16 April 2020

Aquis Exchange PLC

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

Final results for the year ended 31 December 2019

Aquis Exchange PLC (AQX.L), the exchange services group, is pleased to announce its audited results for the year ended 31 December 2019.

Highlights:

- Revenue increased 73% to £6.9m (2018: £4.0m)
- Adjusted EBITDA loss of £0.2m[1] (2018: £2.1m loss[2])
- Loss after tax decreased 77% to £0.8m (2018: £3.4m loss)
- Cash and cash equivalents at 31 December 2019 of £11.0 m (31 December 2018: £11.6m)
- Market share of pan-European continuous trading increased to 4.62% during 4Q19 (2018: 3.8%)
- Market at Close (MaC) order type gained significant traction: the market share of total pan-European closing auctions rose from 0.36% in August to 3.52% in December
- Aquis was the first MTF to achieve dual-trading status in European equities, in preparation for Brexit

Post period highlights

- Completed the milestone acquisition of NEX Exchange (now “Aquis Stock Exchange” or “AQSE”), marking entry into Primary Listings
- Completed the listing of the first business onto Aquis Stock Exchange under new ownership, heavily oversubscribed and with significant institutional support shown
- Trading continued to be in line with market expectations
- COVID-19:
    - Aquis’ technology systems are dealing efficiently with higher market volumes
    - The exchange is being run remotely
    - The longer term economic impact remains difficult to predict

[1]Includes the application of the new accounting standard IFRS 16: Leases
[2]Not adjusted for the new accounting standard IFRS 16: Leases

Alasdair Haynes, Chief Executive Officer of Aquis, commented:

“Against a challenging market backdrop, Aquis delivered substantial operational and financial progress during 2019. It is very pleasing to see our adjusted EBITDA figure reaching near break-even, as revenues continue to grow across all business divisions and the MaC leads the field among closing auction alternatives in the market.

“Last month we were delighted to complete our acquisition of NEX Exchange, now renamed the Aquis Stock Exchange, and to list our first company on to it a few weeks later. Developing this market into the future-facing, disruptive home for quality growth businesses will be a key focus for us during the year ahead.

“Notwithstanding the impact of the COVID-19 pandemic, our aim is to take the Group to the next level of operational, financial and strategic success in 2020. We look forward to continuing to build value for all our stakeholders.”

This announcement contains inside information for the purposes of EU Regulation 596/2014.

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Notes to editors:

Aquis Exchange PLC is an exchange services group, which operates pan-European cash equities trading businesses (Aquis Exchange), growth and regulated primary markets (Aquis Stock Exchange/AQSE) and develops/licenses exchange software to third parties (Aquis Technologies).

Aquis Exchange is authorised and regulated by the UK Financial Conduct Authority and France's Autorité des Marchés Financiers to operate Multilateral Trading Facility businesses in the UK and in EU27 respectively. Aquis operates a lit order book and does not allow aggressive non-client proprietary trading, which has resulted in lower toxicity and signalling risk on Aquis than other trading venues in Europe. According to independent studies, trades on Aquis are less likely to lead to price movement than on other lit markets. 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 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.

Aquis Technologies is the software and technology division of Aquis Exchange PLC. It creates and licenses cutting-edge, cost-effective matching engine and trade surveillance technology for banks, brokers, investment firms and exchanges.

Aquis Exchange PLC (AQX.L) is listed on the Alternative Investment Market of the LSE (AIM) market. For more information, please go to **www.aquis.eu**

Chairman's Statement

Overview
2019 was Aquis Exchange PLC's ("Aquis" or the "Company") first full year as a listed company on the AIM market and our raised market profile has assisted the growth that Aquis achieved during the year. Despite market-wide uncertainties and reduced equity volumes, Aquis delivered a significant increase in its market share of the pan-European equity market to 4.62% of the overall pan-European market of continuous trading during 4Q19. In addition, Aquis' world-class exchange trading and surveillance technology continued to garner interest across multiple asset classes.

2019 also saw the announcement of the proposed acquisition of NEX Exchange Limited, now branded as Aquis Stock Exchange ("AQSE"), which was approved by the Financial Conduct Authority ("FCA") and completed in March 2020. The acquisition adds a new dimension to Aquis whilst being in line with its overall strategy to be a disruptor in the exchange world and to build a leading technology driven exchange business.

Board and Governance
The Board continued to evolve during the year. Glenn Collinson was appointed at the start of 2019. Glenn's background as an engineer and his years of developing and marketing technology products, as well as his listed company experience have already been invaluable to the business. David Vaillant joined as Non-Executive Chairman of Aquis' new French subsidiary. David brings corporate and institutional banking skills to the Aquis Group, as well as a sound knowledge of French financial markets and regulations. In this Annual Report the "Group" shall include Aquis and Aquis Exchange Europe SAS while the "broader Group" shall also include NEX Exchange.

The Board decided to retain the services after the acquisition of AQSE of Michael Berkeley, previously a Non-Executive Director of NEX Exchange Ltd, to ensure that legacy AQSE governance and knowledge is maintained and to provide continuity. Michael Berkeley has been appointed Chairman of AQSE and will meet with the Aquis Board as appropriate to ensure effective communication is maintained between the boards. Upon completion of the acquisition, Glenn Collinson stepped down from the Aquis Exchange PLC Board to become a Non-Executive Director of AQSE. Mark Goodliffe has also joined the Board of AQSE and continues as a NED on the Aquis Board.

The Board remains committed to high standards of corporate and regulatory governance. Up until November 2019, all Aquis Board members and senior managers were approved by the FCA. This year saw preparation for the end of the approved persons regime and the introduction of the Senior Management and Certification Regime ("SM&CR") by the FCA which became effective from December 2019. This has increased the accountability of the senior managers, as well as certain members of the Aquis Board and ensured that individuals have clearly prescribed responsibilities which are now assigned to them. All Board members are aware of their additional responsibilities under both UK and European regulations and guidelines with regards to the oversight of financial market infrastructures.

Culture and Stakeholder Engagement
Aquis remains driven by its visionary, founder-led management team who are committed to maintaining its strong corporate culture. The Aquis Board determined how best to engage with stakeholders in 2019 to further embed the culture and ascertain stakeholder feedback. It decided to place particular focus on employees and shareholders during the year.

I, as the Chair, was appointed as the representative of the Board to liaise with employees. I met with the majority of employees of the firm, either one on one or in small groups of 3 or 4 during the year. These groups were open two–way discussions and were an opportunity for employees to express their views directly to a member of the Board. The firm's whistleblowing policy, an important part of the new SM&CR regime was also explained to employees during each discussion.

The firm also undertook its first employee engagement survey. The overall survey feedback was very positive, setting a solid foundation for future years and has provided useful information to support the Board's responsibility to establish and maintain a collaborative, inclusive and quality-driven culture at Aquis, and identified some areas for improvement.

The Board also set a target for a sub-set of Board members to meet the majority of shareholders during the course of the year. Given the relatively small number of shareholders of Aquis, I as the Chair, accompanied by either the Senior Independent Director, Richard Bennett or Glenn Collinson, met with every shareholder with a holding of more than 2% during the year, as well as with a selection of smaller shareholders.

As Aquis grows and pushes forward with its disruptive agenda against a backdrop of increasing regulation and a new presence in continental Europe, it needs to invest in attracting and maintaining high quality, experienced, innovative and positive individuals who can support the Group's evolution and promote its cultural values. The acquisition of AQSE means a number of new staff members joined the Aquis team in March of 2020 and we look forward to integrating them into the organisation. Equally, current and new staff took on responsibilities for the French entity and have worked hard to get the French office ready for Brexit.

Corporate Sustainability
The Board recognises its broader responsibility to create sustainable growth and we are making progress in integrating sustainability and diversity objectives into our strategic plan and our cultural thinking. Some detail of these objectives and how we plan to work towards them are available in this annual report. We will continue to monitor and give updates on our progress.

Our focus for the year ahead
The Board continues to be focused on ensuring the business delivers on its strategy, managing risks, building sustainability and developing an appropriate framework for growth. However, Brexit and the COVID-19 pandemic continue to bring uncertainty to the entire market.

The business remains well prepared for Brexit with regulatory approvals and an established presence in France, which should allow uninterrupted service regardless of the impact of Brexit.

As a technology Group, Aquis has already embraced flexible working practices and, with our financial market responsibilities, we had well established remote working policies and disaster recovery plans. These have now been put into practice as a result of COVID-19 and the market is successfully operating remotely in a time of extreme market volatility.

Our first priority is the well-being of our staff who have, to date, coped admirably in a completely remote environment. The Board does not underestimate the fact that this may need to be sustained for a prolonged period of time but communication from top to bottom of the organisation is facilitated by the fact that the Aquis Group is a small organisation.

Nonetheless, we remain committed to our long-term goal of improving the quality of trading experiences whilst maintaining transparency for the benefit of the end investor. The recently enforced changes in working practices for all of our stakeholders may bring permanent changes that will need to be managed carefully and could result in both threats and opportunities in trading and issuer services.

Aquis has always been a disruptor and maintaining flexibility around strategy therefore remains very important as we look to the future. The firm is in close contact with its customers and suppliers. This is initially to ensure business continuity and stability but on a more forward-looking basis to be alert to changes that Aquis can respond to at a more strategic level.

On behalf of the Board and all shareholders, I would like to thank all staff for their hard work during the year and particularly for their resilience and adaptability during the recent weeks of COVID 19 work practice restrictions and extraordinary market turmoil.

Niki Beattie
Non-Executive Chairman

Chief Executive's Report

Despite turbulent economic conditions, 2019 has been a period of excellent progress and we achieved 4.6% market share of the pan-European market of continuous trading during 4Q19, and ended the year reporting a 73% growth in revenue to £6.9 million. Alongside this progress, we achieved a key milestone for the business when we announced the strategic acquisition of NEX Exchange Limited now branded as Aquis Stock Exchange ("AQSE").

Our strong revenue growth was driven primarily by rising subscription fees as a result of higher trading levels and an increase in the number of members, supplemented by growth from the technology and data divisions. Our success continues to be driven by the compelling nature of our subscription model and the strength of our industry-leading exchange software platform. We offer a faster and more reliable trading venue to both liquidity providers and market participants, and the benefits are clearly now flowing through into improved financial results.

The 77% decrease in loss after tax, from a £3.4 million loss in 2018 to £862k in 2019, is a significant step towards achieving overall profitability.

Aquis Exchange

Over the period, our multilateral trading facility ("MTF") platform delivered significant growth despite challenging economic and regulatory conditions. The number of trading members grew from 27 to 30 and a number of members increased their activity levels, leading exchange revenue to increase 71% to £5.3m.

Market share of pan-European continuous trading rose from 3.8% to 4.6% over the period and from 2.6% at the time of the IPO in June 2018. Our Market at Close ("MaC") order type, launched in August 2019, made a significant contribution to trading volumes on the platform. As MaC allows members to enter orders for matching on the Aquis platform at the closing price of the market, we now operate across a larger cross-section of all available trading. We have therefore expanded the basis of the measure of our market share to include dark pool and closing auction volumes along with the lit book trading. The market share results referred to above now incorporate these market activities and the Aquis MaC volumes.

The Group currently offers clients the ability to trade in excess of 1,500 stocks and ETFs across 14 European Markets. During the year the loss of Swiss Equivalence required Aquis to cease trading Swiss stocks; however, this reduction was partially offset by the addition of Irish stocks. The significant available liquidity, approximately 20% of total pan-European equity liquidity, increased from 15% in 2018 and should underpin future market share growth.

In March 2019, the Company established a French subsidiary with full regulatory approval to operate an MTF covering the European Union. Despite the uncertain political situation in the UK throughout much of 2019, the Group completed its Brexit plans on schedule and is now able, both during the transition period and thereafter, to maintain uninterrupted service.

Two headwinds were faced in the period: the loss of Swiss Equivalence caused a reduction in our overall market share, and we saw reduced monthly message traffic from an overall market slowdown due to political uncertainty. The fact we have delivered such strong growth despite these developments demonstrates the highly competitive nature of our exchange business.

Aquis Technologies

In addition to the exchange business, Aquis licenses its leading exchange related technology to a variety of international financial services clients across different asset classes. Revenue from technology licensing in 2019 grew 72% to £1.3 million, reflecting the growing demand for our high-calibre, in-house technology.

Aquis Technologies continues to develop its technology platforms to support growth across different asset classes internationally.

Aquis Market Data

Data revenues increased 135% in 2019 to reach £340k Market data is a significant revenue generator for the national exchanges, and we expect that this revenue stream will become increasingly significant to Aquis over time.

The Group is continually monitoring European Commission plans and market demand to introduce a consolidated tape service for the industry. It is well placed to understand and grow into any such market developments.

Primary Markets: Aquis Stock Exchange
In July 2019, we announced our plans to acquire 100% of the share capital of NEX Exchange Limited from CME Group Inc. for the nominal amount of £1 plus the current working capital held by NEX Exchange Limited, the majority of which comprised regulatory cash and which amounted to £2.87m at the transaction date. The Company received approval for the deal from the FCA in March 2020.

The acquired company, rebranded as Aquis Stock Exchange, had 90 companies quoted on its two markets, with a total market capitalisation of almost £2bn as of 11 March 2020. It works with 49 registered brokers and 8 market makers. As previously announced, we have now entered a consultation period with industry participants in order to assess opportunities to enhance the market functionality. For the year ended 31 March 2019, NEX Exchange Limited delivered revenues of £1.5 million and a loss before tax of £2.1 million.

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

Underpinned by the Group's proven technology and a track record of transparency and innovation, I am confident that we have the ability to build Aquis Stock Exchange into a competitive and disruptive primary marketplace, particularly as MiFID II continues to put the traditional business model of established exchanges under pressure. I believe that we have a unique opportunity to build a pan-European, technology-driven, listing exchange for growth companies, whilst simultaneously positioning ourselves to be able to overcome several issues faced by small and mid-cap market participants today.

Further Investment in Research and Development (R&D)
The Group continues to invest in R&D in order to maintain and enhance the quality of its technology and its ability to be able to deliver new products and platform enhancements to its clients. Our proven trading platform has been developed in-house and is based on proprietary technology which does not rely on third party software suppliers. I believe this gives us a significant competitive advantage on functionality, price and ability to deliver. Aquis' nimble R&D organisation ensures expeditious product development and, together with Aquis' further investment into its sales organisation, 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.

Outlook
There is currently significant macro-economic uncertainty given the COVID-19 outbreak, however I believe that our strong team and technology platform should enable us to overcome the challenges created by the pandemic. Our technology systems are currently dealing efficiently with the higher market volumes caused by increased volatility in trading and are effectively operating remotely. Although the longer-term economic impact is harder now to predict, such that it is difficult to forecast the effect on the broader Group for the time being, I remain confident in our unique proposition and ready to take the broader Group to the next level of operational, financial and strategic success.

As announced on the 19th of December 2019, investment in Aquis' R&D and sales organisations is intended to be increased by around £1m per annum from 2020 to lay the foundations for further growth and value creation for shareholders. These investments should support the aim of broadening and improving our market position through innovation and excellence. We will continue to promote the Aquis values of transparency, fairness and simplicity, enabling our end customers to get better performance and results.

In addition to tackling the issues of small and mid-cap trading, our aim in the future will be to deliver robust and sustainable returns for the benefit of shareholders and all our other stakeholders in the medium and long term. Despite the unprecedented situation which we, together with the whole world, now face, our highly capable and experienced management team remains focused on serving our clients as we grasp the opportunities ahead and, in particular, on delivering our shared goals, and our vision for transformation of primary markets for small and mid-cap stocks.

Alasdair Haynes
Chief Executive

Strategic Report

Overview of the business
Aquis Exchange plc ("Aquis" or "the Company") is a founder-led, pan-European MTF operator that also provides exchange and regulatory technology to third parties. In March 2020 it acquired NEX Exchange Limited ("NEX Exchange"), a Recognised Investment Exchange ("RIE").

The Company is regulated by the UK Financial Conduct Authority with a French subsidiary, Aquis Exchange Europe SAS, an investment firm, that received regulatory approval to operate as an MTF from the Autorité de Contrôle Prudentiel et de Resolution (ACPR), effective in March 2019.

The Company was founded in 2012 with the vision to become the leading technology driven exchange services group and to introduce competition and innovation to the securities trading market. With these guiding principles the Group's main focus is to:

- Capitalise on regulatory and technical shifts in market infrastructure by providing an exchange which offers deeper liquidity and transparent, higher quality execution for intermediaries and investors;
- Continue to increase the number of members and associated trading volumes by providing a robust and innovative platform that responds to their needs;
- License its proven technology platform to third parties that require trading or market surveillance technology; and
- Positively address the current issues in small and mid-cap trading through the RIE status obtained in March 2020.

Aquis' trading platform is a cash equities trading venue with a unique subscription-based pricing model based on electronic messaging traffic and a non-aggressive trading model. This means that certain types of trading behaviour are not allowed and it encourages more passive trades to rest in its order book. This creates greater depth of liquidity and less potential for information leakage or "toxicity" in the market. The principal competitors to the trading business are the national exchanges and other pan-European MTFs / RIEs which charge customers on a per transaction model and allow fully aggressive trading. Since the Company commenced trading it has consistently increased its market share which has grown to reach an average of 4.62% of the overall pan-European market of continuous trading during 4Q19. The business is well positioned to benefit from regulatory changes which support transparent, low toxicity growth on "lit" markets. The regulatory trends and institutional support for greater transparency in European equities trading also support future business growth.

The client base of the trading platform consists, principally, of investment banks and brokers acting on behalf of institutions such as pension funds and asset managers. The Group's members are able to trade European securities on a 'lit' market. This means that the dealing price prior to the trade is transparent to the whole market. This is in contrast to pricing on dark and grey markets, where price discovery is only available to the market post-trade.

Aquis' matching engine and surveillance technology has been operating successfully for a number of years. It has been developed for multi-asset class trading and is attracting customers wishing to license the technology as the trading engine for a broad range of instruments. The Company's principal technology customers are new equity exchanges where the market is opening up to competition as well as crypto currency exchanges, MTF operators across asset classes and market participants requiring real time market surveillance. Competitors of the licensing business are other matching engine providers and surveillance software providers.

Independent studies have verified that Aquis's non-aggressive trading model has materially lower toxicity than its competitors, which reduces adverse price movements thereby lowering the implicit costs of trading for the end investor. This is a significant positive differentiating factor and underpins our continued growth potential. We are a strong supporter of the regulatory principles such as greater transparency for markets that have been introduced and we are committed to complying with market regulation. We believe we are well placed to benefit from the anticipated additional regulation given our robust and agile business model, our lean cost structure and our technology leadership.

The Board have established clear financial and non-financial KPIs for senior Executives for the broader Group. The KPIs are revenue, EBITDA, market share of the exchange platform, quality of technology and its sustainability and compliance with regulations and corporate governance.

Financial Review

Growth has been steady across all revenue streams during 2019. An analysis of revenue is as follows:

	Group		
	2019	**2018**	**YoY Growth**
	£	**£**	**%**
Revenue analysed by class of business			
Subscription fees	5,285,000	3,100,839	70%
Licence fees	1,269,362	737,530	72%
Data vendor fees	337,632	143,541	135%
	6,891,994	**3,981,910**	**73%**

The loss before interest, tax, depreciation and amortisation ('EBITDA' loss) for the year decreased 90% to £199k compared to a £2.1 million loss in the previous year. The decrease in EBITDA losses for the 2019 financial year is primarily attributable to increased exchange revenue as members' subscriptions have risen as a result of increased trading levels, as well as increased revenue from new technology licensing contracts that were signed and/or renewed during the year. The reduction in losses is illustrative of the significant increases in revenue experienced for a proportionately smaller increase in costs.

The trade receivables resulting from revenue from licensing technology contracts attract an IFRS 9 expected credit loss (impairment) provision on the trade receivables arising from contract assets. The application of IFRS 9 has resulted in an expected credit loss reversal during the year of £243k (2018: £424k reversal).

The loss before taxation for the 2019 financial year decreased by 70% to £1.1 million compared with a loss of £3.7 million in 2018. The loss before taxation is after applying amortisation charges to internally generated intangible assets, as well as depreciation and finance charges which reflect the effect of adopting IFRS 16: Leases for the first time in 2019. The new standard prescribes a different treatment for operating leases, whereby companies recognise a lease liability and corresponding right of use asset on the Statement of Financial Position, as opposed to a rent expense charge in the Statement of Comprehensive Income. The lease liability is amortised over the life of the lease, attracting a finance expense charge amounting to £41k for 2019, whereas the right of use asset is depreciated on a straight-line basis over the life of the lease, attracting a depreciation charge of £173k for 2019. As permitted under the standard, comparatives for previous years have not been restated.

The Group believes that the overall 77% decrease in loss after tax to £862k compared to a £3.4 million loss after tax in 2018 is a significant step towards achieving overall profitability.

In June 2018, the Company listed on the AIM market of the London Stock Exchange. The costs incurred for Listing were included as exceptional costs for the year ended 31 December 2018. There were no exceptional costs for the year ended 31 December 2019.

The Group's cash and cash equivalents as at 31 December 2019 were £11.0 million (2018: £11.6 million).

Group investments, productivity and capital management

The Group has continued to invest in its technology offering throughout the year. This has included the creation and enhancement of new order types, enhancements to the surveillance system and auction systems, as well as technological development to enable the move into different asset classes. In addition, the Group has made further investment in personnel resources and increased its marketing budget as it continues to develop capability and brand awareness.

The broader Group meets the FCA and ACPR capital adequacy requirements and intends to invest appropriately to be able to continue to grow and enhance its business operations.

The Board considers that the investments in personnel have contributed to the Group's ability to gain new clients, broaden its customer base and increase revenue. The Board 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 is in the process of establishing both short- and long-term incentive plans based on performance for all employees, which are set out in more detail in the N&RC Report, and which the Board believes align the employees' interests with the long-term strategic objectives of the Group.

The Company is required to maintain sufficient capital to meet its regulatory obligations. These are calculated and updated annually. At 31 December 2019 the ICAAP requirement amounted to £2.6m (2018: £1.8m).

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

Future development of the business

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

GROUP FINANCIAL STATEMENTS

Consolidated and Company Statement of Comprehensive Income

For the year ended 31 December 2019		Group		Company	
		2019	**2018**	**2019**	**2018**
	Notes	**£**	**£**	**£**	**£**
Income Statement					
Revenue	**10**	6,891,994	3,981,910	6,627,994	3,981,910
Impairment credit	**11,20**	242,585	424,194	242,585	424,194
Administrative expenses	**12**	(7,333,950)	(6,477,652)	(7,003,574)	(6,477,652)
Operating loss		**(199,371)**	**(2,071,548)**	**(132,995)**	**(2,071,548)**
Investment income	**13**	41,699	30,139	36,303	30,139
Depreciation and amortisation	**12**	(928,191)	(611,494)	(928,191)	(611,494)
Net finance costs	**12**	(41,115)	-	(41,115)	-
Exceptional costs	**14**	-	(1,011,853)	-	(1,011,853)
Loss before taxation		**(1,126,978)**	**(3,664,756)**	**(1,065,998)**	**(3,664,756)**
Income tax credit/ (expense)	**15**	265,254	247,389	265,254	247,389
Loss for the year		**(861,724)**	**(3,417,367)**	**(800,744)**	**(3,417,367)**
Other comprehensive income					
Foreign exchange differences on translation of foreign operations, net of tax	**19,27**	1,439	-	-	-
Other comprehensive loss for the year		1,439	-	-	-
Total comprehensive loss for the year		**(860,285)**	**(3,417,367)**	**(800,744)**	**(3,417,367)**
Earnings per share (pence)					
Basic					
Ordinary shares	**16**	(3)	(20)	(3)	(20)
Diluted					
Ordinary shares	**16**	(3)	(20)	(3)	(20)

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

Consolidated and Company Statement of Financial Position

As at 31 December 2019	Notes	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Assets					
Non-current assets					
Intangible assets	**17**	753,230	637,539	753,230	637,539
Property, plant and equipment	**18**	2,013,823	541,933	2,013,823	541,933
Investment in subsidiaries	**19**	-	-	2,437,766	9,020
Trade and other receivables	**20,23**	966,922	841,288	966,922	841,288
		3,733,975	**2,020,760**	**6,171,741**	**2,029,780**
Current assets					
Trade and other receivables	**20,23**	1,654,030	1,822,690	1,645,179	1,822,690
Cash and cash equivalents	**21**	11,010,861	11,618,921	8,609,739	11,609,901
		12,664,891	**13,441,611**	**10,254,918**	**13,432,591**
Total assets		**16,398,866**	**15,462,371**	**16,426,659**	**15,462,371**
Liabilities					
Current liabilities					
Trade and other payables	**22,23**	1,499,574	892,364	1,467,826	892,364
		1,499,574	**892,364**	**1,467,826**	**892,364**
Net current assets		**11,165,317**	**12,549,247**	**8,787,092**	**12,540,227**
Non-current liabilities					
Lease liabilities	**2,23**	1,189,694	-	1,189,694	-
		1,189,694	**-**	**1,189,694**	**-**
Total liabilities		**2,689,268**	**892,364**	**2,657,520**	**892,364**
Net assets		**13,709,598**	**14,570,007**	**13,769,139**	**14,570,007**
Equity					
Called up share capital	**24**	2,714,956	2,714,956	2,714,956	2,714,956
Share premium account	**25**	10,839,981	10,839,981	10,839,981	10,839,981
Other reserves	**26**	212,691	92,446	212,691	92,446
Retained earnings/ (accumulated losses)		(59,469)	922,624	1,511	922,624
Foreign currency translation reserve	**27**	1,439	-	-	-
Total equity		**13,709,598**	**14,570,007**	**13,769,139**	**14,570,007**

Statements of Changes in Equity

For the year ended 31 December 2019

Group	**Notes**	**Share Capital**	**Share premium**	**Other reserves**	**Retained earnings/ (Accumulated loss)**	**Foreign Currency Translation Reserve**	**Total**
		£	**£**	**£**	**£**	**£**	**£**
Balance at 1 January 2018		17	23,517,321	-	(16,908,527)	-	**6,608,811**
Loss and total comprehensive loss for the year		-	-	-	(3,417,367)	-	**(3,417,367)**
Issue of share capital		446,097	10,840,020	-	-	-	**11,286,117**
Elimination of share premium account		2,268,842	(23,517,360)	-	21,248,518	-	**-**
Recognition of share option reserve	**26**	-	-	92,446	-	-	**92,446**
Balance at 31 December 2018 (as previously presented)		2,714,956	10,839,981	92,446	922,624	-	**14,570,007**
Impact of adopting new accounting standards	**2**	-	-	-	(120,369)	-	**(120,369)**
Balance at 1 January 2019 (restated)		2,714,956	10,839,981	92,446	802,255	-	**14,449,638**
Loss for the year		-	-	-	(861,724)	-	**(861,724)**
Foreign exchange differences on translation of foreign operations	**27**	-	-	-	-	1,439	**1,439**
Movement in share option reserve	**26**	-	-	120,245	-	-	**120,245**
Balance at 31 December 2019		**2,714,956**	**10,839,981**	**212,691**	**(59,469)**	**1,439**	**13,709,598**

For the year ended 31 December 2019

Company	**Notes**	**Share Capital**	**Share premium**	**Other reserves**	**Retained earnings/ (Accumulated Losses)**	**Foreign Currency Translation Reserve**	**Total**
		£	**£**	**£**	**£**	**£**	**£**
Balance at 1 January 2018		17	23,517,321	-	(16,908,527)	-	6,608,811
Loss and total comprehensive loss for the year		-	-	-	(3,417,367)	-	(3,417,367)
Issue of share capital	**24**	446,097	10,840,020	-	-	-	11,286,117
Elimination of share premium account	**25**	2,268,842	(23,517,360)	-	21,248,518	-	-
Recognition of share option reserve	**26**	-	-	92,446	-	-	92,446
Balance at 31 December 2018 (as previously presented)		2,714,956	10,839,981	92,446	922,624	-	14,570,007
Impact of adopting new accounting standards	**2**	-	-	-	(120,369)	-	(120,369)
Balance at 1 January 2019 (restated)		2,714,956	10,839,981	92,446	802,255	-	14,449,638
Loss for the year		-	-	-	(800,744)	-	(800,744)
Foreign exchange differences on translation of foreign operations	**27**	-	-	-	-	-	-
Movement in share option reserve	**26**	-	-	120,245	-	-	120,245
Balance at 31 December 2019		**2,714,956**	**10,839,981**	**212,691**	**1,511**		**13,769,139**

Statement of Cash Flows

For the year ended 31 December 2019		Group		Company	
	Notes	2019 £	2018 £	2019 £	2018 £
Cash flows from operating activities					
Cash generated by operations	**28**	385,606	(4,021,908)	438,105	(4,021,908)
Tax refunded	**15**	265,254	469,604	265,254	469,604
Finance expense on lease liabilities	**2,23**	(47,653)	-	(47,653)	-
Net cash inflow from operating activities		**603,207**	**(3,552,304)**	**655,706**	**(3,552,304)**
Investing activities					
Recognition of intangible assets	**17**	(562,271)	(422,522)	(562,271)	(422,522)
Purchase of property, plant and equipment	**18**	(509,342)	(421,934)	(509,342)	(421,934)
Investment in subsidiaries	**19**	-	-	(2,437,766)	(9,020)
Interest received	**13**	41,699	30,139	36,303	30,139
Net cash used in investing activities		**(1,029,914)**	**(814,317)**	**(3,473,076)**	**(823,337)**
Financing activities					
Proceeds from share issue	**25**	-	12,000,001	-	12,000,001
Principal portion of lease liability	**2,23**	(182,792)	-	(182,792)	-
Net cash generated from/ (used in) financing activities		**(182,792)**	**12,000,001**	**(182,792)**	**12,000,001**
Net increase/(decrease) in cash and cash equivalents		**(609,499)**	**7,633,380**	**(3,000,162)**	**7,624,360**
Cash and cash equivalents at the beginning of the year	**21**	11,618,921	3,985,541	11,609,901	3,985,541
Effect of exchange rate changes on cash and cash equivalents	**27**	1,439	-	-	-
Cash and cash equivalents at the end of the year	**21**	**11,010,861**	**11,618,921**	**8,609,739**	**11,609,901**

Notes to the Financial Statements

1 Basis of preparation and accounting policies

Company information

Aquis Exchange PLC is a public limited company which is incorporated and domiciled in the United Kingdom. Its registered office is located at Palladium House, 1-4 Argyll Street, London, W1F 7LD.

Accounting convention

The Group's consolidated and the Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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

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, and notwithstanding the economic uncertainties caused by COVID-19, 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.

Whilst the Group has made a loss in the year, and after accounting for the acquisition of NEX Exchange Limited, the consolidation of the acquired losses and future diminishing losses of the acquired entity for the foreseeable future, there are substantial cash reserves, and a positive balance sheet, due to high levels of investment within the Group. Additionally, the Directors are confident that the Group will begin to generate profits in the coming years. There has been a growth in revenue of 73% between the current year and comparative year. Additional revenue growth is projected for 2020, with profits forecasted for future years.

Taking the above into account in light of the Group's current position and principal risks as discussed in the Strategic Report section of this annual report, the directors have assessed the prospects of the Group for the foreseeable future and there is no material uncertainty as to the Group's ability to continue to adopt the going concern basis of accounting in preparing the financial statements over a period of at least 12 months from the date of approval of these financial statements.

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies with all inter-company balances and transactions eliminated. The attribution to non-controlling interests has not been presented since all subsidiaries are 100% held.

There were no discontinued operations in any of the periods presented.

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

The results of Aquis Exchange Europe SAS have been consolidated in the group financial statements for the year ended 31 December 2019.

Fair value of financial assets and liabilities measured at amortised cost

The Directors believe that the carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements approximate their fair value, except for technology licensing contract assets which are stated net of any expected credit loss provision in accordance with IFRS 9 as detailed in Notes 11 and 20.

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

Accounting policies

Revenue

Turnover represents amounts receivable for subscription fees and fees receivable for the licensing of software net of value added tax.

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

Revenue for exchange subscription services is recognised in the accounting year in which the services are rendered, by reference to the ongoing contractual obligation to provide subscription-based services.

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

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

Intangible assets other than goodwill

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

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

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

Intangible assets have been recognised in the financial statements as the Group has concluded that it has been able to reliably measure the expenditure attributable to the intangible asset during its development.

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

- The development of trading platforms has been amortised straight line over 3 years.

Property, plant and equipment

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

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

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

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

Impairment of tangible and intangible assets

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

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

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

Fair value measurement

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables) are assumed to approximate their fair values because of the short period to maturity and credit risk.

Cash and cash equivalents

Cash and cash equivalents include cash at bank.

Financial assets

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

Classification of financial assets

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). In 2019, the Group did not hold any Financial Assets measured at FVTPL.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Other receivables are defined as amounts due that are outside the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Contract assets

Contract assets are recognised for licensing fees recognised at inception of a licensing contract but not yet billed under IFRS 15. Contract assets are initially measured at fair value and subsequently measured at amortised cost and are stated net of any expected credit loss provision (ECL) recognised in accordance with IFRS 9, as detailed in Note 10. Contract assets are presented on the Statement of Financial Position as trade receivables.

Rent deposit asset

As detailed in Note 2, the Group has adopted IFRS 16 with effect from 1 January 2019. Under the standard, a rent deposit is accounted for as a financial asset if:

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

Further disclosures are provided in Note 2 and Note 23.

Impairment of financial assets

The Group has considered the impact of the application of an expected credit loss model when calculating impairment losses on both current and non-current contract assets (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

All financial liabilities are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

In 2019 the Group did not hold any Financial liabilities beyond Trade and other payables, Accrued Expenses and the lease liabilities recognised under IFRS 16 as described in note 23.

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.

Accrued expenses

Accrued expenses are recognised at fair value and are recognised in the accounting period in which those transactions, events, or circumstances occur.

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.

Taxation

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

Current tax

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

Deferred tax

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

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

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

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

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

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Pension obligations

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

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense 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

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.

Leases

As disclosed in Note 2, the Group has adopted IFRS 16: *Leases* from its effective date of 1 January 2019.

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 Group did not make any such adjustments during the periods presented.

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 presented as a separate line in the consolidated statement of financial position and are depreciated over the term of the lease. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset.

Foreign exchange

Functional and presentation currency

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

Transactions and balances

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

All foreign exchange gains and losses recognised in the income statement are presented net within 'administrative expenses'.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

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

Research and development

Expenditure on development is capitalised in the year in which it is incurred. This represents wage costs of various personnel involved in developing the exchange platform and surveillance system. This asset is subsequently amortised as explained in the Intangible Assets accounting policy note.

2 Adoption of new and revised standards and changes in accounting policies

New IFRS Standards that are effective for the current year

Impact of initial application of IFRS 16: Leases

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. Details of these new requirements are described in the group accounting policy for leases in Note 1. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

a. Reliance on previous assessments on whether leases are onerous;
b. The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
c. The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
d. The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and IFRIC 4 determining whether an arrangement contains a Lease.

Impact on opening position for 2019 arising on adoption of IFRS 16

The Group has adopted IFRS 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.15%.

The lease liability recognised on 1 January 2019 was as follows:

	1 January 2019 £
Operating lease commitments discounted using the rate implicit in the lease at the date of the initial application (3.15% p.a.)	1,561,096
Add: finance lease liabilities recognised as at 31 December 2018	-
(Less): short-term leases recognised on a straight-line basis as expense	-
(Less): low-value leases recognised on a straight-line basis as expense	-
(Less): contracts reassessed as service agreements	-
Add/(less): adjustments as a result of a different treatment of extension and termination options	-
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	-
Lease liability recognised as at **1 January 2019**	1,561,096
Of which:	
Current	182,792
Non-current	1,378,304
	1,561,096

The associated right-of use asset was measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right- of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019 £	01 January 2019 £
Property		
Of which:		
Non-current portion of right of use asset	1,097,827	1,270,993
Current portion of right of use asset	173,166	173,166
	1,270,993	1,444,159

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

	01 January 2019 £
Decrease in rent deposit asset	(61,043)
Increase in right of use assets	1,444,159
Increase in lease liabilities	(1,561,096)
Decrease in accruals	57,611
Net impact on retained earnings	**(120,369)**

Impact on operating loss:

Operating losses increased by £16k as a result of the change in accounting policy for the year ended 31 December 2019. The Impact on the Consolidated and Company Statement of Comprehensive Income for the year ended 31 December 2019 is as follows:

	31 December 2019 **£**
Depreciation expense (included in expenses)	(173,166)
Rent expense (included in expenses)	230,445
Finance costs (included in expenses)	(41,115)
Operating loss	16,164
Income tax expense	-
Decrease in operating loss for the year after tax	**16,164**

The application of IFRS 16 has an impact on the Consolidated and Company Statement of Comprehensive Income in that the charges have been included in depreciation and amortisation costs rather than as in previous years in administrative expenses. In addition, the application of IFRS 16 has an impact on the Comprehensive Statement of Cash Flows of the Group. Under IFRS 16, lessees must present:

a. Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities;
b. Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Group has opted to include interest paid as part of financing activities); and
c. Cash payments for the principal portion for a lease liability, as part of financing activities.

Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased by £230k, being the lease payments, and net cash used in financing activities has increased by the same amount.

The adoption of IFRS 16 did not have an impact on net cash flows.

The impact on the statement of cash flows for the year ended 31 December 2019 is as follows:

	31 December 2019 **£**
Finance expense on lease liability	(47,653)
Net cash generated from operating activities	**(47,653)**
Principal portion of lease liability	(182,792)
Net cash generated from/ (used in) financing activities	**(182,792)**

The adoption of IFRS 16 did not have an impact on net cash flows.

There is no material impact on other comprehensive income and the basic and diluted EPS as a result of the implementation of IFRS 16.

The Group's leasing activities and how these are accounted for

Aquis Exchange PLC leases its business offices in London. The rental contract is for a fixed period of 5 years from inception of the lease (4 May 2017) with the option to extend for a further 5 years which the Directors are reasonably certain will be exercised. The lease terms contain rent free periods which have been considered in determining the rate implicit in the lease and hence the Group's incremental borrowing cost. The lease agreement does not impose any covenants, but leased assets may not be used as security for borrowing purposes. Aquis Exchange Europe SAS has no long-term leases of high value, and hence the leased offices in London is the only lease included in the calculation of the lease liability and right of use assets for the Group.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

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 and adopted by the EU. The Directors do not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Group in future periods:

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

3 Critical accounting estimates and judgements

In applying the group's accounting policies, which are described in Note 1, 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. 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.

Capitalisation of internally generated intangible assets resulting from Research and Development

Internally generated intangible assets have been capitalised because, in management's judgement, the criteria for capitalisation under IAS 38 have been met. These assets are amortised over a straight line 3-year period.

Judgements in determining the timing of satisfaction of performance obligations

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

- Implementation/ project fees: these are upfront, non-refundable fees that a customer pays in order to obtain the user agreement. Even if the user acceptance certificate is never issued, the implementation fee cannot be reclaimed and so the revenue is guaranteed and can be recognised at the time of invoice as Aquis becomes unconditionally entitled to payment.
- Licensing fees: The customer is liable to pay the monthly licensing fee from the date of signing the user acceptance agreement (contract inception date). At this point in time Aquis has fulfilled its promise to deliver the licence (i.e. the system has been deployed in the client's production environment) and this performance obligation is fulfilled. The licensing fees are thus recognised at the point in time the contract is signed.
- 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.

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

Critical accounting estimates

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

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 and 20 of the financial statements.

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

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

The credit risk assessment is conducted by means of a take-on assessment which comprises of a series of relevant criteria for a licensing contract that are scored according to the specific circumstances of the customer, with scores for each parameter typically ranging from 1-4. The assessment evaluates the following:

- Level of funding;
- Regulatory approvals;
- Market, industry and business model;
- Macro-economic forecasts;
- Corporate governance/ Group management;
- Whether the client is revenue generating;
- Level of client profitability;
- Contract length and the associated range of economic scenarios therein;
- Payment history; and
- External credit ratings.

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

The credit risk assessment and associated inputs to the expected credit loss model (probability of default and loss given default) are critical assessments that could impact both the provision for expected credit losses as well as the movement in the provision reflected in the income statement. The Directors do not consider there to be a risk of material changes to these estimates in future periods.

4 Corporate information

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

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 companies, or -Negative yields on its investments of cash, or -A scarcity of equity (driven by its own performance or financial market conditions) either separately or in combination are the principal risks to managing its capital.	The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders. In order to maintain a strong capital structure, the group may issue new shares, return capital to shareholders or sell assets to ensure capital adequacy requirements are met. The group adopts the following policies and procedures in order to manage its capital requirements: -Regular monitoring of its current and expected levels of liquidity to ensure that it has sufficient funds for working capital requirements; and -Regular monitoring of the Return on Assets (ROA).

The ROA is the amount of net loss returned as a percentage of total assets.

Group	2019	2018
	£	£
Loss for the year	(861,724)	(3,417,367)
Total assets as at 31 December	16,398,867	15,462,371
Return on assets (%)	-5%	-22%

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

Externally imposed capital requirements to which the group is subject to have been assessed and complied with in the year. An assessment of the excess of regulatory capital for the Group is as follows:

Group	2019	2018
	£	£
Total equity	13,709,598	14,570,007
Regulatory capital requirements	2,062,772	1,832,432
Excess	11,646,826	12,737,575

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, as well as credit risk from third parties such as clearing agents and counterparties.	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. There were no debts written off or past-due as at 31 December 2019.

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 £11.4 million (2018: £12.5 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 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. There is no exposure to interest rate changes since the group and company have no external debt obligations, and the interest rate on the lease liability is the rate implicit in the lease and as such is not subject to change over the term of the lease.

Group 31 December 2019	1 Year £	2-5 years £	5+ years £	Total £
Trade and other payables	1,499,574	-	-	1,499,574
Lease Liabilities	188,610	692,685	497,037	1,378,304
	1,688,184	692,685	497,037	2,877,878
31 December 2018				
Trade and other payables	892,364	-	-	892,364
Lease Liabilities	-	-	-	-
	892,364	-	-	892,364

Company 31 December 2019	1 Year	2-5 years	5+ years	Total
Trade and other payables	1,467,826	-	-	1,467,827
Lease Liabilities	188,610	692,658	497,037	1,378,304
	1,656,436	692,658	497,037	2,846,130
31 December 2018				
Trade and other payables	892,364	-	-	892,364
Lease Liabilities	-	-	-	-
	892,364	-	-	892,364

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

Foreign exchange

Risk Description	Risk management approach
The Group operates in the UK and Europe, with Sterling as its principal currency of operation. The group companies invoice revenues and incur the majority expenses in GBP. An immaterial amount of expenses are incurred in Euros in relation to the French office. As a result, foreign exchange risk arises mainly from the translation of the Group's foreign currency earnings, assets and liabilities into its reporting currency, Sterling. An immaterial amount of cash held by Aquis Exchange Europe SAS is held in a euro denominated bank account, with the remaining cash held in a Sterling denominated bank account, hedging the group against foreign exchange fluctuations in cash and cash equivalents. Since the net asset value of the Aquis Exchange Europe SAS is predominantly comprised of cash, there is negligible exposure to foreign exchange rate fluctuations.	In order to mitigate the impact of unfavourable currency exchange rate movements on consolidated earnings and net assets, Aquis Exchange Europe SAS maintains the majority of its net assets (primarily comprising regulatory cash) in a Sterling denominated bank account so as to minimise fluctuations in the GBP/EUR exchange rate on a consolidated basis.

6 Operating segments

Whilst Aquis Exchange PLC provides customers with two products (the exchange and licensing contracts), the Group does not operate these divisions separately but rather as a unit under the same management, operated by the same departments and at the same offices. As such the Group only has one operating segment.

7 Employees

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

Group	2019 Number	2018 Number
Management	5	4
Operations	5	4
Business Development	3	3
Marketing	1	1
IT	18	16
Finance	2	1
Compliance and Surveillance	3	3
	37	**32**

Their aggregate remuneration was comprised of:

Group	2019 £	2018 £
Wages and salaries	3,763,905	3,184,145
Social security costs	436,448	525,376
Other pension costs	274,154	207,751
	4,474,507	**3,917,272**

Company	2019 £	2018 £
Wages and salaries	3,565,268	3,184,145
Social security costs	365,363	525,376
Other pension costs	274,154	207,751
	4,204,785	**3,917,272**

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 Group in an independently administered fund.

The total costs charged to income in respect of defined contribution plans are £274,154 (2018: £207,751).

9 Directors remuneration

Group	2019	2018
	£	£
Remuneration for qualifying services	809,741	840,789
Remuneration disclosed above include the following amounts paid to the highest paid director:		
Remuneration for qualifying services	301,352	341,132

10 Revenue

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Revenue analysed by class of business				
Subscription fees	5,285,000	3,100,839	5,021,000	3,100,839
Licence fees	1,269,362	737,530	1,269,362	737,530
Data vendor fees	337,632	143,541	337,632	143,541
	6,891,994	**3,981,910**	**6,627,994**	**3,981,910**

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Revenue analysed by region				
United Kingdom	5,200,390	2,951,033	5,200,390	2,951,033
Rest of World	1,691,604	1,030,877	1,427,604	1,030,877
	6,891,994	**3,981,910**	**6,627,994**	**3,981,910**

No revenue from customers whose revenue is solely attributed to a single foreign country is material.

Subscription fees and data vendor fees:

Subscription fees and 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.

The Group recognises 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 that the customer has obtained control of the goods.

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

Licence fees:

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 (including with the SaaS model, for example with some surveillance clients). The duration of the licences varies between 1 and 5 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.

The revenue from licensing contracts with customers has been categorised reflecting the nature, amount, customer categorisation (see also Note 11), contract duration and uncertainty of revenue and cash flows. Revenue from licensing contracts is assessed for each contract and is recognised as and when each performance obligation is satisfied.

The Group determines the transaction price of the licensing contract based primarily on the competitive landscape. For licensing contracts, the Group has assessed the probability of being required to make a return / refund by analysing each client individually. The transaction price is allocated according to the Group's obligations to the client over the course of the licence period. There is no constrained variable consideration in any customer contracts.

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: Licensing fees	At a point in time upon signing the user acceptance agreement, as the Group 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 customers 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 over time as the customer benefits from using the system.

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

Group	**2019**				**2018**			
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Category	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**
PO1	135,000	-	-	50,000	60,000	50,000	-	-
PO2	171,000	-	203,707	247,680	323,100	182,280	-	-
PO3	740	128,995	18,287	4,453	95,850	16,809		
	306,740	128,995	221,994	302,133	478,950	249,089	-	-

Customer risk category definitions: 1 – High, 2 – Moderately High, 3 - Moderately Low and 4 – Low. The licensing fees line item also includes connectivity fees for licensing contract customers that are recognised at a point in time as they reflect variable revenue determined on a monthly basis.

11 Impairment

Aquis Exchange PLC enters into technology licensing contract assets with customers that are subject to IFRS 9 provisioning based on management estimates of the collectability of contracts over their useful life and is re-assessed annually. The movement in the provision balance is as follows:

Group	**2019**	**2018**
	£	**£**
Balance of impairment provisions at the beginning of the year	695,834	1,120,028
Impairment credit	(242,585)	(424,194)
Balance of impairment provisions at the end of the year	453,249	695,834

During contract negotiation Aquis assesses the potential credit risk of a prospective client prior to committing to the contract. Aquis' assessment of the credit risk associated with a licensing customer is conducted at inception of the contract (but before the user agreement is signed) and includes factors that are specific to the customer, general economic conditions and an assessment of both the current as well as the forecast direction of these conditions. Based on this assessment, the prospective customer is assigned to a customer category with an appropriate risk rating. Aquis reassesses the risk ratings annually and undertakes another assessment to determine if macro-economic factors could have a bearing on the success of the client and the recoverability of the outstanding debt. Aquis credit risk management processes are applied to all trade receivables and are calculated using a lifetime expected credit loss method.

The portfolio of technology contracts held by Aquis having probabilities of default evolve over time, since the credit risk of the contracts is directly linked to the success of the customers' business including their ability to raise capital, which itself changes with time.

The credit risk of Aquis' technology clients ranges from those that are in infant start up stages (riskier) to those that are highly liquid and solvent conglomerates (little to no risk), and the Directors assign a probability of default to each customer as a quantification of this risk and how it evolves over the life of the contract. The loss given default is also quantified on a customer-by-customer basis and is done through an assessment of the recovery rate the Directors anticipate will be applied to the customer in the event of liquidation. Currently the low number of technology clients allows Aquis to assess each contract individually on the appropriate probability of default level, including any future macro-economic changes, the sensitivity to these potential changes and the impact that these may have.

The £453,249 expected credit loss provision for the year (2018: £695,834) has been calculated with reference to estimations based on the probability of default and a loss given default as described above, and has been analysed for each individual contract taking into account the nature, amount, customer categorisation, contract duration and uncertainty of revenue and cash flows.

As at 31 December 2019, the average contract duration for the portfolio of technology contracts is 2.5 years. Since the contracts are short-to-medium term in nature (and credit risk assessments are reperformed upon contract renewal), the Directors are therefore comfortable that a range of economic scenarios are captured within the customer category risk assessment as the resulting key inputs assigned upon inception will be so close to the median of a range of economic scenarios that they are, in substance, equal. The Directors have, however, assessed the impact of changes in credit losses and their sensitivity to changes in these significant assumptions as a result of macro-economic developments. In order to quantify the impact of movement in credit losses that occur as a result of macro-economic developments, the Directors have flexed the probability of default associated with each client category in three scenarios: a base case (maintaining status quo), a worst case (an increase in the probability of default of 10% from the base case), and a best case (a decrease in the probability of default of 10% from the base case).

The range of outcomes is detailed in the table below:

Group	**Worst Case (+10%)**	**Base Case**	**Best Case (-10%)**
At 31 December 2019	**£**	**£**	**£**
Impairment provision	989,668	453,249	134,599

12 Administrative expenses

Operating loss is stated after charging:

	Group		**Company**	
	2019	**2018**	**2019**	**2018**
Administrative expenses	**£**	**£**	**£**	**£**
Fees payable to the Group's auditor for the audit of the Group's financial statements	86,291	52,500	57,250	52,500
Share-based payments (see below)	120,245	92,446	120,245	92,446
Exchange loss/(gains)	(7,483)	3	(7,483)	3
Employee costs	4,474,507	3,917,272	4,204,785	3,917,272
Other administrative expenses	2,660,390	2,415,431	2,628,777	2,415,431
	7,333,950	**6,477,652**	**7,003,574**	**6,477,652**

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

Treatment of Stock Options

There is one approved EMI scheme. Options vest in 3 equal tranches, one, two and three years after grant. The options expire after 10 years.

No new stock options under the EMI scheme were granted during the year, because on the 30th of November 2019 the group deferred the issue of 2019 share options until March 2020.

Of the options granted in previous periods, none were exercised or expired and 3,718 were forfeited during the year.

In accordance with IFRS 2, the group has estimated the fair value of options granted in previous periods using a US binomial option valuation model and spread the estimated value against the Profit and Loss account over the life of the vesting period. The options exercise price for these options granted in prior years 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 1 years 5.5 months.

The valuation method used to estimate the fair value of the awards was the US binomial method with an average expiry duration of 5 years, volatility of 24 and risk-free interest rate of 1.1067%.

Details of the EMI scheme are as follows:

- Outstanding at the beginning of the period 564,124
- Granted during the period -
- Forfeited during the period (3,718)
- Exercised during the period -
- Expired during the period -
- Outstanding at the end of the period 560,406
- Exercisable at the end of the period 186,802

All options are exercisable at a price of £2.69 and the weighted average remaining contractual life is estimated to be 5 years.

Loss before taxation is stated after charging:

	Group		Company	
	2019	**2018**	**2019**	**2018**
Depreciation, amortisation and finance costs	**£**	**£**	**£**	**£**
Depreciation of property, plant and equipment	481,611	162,493	481,611	162,493
Amortisation of intangible assets	446,580	449,001	446,580	449,001
	928,191	**611,494**	**928,191**	**611,494**
Net finance expense (Note 23)	41,115	-	41,115	-
	969,306	**611,494**	**969,306**	**611,494**

Total expenses were as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
Total expenses	**£**	**£**	**£**	**£**
Expenses	**8,303,256**	**7,089,146**	**7,972,881**	**7,089,146**

13 Investment income

	Group		Company	
	2019	**2018**	**2019**	**2018**
Interest income	**£**	**£**	**£**	**£**
Bank deposits	**41,699**	**30,139**	**36,303**	**30,139**

14 Exceptional items

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£	**£**	**£**	**£**
Exceptional costs	**-**	**(1,011,853)**	**-**	**(1,011,853)**

The costs incurred for listing were included as exceptional costs for the year ending 31 December 2018. There were no exceptional costs for the year ending 31 December 2019.

15 Income tax

	Group		Company	
	2019	2018	2019	2018
Current tax	£	£	£	£
Adjustments in respect of prior periods	(265,254)	(247,389)	(265,254)	(247,389)

There were no deferred tax assets or liabilities recognised as at 31 December 2019 (2018: nil deferred tax assets and liabilities).

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Loss for the year before taxation	(861,724)	(3,664,756)	(1,065,998)	(3,664,756)
Expected tax credit based on a corporation tax rate of 19.00%	(163,728)	(696,304)	(202,540)	(696,304)
Effect of expenses not deductible in determining taxable profit	33,784	188,180	72,596	188,180
Unutilised tax losses carried forward	183,880	537,478	183,880	537,478
Permanent capital allowances in excess of depreciation	(52,765)	(29,355)	(52,765)	(29,355)
Depreciation on assets not qualifying for tax allowances	(1,171)	-	(1,171)	-
Research and development tax credit	(265,254)	(247,389)	(265,254)	(247,389)
Taxation credit for the year	(265,254)	(247,389)	(265,254)	(247,390)

The Company has estimated losses of £18,386,969 (2018: £18,180,329) available for carry forward against future trading profits.

16 Earnings per share

	Group		Company	
	2019	2018	2019	2018
Number of Shares				
Weighted average number of ordinary shares for basic earnings per share	27,149,559	16,433,338	27,149,559	16,433,338
Weighted average number of ordinary shares for diluted earnings per share	27,713,683	17,086,835	27,713,683	17,086,835
Earnings				
Loss for the year from continued operations	(861,724)	(3,417,367)	(800,744)	(3,417,367)
Basic and diluted earnings per share (pence)				
Basic earnings per ordinary share	(3)	(21)	(3)	(21)
Diluted earnings per ordinary share	(3)	(20)	(3)	(20)

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

17 Intangible assets

	Group Developed trading platforms	Company Developed trading platforms
	£	£
Cost		
As at 31/12/2017	1,070,533	1,070,533
Additions- internally generated	422,522	422,522
As at 31/12/2018	1,493,055	1,493,055
Additions- internally generated	562,271	562,271
As at 31/12/2019	**2,055,326**	**2,055,326**
Accumulated amortisation and impairment		
As at 31/12/2017	406,515	406,515
Charge for the year	449,001	449,001
As at 31/12/2018	855,516	855,516
Charge for the year	446,580	446,580
As at 31/12/2019	**1,302,096**	**1,302,096**
Carrying amount		
As at 31/12/2019	**753,230**	**753,230**
As at 31/12/2018	637,539	637,539

18 Property, plant and equipment

Group	Fixtures, fittings and equipment	Computer Equipment	Non-current Right of Use Asset	Total
	£	£	£	£
Cost				
As at 31/12/2017	233,669	1,182,823	-	1,416,492
Additions	12,794	409,140	-	421,934
As at 31/12/2018	246,463	1,591,963	-	1,838,426
Additions	3,034	506,308	-	509,342
Recognition of IFRS 16 Right of Use Asset	-	-	1,444,159	1,444,159
As at 31/12/2019	249,497	2,098,270	1,444,159	3,791,927
Accumulated depreciation and impairment				
As at 31/12/2017	28,801	1,105,199	-	1,134,000
Charge for the year	48,801	113,692	-	162,493
As at 31/12/2018	77,602	1,218,891	-	1,296,493
Charge for the year	49,970	258,475	173,166	481,611
As at 31/12/2019	127,572	1,477,366	173,166	1,778,104
Carrying amount				
As at 31/12/2019	121,925	620,905	1,270,993	2,013,823
As at 31/12/2018	168,861	373,072	-	541,933

Company	Fixtures, fittings and equipment	Computer Equipment	Non-current Right of Use Asset	Total
Cost				
As at 31/12/2017	233,669	1,182,823	-	1,416,492
Additions	12,794	409,140	-	421,934
As at 31/12/2018	246,463	1,591,963	-	1,838,426
Additions	3,034	506,308	-	509,342
Recognition of IFRS 16 Right of Use Asset	-	-	1,444,159	1,444,159
As at 31/12/2019	249,497	2,098,270	1,444,159	3,791,927
Accumulated depreciation and impairment				
As at 31/12/2017	28,801	1,105,199	-	1,134,000
Charge for the year	48,801	113,692	-	162,493
As at 31/12/2018	77,602	1,218,891	-	1,296,493
Charge for the year	49,970	258,475	173,166	481,611
As at 31/12/2019	127,572	1,477,366	173,166	1,778,104
Carrying amount				
As at 31/12/2019	121,925	620,905	1,270,993	2,013,823
As at 31/12/2018	168,861	373,072	-	541,933

19 Investment in subsidiaries

Company	2019 £	2018 £
Investment in subsidiaries	2,437,766	9,020

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Country of incorporation	Ownership interest (%)	Voting power held (%)	Name of business
Aquis Exchange Europe SAS	France	100	100	European Equities Exchange

The registered office of Aquis Exchange Europe SAS is 231 rue Saint Honoré, 75001 Paris, France.

20 Trade and other receivables

Group	Current		Non-current		Total	
	2019	2018	2019	2018	2019	2018
	£	£	£	£	£	£
Trade receivables	1,481,086	1,518,654	751,629	564,754	2,232,715	2,083,408
Other receivables	6,736	7,953	215,293	276,534	222,029	284,487
Prepayments	166,208	296,083	-	-	166,208	296,083
	1,654,030	1,822,690	966,922	841,288	2,620,952	2,663,978

Company	Current		Non-current		Total	
	2019	2018	2019	2018	2019	2018
	£	£	£	£	£	£
Trade receivables	1,472,235	1,518,654	751,629	564,754	2,223,864	2,083,408
Other receivables	6,736	7,953	215,293	276,534	222,029	284,487
Prepayments	166,208	296,083	-	-	166,208	296,083
	1,645,179	1,822,690	966,922	841,288	2,612,102	2,663,978

The following details the trade receivables that are stated net of any credit impairment provision, as set out previously in Note 11 in accordance with IFRS 9.

Trade receivables	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Gross trade receivables	2,685,963	2,779,242	2,677,112	2,779,242
Impairment	(453,248)	(695,834)	(453,248)	(695,834)
Trade receivables net of provisions	**2,232,715**	**2,083,408**	**2,223,864**	**2,083,408**

The Group has gross trade receivables of £133,883 (2018: £nil) with a related impairment provision of £nil (2018: £nil) that have an associated credit rating grade of A+/A-1 for long term and short term counter party credit respectively (source: S&P). The remainder of the group's trade receivable balances do not have established credit ratings.

21 Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Cash at bank	**11,010,861**	**11,618,921**	**8,609,739**	**11,609,901**

Cash and cash equivalents are held with authorised counterparties of a high credit standing, in secured investments. Management does not expect any losses from non-performance by the counterparties holding cash and cash equivalents, and there are no material differences between their book and fair values.

Cash held by Aquis Exchange Europe SAS is predominately held in a Sterling denominated bank account, hedging the group against foreign exchange fluctuations in cash and cash equivalents of the subsidiary.

22 Trade and other payables

	Group		Company	
	2019	2018	2019	2018
Current	£	£	£	£
Trade payables	130,396	153,144	215,031	153,144
Accruals	1,053,313	681,010	1,034,636	681,010
Social security and other taxation	173,540	10,494	173,540	10,494
Other payables	142,325	47,716	44,619	47,716
	1,499,574	**892,364**	**1,467,826**	**892,364**

23 Leases

The Group has adopted IFRS 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

The impact of adopting IFRS 16 for the first time during the year ended 31 December 2019 (including the effect on the opening balance on retained earnings since the group has elected to not restate comparatives for the 2018 reporting period) is detailed in Note 2.

The impact on the Group's assets and liabilities, and the related effects on profit and loss, of the Group's leasing activities (the Group as a lessee) are detailed below.

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 2019 as follows:

		Property
		£
Carrying amount at 1 January 2019		1,444,159
Depreciation for the year		(173,166)
Carrying amount at 31 December 2019		1,270,993
Of which:		
	Current	173,166
	Non-current	1,097,827
		1,270,993

The non-current and current portions of the right of use asset are included in 'Property, Plant and Equipment' and Trade and Other Receivables on the Statement of Financial Position respectively.

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 2019 as follows:

		Rent deposit asset
		£
Carrying amount at 1 January 2019		215,491
Finance income on rent deposit asset for the year		6,538
Carrying amount at 31 December 2019		222,029
Of which:		
	Current	6,736
	Non-current	215,293
		222,029

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

Lease liability

The lease liability is calculated as the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable (e.g. any rent-free periods). The lease payments are discounted using the interest rate implicit in the lease. The lease liability is measured at amortised cost and was accounted for during the year ended 31 December 2019 as follows:

		Lease liability
		£
Carrying amount at 1 January 2019		1,561,096
Finance expense on lease liability for the year		47,653
Lease payments made during the year		(230,445)
Carrying amount at 31 December 2019		1,378,304
Of which:		
	Current	188,610
	Non-current	1,189,694
		1,378,304

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

Net finance expense on leases

	31 December 2019
	£
Finance expense on lease liability	47,653
Finance income on rent deposit asset	(6,538)
Net finance expense relating to leases	41,115

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

Amounts recognised in profit and loss

	31 December 2019
	£
Depreciation expense on right-of-use assets	(173,166)
Finance expense on lease liability	(47,653)
Finance income on rent deposit asset	6,538
Net impact of leases on profit or loss	(214,281)

The property lease (of which there is only one) in which the Group is the lessee does not contain variable lease payment terms.

The total cash outflow for leases amounts to £230,445 (2018: £230,445).

24 Share Capital

	2019	**2018**
Group	**£**	**£**
Ordinary share capital		
Issued and fully paid		
27,149,559 Ordinary shares of 10p each	2,714,956	2,714,956
	2,714,956	2,714,956

25 Share premium account

Group	2019	2018
	£	£
At the beginning of the year	10,839,981	23,517,321
Issue of new shares	-	10,840,020
Share capital reduction	-	(23,517,360)
At the end of the year	10,839,981	10,839,981

26 Other reserves

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Reserves relating to share-based payments	212,691	92,446	212,691	92,446

27 Foreign currency translation reserve

In March 2019 the Company successfully applied for regulatory approval to operate a Multilateral Trading Facility (MTF) in France through a subsidiary, Aquis Exchange Europe SAS. The translation of the European subsidiary into Sterling, the functional currency of the Group, results in foreign exchange differences that have been recognised in Other Comprehensive Income and accumulated in a separate component of equity as illustrated below.

Group	2019	2018
	£	£
At the beginning of the year	-	-
Foreign exchange differences on translation of foreign operations recognised in OCI	1,439	-
At the end of the year/period	**1,439**	**-**

28 Cash generated by operations

	2019	2018
Group	£	£
Loss for the year after tax	(861,724)	(3,417,367)
Adjustments for:		
Taxation credited	(265,254)	(247,389)
Investment income	(41,699)	(30,139)
Amortisation and impairment of intangible assets	446,580	449,001
Depreciation and impairment of property, plant and equipment	481,611	162,493
Equity settled share-based payment expense	120,245	92,446
Other gains/losses	(24,020)	(713,884)
Gains/losses on transition of accounting standards	(120,369)	-
Movement in working capital:		
Decrease in trade and other receivables	43,026	(933,522)
Increase in trade and other payables	607,210	616,453
Cash generated/(absorbed) by operations	**385,606**	**(4,021,908)**

Company	2019 £	2018 £
Loss for the year after tax	(800,744)	(3,417,367)
Adjustments for:		
Taxation credited	(265,254)	(247,389)
Investment income	(36,303)	(30,139)
Amortisation and impairment of intangible assets	446,580	449,001
Depreciation and impairment of property, plant and equipment	481,611	162,493
Equity settled share-based payment expense	120,245	92,446
Other gains/losses	(15,000)	(713,884)
Gains/losses on transition of accounting standards	(120,369)	-
Movement in working capital:		
Decrease in trade and other receivables	51,876	(933,522)
Increase in trade and other payables	575,463	616,453
Cash generated/(absorbed) by operations	**438,105**	**(4,021,908)**

29 Related party transactions

Remuneration of key management personnel

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

Group	2019 £	2018 £
Short-term employee benefits	**602,195**	**681,924**

30 Controlling party

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

31 Events occurring after the reporting period

On 4 March 2020 the Financial Conduct Authority ('FCA') approved the acquisition of 100% of NEX Exchange Limited's share capital by Aquis Exchange PLC for a consideration of £2.87m (£1 plus current working capital, the majority of which comprises regulatory cash). Group financial statements for future periods will include the consolidation of NEX Exchange Limited from the date of control transfer (11 March 2020) and related business combination disclosure.

The Directors have assessed COVID-19 as a non-adjusting post balance sheet event given that, at the balance sheet date, few cases had been confirmed and the virus had only just been identified. It is possible that this may have an adverse effect on the Group; however, at this stage the Directors are unable to quantify what the effect could be on the Group's activities.