £1,593,931) at the Group and £1,506,022 (2022: £1,456,184) at the Company relating to unused tax losses is recognised at 31 December 2023. The losses are considered allowable to offset against the Company's taxable profits expected to arise in the next three accounting periods. This comprises a gross Deferred Tax Asset of £1,884,349 (2022: £1,716,748) at the Group and £1,605,040 (2022: £1,578,001) at the Company offset by a Deferred Tax Liability of £99,018 (2022: £122,817) at the Group and Company arising on the timing difference between accounting depreciation and tax written down value charge.

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

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

The net deferred tax balance comprises temporary differences attributable to:

Group	**2023**	**2022**
	£	**£**
Tax losses	1,884,349	1,716,748
Fixed asset timing differences	(99,018)	(122,817)
Total deferred tax asset	1,785,331	1,593,931

Company	**2023**	**2022**
	£	**£**
Tax losses	1,605,040	1,579,001
Fixed asset timing differences	(99,018)	(122,817)
Total deferred tax asset	1,506,022	1,456,184

Movement in deferred tax balance:

Group	**2023**	**2022**
	£	**£**
At 1 January	1,593,931	1,292,260
Origination and reversal of timing differences	191,400	229,267
Effect of changes in tax rates	-	72,404
At 31 December	1,785,331	1,593,931

Company	**2023**	**2022**
	£	**£**
At 1 January	1,456,184	1,292,260
Origination and reversal of timing differences	49,838	124,581

Effect of changes in tax rates	-	39,343
At 31 December	1,506,022	1,456,184

The Group has combined losses of £40,374,451 (2022: £46,116,352) available for carry forward and to be used against future trading profits of the same trade in which they were generated. This is comprised of trading generated in the UK by Aquis Exchange PLC and Aquis Stock Exchange Limited. There are no losses carried forward within Aquis Exchange Europe SAS.

The Company has estimated losses of £9,448,113 (2022: £11,747,647) available for carry forward against future trading profits.

15 INCOME TAX

	Group		Company	
	2023	2022	**2023**	2022
	£	£	**£**	£
Current Tax				
UK Corporation tax charge	**-**	-	**-**	-
Overseas tax charges on foreign operations	**183,611**	144,469	**-**	-
Total Tax Charge	**183,611**	144,469	**-**	-

	2023	2022	**2023**	2022
Deferred Tax	**£**	£	**£**	£
Origination and reversal of timing differences	**(191,400)**	(229,267)	**(49,838)**	(124,581)
Effect of changes in tax rates	**-**	(72,405)	-	(39,344)
Total deferred tax credit	**(191,400)**	(301,672)	**(49,838)**	(163,925)

	Group		Company	
	2023	2022	**2023**	2022
	£	£	**£**	£
Profit for the year before taxation	**5,194,887**	4,526,409	**3,988,392**	3,637,819
Expected tax charge based on a corporation tax rate of 23.5% (19%)	**1,039,094**	860,018	**938,092**	691,186
Expected tax charge based at effective overseas rates of 25%	**182,100**	177,647	**-**	-
Fixed asset differences	**(57)**	(40,330)	**(57)**	(40,330)
Expenses not deductible for tax purposes	**218,923**	109,502	**218,705**	109,104
Other differences	**857**	(89,428)	**(655)**	16
Remeasurement of deferred tax for changes in tax rates	**79,085**	(72,405)	**72,718**	(39,344)
Movement in deferred tax not recognised	**(1,527,791)**	(1,069,029)	**(1,278,641)**	(884,557)
Movement in deferred tax not recognised at overseas rates	**-**	(33,178)	**-**	-
Tax Credit for the period	**(7,789)**	(157,203)	**(49,838)**	(163,925)

16 EARNINGS PER SHARE

	Group	Company

	2023	2022	2023	2022
Number of Shares				
Weighted average number of ordinary shares for basic earnings per share	26,814,102	27,210,231	27,516,188	27,508,166
Weighted average number of ordinary shares for diluted earnings per share	27,714,143	28,127,484	28,416,159	28,425,419
Earnings				
Profit for the year from continued operations	5,202,676	4,683,612	4,038,229	3,801,744
Basic and diluted earnings per share (pence)				
Basic earnings per ordinary share	19	17	15	14
Diluted earnings per ordinary share	19	17	14	13

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

The basic EPS when adjusted for outstanding EMI options of 906,711 (2022: 937,143) and adjusted for forfeited options in the year of nil (2022: 28,295) gives a weighted average of 28,409,489 (2022: 28,425,419).

17 INTAGIBLE ASSETS

Group and Company	Developed trading platforms	Other Intangibles	Total Intangible Assets	Group Goodwill
Cost				
As at 1 January 2022	3,011,484	37,430	3,048,914	83,481
Additions	605,599	171,866	777,465	-
As at 31 December 2022	3,617,083	209,296	3,826,379	83,481
Additions	1,034,168	47,750	1,081,918	-
As at 31 December 2023	**4,651,251**	**257,046**	**4,908,297**	**83,481**
Accumulated amortisation and impairment				
As at 1 January 2022	2,287,280	7,920	2,295,200	-
Charge for the year	484,915	14,040	498,955	-
As at 31 December 2022	2,772,195	21,960	2,794,155	-
Charge for the year	559,741	52,516	612,257	-
As at 31 December 2023	**3,331,936**	**74,476**	**3,406,412**	**-**
Carrying amount				
As at 31 December 2023	**1,319,315**	**182,570**	**1,501,885**	**83,481**
As at 31 December 2022	**844,888**	**187,336**	**1,032,224**	**83,481**

All intangible assets within the Group are held by Company.

Other intangible assets include assets valued at £68,835 with indefinite useful economic lives. Further information on these assets can be found in Note 2 under the heading "Intangible assets other than Goodwill."

Goodwill

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

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

Impairment tests for goodwill

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

The recoverable amounts of the cash generating unit has been determined based on a value-in-use calculation using discounted cash flow forecasts based on business plans prepared by management for a three-year period ending 31 December 2026. The two key estimates used in this model were an estimated terminal growth rate of 2%, and a pre-tax discount factor of 12%.

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

18 PROPERTY, PLANT AND EQUIPMENT

	Fixtures, fittings and equipment	Computer Equipment	Right of Use Assets	Total
Cost				
As at 1 January 2022	324,461	2,389,254	4,250,452	6,964,167
Additions	167,440	601,979	-	769,419
Disposals	-	-	-	-
Foreign Currency Translation Differences	-	-	(11,693)	(11,693)
As at 31 December 2022	491,901	2,991,233	4,238,759	7,721,893
Additions (and lease adjustments)	9,379	401,937	12,618	423,934
Disposals	-	-	-	-
As at 31 December 2023	501,280	3,393,170	4,251,377	8,145,827
Accumulated depreciation and impairment				
As at 1 January 2022	230,003	2,075,058	502,487	2,807,548
Charge for the year	65,263	298,052	397,222	760,537
Disposals	-	-		-
Foreign Currency Translation Differences	-	-	(1,407)	(1,407)
As at 31 December 2022	295,266	2,373,110	898,302	3,566,678
Charge for the year	50,731	325,755	383,822	760,308
Disposals	-		-	-
As at 31 December 2023	345,997	2,698,865	1,282,124	4,326,986
Carrying amount				
As at 31 December 2023	155,283	694,305	2,969,253	3,818,841
As at 31 December 2022	196,635	618,123	3,340,457	4,155,215

Company	Fixtures, fittings and equipment	Computer Equipment	Right of Use Assets	Total
Cost				
As at 1 January 2022	319,325	2,389,253	3,656,087	6,364,665
Additions	157,805	595,133	-	752,938
Disposal	-	-	-	-
As at 31 December 2022	477,130	2,984,386	3,656,087	7,117,603
Additions	9,379	400,352	-	409,731
Disposal	-	-	-	-
As at 31 December 2023	486,509	3,384,738	3,656,087	7,527,334
Accumulated depreciation and impairment				
As at 1 January 2022	230,029	2,075,058	495,820	2,800,907
Charge for the year	62,746	296,005	329,864	688,615
Disposal	-	-	-	-
As at 31 December 2022	292,775	2,371,063	825,684	3,489,522
Charge for the year	47,782	323,341	315,896	687,019
Disposal	-	-	-	-
As at 31 December 2023	340,557	2,694,404	1,141,580	4,176,541
Carrying amount				
As at 31 December 2023	145,952	690,334	2,514,507	3,350,793
As at 31 December 2022	184,355	613,323	2,830,403	3,628,081

19 INVESTMENT IN SUBSIDIARIES

Company	2023 £	2022 £
Investment in subsidiaries	**6,884,202**	6,884,202

Details of the Company's subsidiaries at 31 December 2023 are set out in the following table. The investments are measured using the equity method in Aquis Exchange PLC's standalone accounts.

Name of undertaking	Country of incorporation	Ownership interest (%)	Voting power held (%)	Name of business	Carrying amount 31-Dec-23	Carrying amount 31-Dec-22
Aquis Stock Exchange	UK	100	100	Recognised Investment Exchange	**3,677,118**	3,677,118
Aquis Exchange Europe SAS	France	100	100	European Equities Exchange	**3,207,084**	3,207,084
					6,884,202	6,884,202

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

Both investments were assessed for impairment at year end and no indicators of impairment were noted, with both Aquis Stock Exchange and Aquis Exchange Europe SAS profitable in both 2023 and 2022. Therefore, in line with IAS 36 guidance, no impairment provision has been recognised in Aquis Exchange PLC's financial statements.

There has been no change in the year of the carrying value of any subsidiary (2022: no change).

20 INVESTMENT IN FINANCIAL ASSETS

Group and Company	2023 £	2022 £
Financial assets measured at fair value through OCI	**591,945**	-

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

The fair value of OptimX, an unlisted-equity investment falls within Level 3 of the IFRS 13 Fair Value hierarchy.

In the year of acquisition, the fair value of the Investment in OptimX as at 31 December is considered materially consistent with its acquisition price. Therefore, no fair value movements have been recognised in other comprehensive income.

21 INVESTMENT IN TRUSTS

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

Company	2023 £	2022 £
Investment in Trusts	4,389,445	3,350,325

22 TRADE AND OTHER RECEIVABLES

	Current		Non-current		Total	
Group	2023 £	2022 £	2023 £	2022 £	2023 £	2022 £
Trade receivables	3,033,440	2,317,384	-	-	3,033,440	2,317,384
Technology licence contract assets	3,029,766	1,104,221	5,450,678	5,009,883	8,480,444	6,114,105
Other receivables	107,183	77,635	360,411	342,227	467,594	419,861
Prepayments	724,547	636,186	-	-	724,547	636,186
	6,894,936	4,135,426	5,811,089	5,352,110	12,706,025	9,487,536

	Current		Non-current		Total	
Company	2023 £	2022 £	2023 £	2022 £	2023 £	2022 £
Trade receivables	2,538,127	2,053,560	-	-	2,538,127	2,053,560
Technology licence contract assets	3,029,766	1,104,221	5,450,678	5,009,883	8,480,444	6,114,105

Other receivables	44,970	330,956	345,240	319,791	390,210	650,747
Intercompany receivables	471,658	6,485,690	-	-	471,658	6,485,690
Prepayments	652,422	596,828	-	-	652,422	596,828
	6,736,943	10,571,256	5,795,918	5,329,674	12,532,861	15,900,930

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

	Group		Company	
Trade receivables	**2023**	**2022**	**2023**	**2022**
	£	**£**	**£**	**£**
Gross trade receivables	3,136,943	2,376,337	2,596,235	2,053,560
Expected credit loss on trade receivables	(103,503)	(58,953)	(58,108)	-
Gross contract assets	10,843,945	7,461,382	10,843,945	7,461,383
Expected credit loss on contract assets	(2,363,501)	(1,347,278)	(2,363,501)	(1,347,278)
Trade receivables net of provisions	11,513,884	8,431,489	11,018,571	8,167,665

23 CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	£	**£**	**£**	**£**
Cash at bank	**14,765,910**	14,170,965	**6,356,259**	5,595,827

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

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

24 TRADE AND OTHER PAYABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
Current	**£**	**£**	**£**	**£**
Trade payables	759,002	510,384	674,307	510,068
Accruals	1,814,407	1,508,760	1,388,911	1,287,138
Deferred Revenue	934,423	1,358,479	-	251,250
Social security and other taxation	343,729	220,593	256,777	220,593
Intercompany payables	-	-	824,405	6,285,752
Other payables	58,772	3,250	84,132	-
Overseas corporation tax payable	33,798	144,469	-	-
Short Term Lease Liabilities	527,339	522,800	437,400	437,400

	4,471,470	4,268,735	3,665,932	8,992,201

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

Further disclosures on the Group's risk management frame on foreign exchange risk and the use of derivatives to manage risk is discussed in Note 5. These derivatives are the Group's only financial instrument that is measured at fair value and are classified at level 2 of fair value hierarchy measurements. Future cash flows are estimated based on quoted forward exchange rates and contract forward rates. There are no significant unobservable inputs. The year to date gain on these items is £51,407.

25 LEASES

Right of Use Assets

The right-of use asset was measured at the amount equal to the lease liability, plus prepaid lease payments (being the unamortised portion of the rent deposit asset). The right of use asset is depreciated over the term of the lease and was accounted for during the year ended 31 December 2023 as follows:

	Group	Company
	Property	Property
	£	£
Carrying amount at 1 January 2022	3,747,965	3,160,267
Foreign currency translation differences	(10,286)	-
Depreciation for the year	(397,222)	(329,864)
Carrying amount at 31 December 2022	3,340,457	2,830,403
Remeasurement of Paris lease	12,618	-
Depreciation for the year	(383,822)	(315,896)
Carrying amount at 31 December 2023	**2,969,253**	**2,514,507**

Rent deposit asset

The rent deposit asset (excluding the prepaid right of use portion which has been included in the calculation of the right of use asset above) is a financial asset measured at amortised cost and was accounted for during the year ended 31 December 2023 as follows:

	Group	Company
	Rent Deposit Asset	Rent Deposit Asset
	£	£
Carrying amount at 1 January 2022	612,042	598,141
Recovery of rent deposit	(269,956)	(282,315)
Finance income on rent deposit asset for the year	14,561	14,121
Carrying amount at 31 December 2022	356,647	329,947
Remeasurement of Paris lease	(7,619)	-
Foreign currency translation differences	(4,354)	-
Finance income on rent deposit asset for the year	15,737	15,293
Carrying amount at 31 December 2023	**360,411**	**345,240**

Lease liability

The lease liability is calculated as the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable (such as any rent-free periods). The lease payments are discounted using the interest rate implicit in the lease. The lease liability is measured at amortised cost and was accounted for during the year ended 31 December 2023 as follows:

	Group	Company
	Lease Liability	Lease Liability
	£	£
Carrying amount at 1 January 2022	3,655,652	3,066,902
Foreign currency translation differences	(24,672)	-
Finance expense on lease liability for the year	67,691	51,069
Lease payments made during the year	(300,994)	(231,259)
Carrying amount at 31 December 2022	3,397,677	2,886,712
Finance expense on lease liability for the year	103,249	88,571
Lease payments made during the year	(516,482)	(437,400)
Carrying amount at 31 December 2023	**2,984,444**	**2,537,883**
Of which are:		
Current	527,339	437,400
Non-current	2,457,105	2,100,483
	2,984,444	**2,537,883**

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

Net finance expense on leases

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Finance expense on lease liability	**103,249**	67,691	**88,571**	51,069
Finance income on rent deposit asset	**(15,737)**	(14,561)	**(15,293)**	(14,121)
Net finance expense relating to leases	**87,512**	53,130	**73,278**	36,948

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

Amounts recognised in profit and loss

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Depreciation expense on right-of-use assets	**(383,822)**	(397,222)	**(315,896)**	(329,864)
Finance expense on lease liability	**(103,249)**	(67,691)	**(88,571)**	(51,069)
Finance income on rent deposit asset	**15,737**	14,561	**15,293**	14,121
Short term lease expense	**(43,310)**	(35,816)	**-**	-
Net impact of leases on profit or (loss)	**(514,644)**	(486,168)	**(389,174)**	(366,812)

The contractual terms of the Paris lease state that lease payments are indexed which has resulted in a remeasurement of the lease liability to reflect an uplift of future expected payments. An undiscounted rate has been used to remeasure the Paris lease. The Company lease based in the UK is not subject to variable rates.

26 SHARE CAPITAL

Group	2023 £	2022 £
Ordinary share capital		
Issued and fully paid		
27,509,448 (2022: 27,505,450) Ordinary shares of 10p each	2,750,945	2,750,545
Issue of 3,998 new shares of 10p each	-	400
Issue of 7,333 new shares of 10p each	733	-
27,516,781 (2022: 27,509,448) Ordinary Shares of 10p each	**2,751,678**	**2,750,945**

27 TREASURY SHARES

Group	2023 £	2022 £
At the beginning of the year	3,350,325	1,526,835
Purchase of additional shares	1,215,243	1,952,325
Shares vested or sold by trusts	(157,189)	(132,230)
Change in level of surplus cash held by trusts	(18,934)	3,395
At the end of the year	**4,389,445**	**3,350,325**

Treasury shares are held by the Employee Benefit Trusts. Further disclosures about the value of shares acquired by the EBT can be read in note 21. The Investment in Trust has been consolidated within the Group's results as the parent company (Aquis Exchange PLC) can substantially direct the investment activities of the Trusts, thus the Trusts' assets have been consolidated as Treasury Shares.

In the year to 31 December 2023 331,179 shares with a nominal value of £33,178 were bought at a total cost of £1,215,243 and held in Treasury (2022 - 481,301 shares with a nominal value of £48,130 were bought at a total cost of £1,952,325 and held in Treasury).

As at 31 December 2023, 261,956 shares (2022: 186,155) were held in the Employee Share Incentive Plan Trust, and a further 840,175 shares (2022: 584,797) held in the Trust relating to Restricted Share Plan, Company Share Ownership Plan and Premium Priced Option Plan.

At 31 December 2023 £17,676, (2022: £36,610) of surplus cash was held within the Trusts, which had yet to be used to purchase Treasury shares, but remained under the control of the Trusts.

Group	2023 £	2022 £
Treasury Shares held	4,371,769	3,313,715
Cash Held in Employee Trusts	17,676	36,610
At the end of the year	**4,389,445**	**3,350,325**

28 CASH GENERATED BY OPERATIONS

Operating cash flows	2023 £	2022 £
For the year ended 31 December 2023		

Group		
Profit before tax	**5,194,887**	4,526,409
Adjustments for:		
Impairment charge/(credit) on contract assets	**1,016,223**	(133,484)
Impairment charge on trade and other receivables	**44,550**	12,784
Fair value adjustment to derivatives	**(51,407)**	-
Equity settled share based payment expense	**1,085,658**	819,872
Amortisation of intangible assets	**612,257**	498,955
Depreciation and impairment of property, plant and equipment	**760,308**	760,537
Finance expense	**103,249**	67,691
Finance income	**(15,737)**	(14,561)
Interest income	**(384,712)**	(28,722)
	3,170,389	1,983,072
Movement in working capital:		
Decrease/(Increase) in trade and other receivables	**(4,277,113)**	(1,409,263)
Increase/(Decrease) in trade and other payables	**309,470**	(1,195,918)
Cash generated by operations	**4,397,633**	3,904,300
Corporation taxes paid	**(293,914)**	116,415
Net cashflow from operating activities	**4,103,719**	4,020,715

	2023	**2022**
Operating cash flows	**£**	**£**
For the year ended 31 December 2023		
Company		
Profit before tax	**3,988,392**	3,637,819
Adjustments for:		
Impairment charge/(credit) on contract assets	**1,016,223**	(133,484)
Impairment charge on trade and other receivables	**58,108**	-
Fair value adjustment to derivatives	**(51,407)**	-
Equity settled share based payment expense	**1,085,658**	819,872
Amortisation of intangible assets	**612,257**	498,954
Depreciation and impairment of property, plant and equipment	**687,019**	688,615
Finance expense	**88,571**	51,069
Finance income	**(15,293)**	(14,121)
Interest income	**(112,154)**	(2,416)
	3,368,982	1,908,489
Movement in working capital:		
Decrease/(Increase) in trade and other receivables	**2,309,031**	(8,642,417)
(Decrease)/Increase in trade and other payables	**(5,326,269)**	5,297,956
Cash generated by operations	**4,340,136**	2,201,847
Corporation taxes paid	**-**	-

Net cashflow from operating activities	**4,340,136**	2,201,847

29 RELATED PARTY TRANSACTIONS

Remuneration of key management personnel

The remuneration of the directors, who are key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. There are no directors to whom retirement benefits are accruing in respect of qualifying services. No directors exercised share options in the year (2022: none).

Group	2023 £	2022 £
Salaries and other short term benefits	1,569,531	1,486,805
Share based payments	490,437	348,300
Total	2,059,968	1,835,105

Company	2023 £	2022 £
Salaries and other short term benefits	1,123,238	1,088,008
Share based payments	246,592	174,150
Total	1,369,830	1,262,158

During the year the Group has entered into, in the ordinary course of business, transactions with other related parties. All transactions between Aquis Exchange Plc and its subsidiaries are eliminated on consolidation. There are no related party balances outstanding at Group level. Costs incurred by the Company on behalf of its subsidiary companies are recharged to these Companies though a Management fee and service charge, which for 2023 represented a net recharge of £5,678k (2022: £5,528k) to Aquis Europe SAS and a net recharge of £690k (2022: £450k) to Aquis Stock Exchange Limited. The net cash payments in the year and balances outstanding at the year end were:

2023 Company	Receipts and (Payments) £000s	Amounts owed from related parties £000s	Amounts owed to related parties £000s
Aquis Stock Exchange Ltd	2,565	551	-
Aquis Europe SAS	(1,385)	-	904
Total	**1,180**	**551**	**904**

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

30 SHARE PREMIUM ACCOUNT

Group	2023 £	2022 £
At the beginning of the year	**11,785,045**	11,771,462

Issue of new shares	**24,712**	13,583
At the end of the year	**11,809,757**	11,785,045

31 OTHER RESERVES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	£	**£**	**£**	**£**
Reserves relating to share-based payments	2,741,589	1,813,119	2,741,589	1,813,119

32 CONTROLLING PARTY

In the opinion of the Directors, there is no single overall controlling party.

No individual shareholder had a shareholding of 10% or above as at 31 December 2023.

33 EVENTS OCCURING AFTER THE REPORTING PERIOD

There are no significant post balance sheets of which the Directors are aware.