Chair's Statement

Overview

2020 was a remarkable year of transition and collaboration for Aquis as we successfully navigated through the most difficult of circumstances during a global pandemic to post our first year of annual profits.

Achieving profitability was one of many notable firsts. The transition of the business towards a more mature state was also evidenced through the hiring of our first Chief Technology Officer, the building of our first cloud native exchange, and the successful completion of the NEX Exchange Limited deal (now Aquis Stock Exchange Limited, AQSE) along with its subsequent integration into the business. We have also seen a significant uptick in gender diversity and, at year-end, we seamlessly moved trading of the majority of Aquis Exchange's EU stocks into our French entity, creating a significant presence in the European Union outside of the UK.

Although unexpected, the entire business successfully moved to a completely remote working environment in unprecedented circumstances. This shows that the business continuity plans were robust and effective and that the Company's previously embedded attitude to flexible working gave it an immediate advantage in what was a very smooth transition.

Against such an extraordinary backdrop, collaboration was critical. Aquis staff jointly and successfully navigated the rapidly changing work environment supporting our clients and each other during very difficult times. The Board congratulates all the staff on their handling of the situation and recognises the changes and sacrifices that people have had to make to their work and home lives in order to keep the business operating.

It is also very pleasing that the integration of AQSE and the switch to Aquis systems was completed successfully. The acquisition was completed one day before lockdown meaning staff had little chance to integrate in a physical location. Yet it is clear, through engaging with the staff both remotely and in person when possible, how well the teams have got to know each other and have been working together.

Board and Governance

The Board continued to evolve in line with the Group's expansion and subsequent corporate governance requirements during the year. The Aquis Group's parent company, Aquis Exchange PLC, now has two subsidiaries both of which are also financially regulated companies: the French entity, Aquis Exchange Europe SAS, AQEU, that was established in case of a no deal Brexit and AQSE, which holds a UK Recognised Investment Exchange Licence, RIE, that allows it to offer primary listings as well as secondary markets trading. These two entities both require appropriate independent Board governance at the subsidiary level.

This year we also transitioned to the FCA's Senior Management and Certification Regime (SM&CR), which has increased the accountability of the Executive and the Chair and ensures that individuals have clearly prescribed responsibilities which are now assigned to them.

The Board continued its succession planning. Three non-executive board members, including the Chair, are coming towards the end of their nine-year tenure over the next one to two years.

We welcomed Deirdre Somers to the Board of Aquis Exchange PLC in the last quarter of the year as an independent non-executive director. Deirdre has 23 years of stock exchange and trading venue experience across both primary and secondary markets and, therefore, a deep knowledge of EU market structure and regulation. She was the Chief Executive Officer of the Irish Stock Exchange from 2007 to 2018, leading its transformation from a relatively small domestic equity exchange to a highly profitable Plc with global specialisms.

Lesley Gregory joined the Board of AQSE as an independent non-executive director during the year. Lesley has experience as the CEO, and now as the chairperson, of leading international law firm, Memery Crystal. She has significant experience in advising private growth companies as well as other organisations.

Culture, Stakeholder Engagement and Section 172 Duties

The Board continued its engagement with key stakeholders, particularly focusing on employees and shareholders. I continued as the appointed representative of the Board to liaise with employees and engaged informally with small groups of staff remotely during lockdown and in person, when permitted. We also undertook our second annual employee engagement survey and overall feedback continued to be positive.

Following on from our initial shareholder engagement meetings in 2019, the Chair and various members of the Board have continued with a program to meet with key shareholders when possible either in person or remotely. A cross-section of Board members were encouraged to participate in different meetings.

The Board discharged its Section 172 (1) duties in a number of ways, details of which are set out in the Annual Report and include considering employees well-being during a very difficult year, undertaking considerable training and our first independent board evaluation to maintain high standards of conduct and improve the Board's effectiveness. We also spent significant time focusing on strategy and succession planning for the Board and the Executive.

Environment, Social and Corporate Responsibility

The Board recognises the Company's broader responsibility to grow sustainably. As an exchange operator, we realise that we have an important role in the economy by bringing issuers and investors together. We, therefore, have an opportunity to make a difference not only through our own actions but also by creating an environment for other companies and investors to make a difference.

From the outset Aquis has been committed to improving markets by maintaining the utmost transparency and least market toxicity for the benefit of the end investor. With the acquisition of AQSE in 2020, we can further stimulate growth in the economy by listening to the needs of issuers and creating a supportive, fair and low-cost environment for capital raisers to list instruments, particularly for innovative young companies. We are committed to educating and collaborating with these issuers about the expectations and benefits of creating and adhering to ESG policies.

We realise that our whole approach to ESG is part of a longer journey, which is only just beginning. To date our focus has been on ad hoc steps such as integrating diversity objectives into our business plans and cultural thinking or encouraging voluntary initiatives that consider the environment and the impact of our consumption. These are set out in more detail in the Strategic Report in the Annual Report. We have seen meaningful results in these focus areas but we now need to embed a full ESG plan into our strategy.

Our focus for the year ahead

The UK's transition away from the European Union and the COVID-19 pandemic continue to bring uncertainty but, based on our experience in 2020, we expect to continue with uninterrupted service supported by our flexible remote working structure.

A significant part of the secondary exchange trading business is now being run out of France and the aim is to continue to further develop the office there and to build relationships both within the EU 27 markets as well as within the UK. We also intend to capitalise on the success of the cloud project and our growing reputation for building world-class exchange technology.

Our Board will undergo further planned changes as the longer serving Non-Executive Directors retire from the Board but we aim to maintain stability and corporate memory through our on-going commitment to succession planning.

The Board will continue to be focused on ensuring the business delivers on its strategy across all the aspects of the business, managing risks, building sustainability and developing an appropriate framework for growth.

Niki Beattie, Chair

Chief Executive's Report

The year of 2020 was a landmark year for Aquis as the Group achieved its first net profit, made substantial progress across its various business activities and successfully completed and integrated its first acquisition, all during one of the most difficult environments that I, and probably most others, have ever experienced.

The Group dealt comfortably with the volatile market conditions during March and April and running the exchange platforms remotely during the lockdown. It also managed to grow market share of the pan-European equities market, achieving 4.7% market share of all trading including auctions during 4Q20, compared to 4.2% during 4Q19. In addition, the Group reported a 67% growth in revenue to £11.5 million. Alongside this progress, we achieved a key milestone for the business when we completed the strategic acquisition of AQSE.

Very strong growth from higher trading levels in the equities trading division was supplemented by growth in the technology and data divisions, together with the acquisition of AQSE. 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 than many international trading venues to all market participants; the benefits are clearly now flowing through into improved financial results. The pre-tax profit of £0.5m in 2020, compared to a loss of £0.9m in 2019, is a significant step forward and provides the platform to grow the main secondary market exchange and technology licensing business streams and primary exchange business through AQSE so as to increase revenue across the Group.

Aquis Exchange

Over the period, the secondary market multilateral trading facility ("MTF") platforms operated by the Group delivered growth despite challenging economic and regulatory conditions. The number of trading members grew from 30 to 33 and a number of members increased their activity levels, leading exchange revenue to increase 46% to £7.7m.

Market share of all pan-European trading including auctions and dark pools has risen from 4.2% to 4.7% over the last 12 months and from 1.8% at the time of the IPO in June 2018. Our Market at Close ("MaC") order type, launched in August 2019, made a positive contribution to trading volumes on the platform and we anticipate will grow further during 2021. As the MaC allows members to enter orders for matching on the Aquis platform at the closing price of the primary market, we now operate across a larger cross-section of all available trading.

Aquis Exchange offered clients the ability to trade in excess of 1,500 stocks and ETFs across 14 European Markets as at the end of December 2020. We were not able to offer trading in the Swiss market during 2020. However, following the UK / Swiss agreement at the beginning of 2021, we were able to start trading Swiss stocks again on the 4th February 2021. The available liquidity, approximately 23% of total pan-European equity liquidity, increased by 3% from 20% in 2019 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, AQEU. Despite the uncertain political situation in the UK throughout 2020, the Group completed its Brexit plans on schedule and is now able to maintain uninterrupted service.

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

Aquis Technologies

In addition to the exchange business, Aquis licenses its leading exchange related technology to a variety of international financial services clients across different asset classes. Revenue from technology licensing in 2020 grew to £2.3 million, reflecting the increasing interest in our high-calibre, in-house technology.

Aquis Technologies continues to develop its technology platforms to support growth across different asset classes internationally. One of the highlights of the year was the successful proof of concept project, undertaken in collaboration with Singapore Exchange (SGX) and Amazon Web Services (AWS) to create a cloud native exchange.

Aquis Market Data

Data revenues increased 165% in 2020 to reach £0.9m buoyed by the inclusion of AQSE data revenues. Data is seen as a key pillar of the Aquis strategic plan and we expect that it will contribute to the revenue streams of all 3 Aquis divisions over time.

One such aspect is the possibility of a consolidated tape for Europe. Introducing a consolidated tape in Europe should improve the quality and pricing of market data and lead to a fairer distribution of data fees across the various European exchanges. The Group is continually monitoring European Commission plans and market demand to introduce such a tape and is well placed to understand and grow the Group's data activity as this market in Europe develops.

Primary Markets: Aquis Stock Exchange (AQSE)

In March 2020, we completed the acquisition of 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 £2.88m at the transaction date.

The acquired company, rebranded as Aquis Stock Exchange Limited (AQSE), had at 31st December 2020, 87 companies quoted on its two markets, with a total market capitalisation of approximately £1.8bn. It works with 49 registered brokers and 8 market makers. Following the acquisition, we successfully concluded a consultation period with industry participants in order to assess opportunities to enhance the market functionality. This has led to us launching an innovative market making scheme, which we believe will significantly enhance liquidity and narrow spreads of stocks. For the 9 ½ months ended 31st December 2020, AQSE delivered revenues of £1.2 million and a loss before tax of £0.5 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 AQSE into a competitive and disruptive primary marketplace, particularly as MiFID II continues to put the traditional business model of national exchanges under pressure. I believe that we have a unique opportunity to build a pan-European, technology-driven, listing exchange for growth companies, overcoming several issues faced by small and mid-cap market participants today.

Further Investment in Research and Development (R&D)

The Group 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. The effectiveness and reliability of our technology was a major factor in dealing with COVID-19 and the requirement to adopt remote working which was achieved seamlessly. The quality of our technology underpins our Group strategy and is also one of the principal reasons for the growth in our technology licensing business.

I believe this structure and continued investment in R&D gives us a significant competitive advantage on functionality, price and ability to deliver. Aquis' nimble technology organisation ensures expeditious product development and, together with Aquis' further investment 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.

Resources

We have also invested in personnel resources across a number of departments in particular the sales and technology activities and strengthened the Executive Committee.

Outlook

There remains significant macro-economic uncertainty given the continued presence of COVID-19 and the lack of certainty of the full impact of Brexit; however, I believe that our strong team and technology platform should enable us to overcome these and future challenges. Our technology systems dealt efficiently with the higher messaging volumes caused by increased volatility in trading earlier in the year and we have an effective remote operating capability in place. Although the longer-term economic impact is harder 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 that we are ready to achieve the next level of operational, financial and strategic success.

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

In addition to tackling the issues of small and mid-cap trading through the AQSE initiatives, 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, continue to 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" or "the Group"), is a pan-European Multi-Lateral Trading Facility ("MTF") operator that provides secondary market trading in Pan European stocks that are listed on other exchanges. It also provides exchange and regulatory technology to third parties. On 11 March 2020, it acquired NEX Exchange Limited ("NEX Exchange"), a Recognised Investment Exchange ("RIE") which has been rebranded Aquis Stock Exchange Limited ("AQSE") and which runs as a subsidiary providing primary markets for small and medium size issuers and secondary market trading in those stocks. The Company also has a French subsidiary, Aquis Exchange Europe SAS, AQEU, an MTF established to enable European clients to continue to trade EU stocks, which provides secondary market trading in EU 27 stocks listed on other exchanges.

The Company is regulated by the UK Financial Conduct Authority with two subsidiaries: a French subsidiary, AQEU, an investment firm incorporated in France, that received regulatory approval to operate as an MTF from the Autorité de Contrôle Prudentiel et de Resolution ("ACPR"), effective in March 2019 and AQSE, a UK regulated Recognised Investment Exchange.

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

The Group's objective is 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 transparency, and 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 market issues of spread and liquidity in small and mid-cap trading through AQSE's RIE status

The trading platform for all Group entities is run on the same trading technology and all entities apply a unique subscription-based pricing model based on electronic messaging traffic and a lit market. This means that the dealing price prior to the trade is transparent to the whole market. This is in contrast to pricing on dark and grey markets, where price discovery is only available to the market post-trade.

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

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

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

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

Since Aquis commenced trading it has consistently increased its market share of EU secondary markets trading, which has grown to reach an average of 4.7% of the overall pan-European market of all trading including auctions and dark pools during 4Q20. This 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.

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 exchanges specialising in digital assets, 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.

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 that 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 has established clear financial and non-financial KPIs for the senior executives in relation to the performance of the Group. For 2020 these were revenue, operating profit, market share of the exchange platform, quality of technology and its sustainability and compliance with regulations and corporate governance. Further details are given in the Remuneration Report.

Financial Review

It has been a year of very strong revenue growth during 2020. A breakdown is as follows:

	Group		
	2020	**2019**	**YoY Growth**
	£	**£**	**%**
Revenue analysed by class of business			
Subscription fees	7,738,284	5,285,000	46%
Licence fees	2,319,700	1,269,362	83%
Issuer fees	524,402	0	N/A
Data vendor fees	894,867	337,632	165%
	11,477,253	**6,891,994**	**67%**

The Group generated an operating profit (profit before interest, taxation, depreciation and amortisation) for the year of £1.52m compared to a £0.01m operating loss in the previous year. The move from an operating loss to profit for the 2020 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, delivered and/or renewed during the year.

The trade receivables resulting from revenue from licensing technology contracts attract an IFRS 9 (impairment provision on the trade receivables arising from contract assets). This year the application of IFRS 9 has resulted in an impairment provision during the year of £100k (2019: £284k reversal).

The profit before taxation for the 2020 financial year of £0.5m compares very favourably with the loss before tax in 2019 of £0.9 million. The profit before taxation is after applying amortisation charges to internally generated intangible assets, as well as depreciation and finance charges, which reflect the accounting treatment of leases under IFRS 16. The lease liability is amortised over the life of the lease, attracting a finance expense charge amounting to £35k for 2020, 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 2020. These costs are in line with the 2019 results.

The Group's cash and cash equivalents as at 31 December 2020 were £12.3 million (2019: £11.0 million) with a cash conversion rate of in excess of 100%. Total assets grew 14% to £18.8m while total equity grew 9% to £15m.

	Group		
	2020	**2019**	**YoY Growth**
	£	**£**	**%**
Group balance sheet at 31.12.20			
Cash	12,268,418	11,010,861	11%
Total assets	18,814,123	16,441,274	14%
Total equity	15,008,332	13,752,006	9%

Group investments, productivity and capital management

The Group hired its first Chief Technology Officer during the year and has continued to invest in its technology offering. 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 and a proof of concept project to develop a cloud native exchange. In addition, the Group has made further investment in personnel resources as it continues to develop capability and brand awareness.

The Group is required to maintain sufficient capital to meet the regulatory obligations for all entities. These are calculated and updated annually. At 31 December 2020 the Company ICAAP requirement amounted to £3.2m (2019: £2.6m). The individual entities of the Group meet the respective FCA and ACPR capital adequacy requirements with plenty of headroom for further investment in business operations.

Regulatory capital requirements to which each entity within Group is subject to have been assessed and complied with in the year. An assessment of the excess of regulatory capital for each individual entity is as follows:

	Aquis Exchange PLC		**Aquis Exchange Europe SAS**		**Aquis Stock Exchange Ltd**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	£	**£**	€	€	**£**	**£**
Total equity	16,344,234	14,129,957	3,841,776	2,881,470	2,657,790	-
Regulatory capital requirements	3,204,216	2,623,363	730,000	730,000	2,446,000	-
Excess	13,140,018	11,506,594	3,111,776	2,151,470	211,790	-

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

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

Future development of the business

In order to support its long-term vision and in order to strategically position for continued growth, Aquis has invested significantly in its business differentiators, the technology platform, brand and personnel resources which includes a 50% increase in R&D technology investment in 2020. The Group is cognisant of the importance of such investments to maintain innovation and strong quality delivery.

GROUP FINANCIAL STATEMENTS

Consolidated and Company Statements of Comprehensive Income

For the year ended 31 December 2020		Group		Company	
			2019	2020	2019
		2020	Restated		Restated
	Notes	£	£	£	£
Income Statement					
Revenue	**12**	11,477,253	6,891,994	9,860,328	6,627,994
Impairment (charge)/credit	**13,23**	(100,174)	284,993	(97,760)	284,993
Administrative expenses	**14**	(9,855,927)	(7,171,216)	(7,443,194)	(6,840,840)
Operating profit/(loss)		1,521,152	5,771	2,319,374	72,147
Investment income	**16**	14,632	41,699	14,632	36,303
Depreciation and amortisation	**14**	(1,030,290)	(928,191)	(1,030,290)	(928,191)
Finance expense	**28**	(41,835)	(47,653)	(41,835)	(47,653)
Finance income	**28**	6,736	6,538	6,736	6,538
Profit before taxation		470,395	(921,836)	1,268,618	(860,856)
Income tax credit/(expense)	**19**	307,616	265,254	307,616	265,254
Deferred tax	**18**	203,717	-	203,717	-
Profit/(loss) for the year		**981,728**	**(656,582)**	**1,779,951**	**(595,602)**
Other comprehensive income					
Foreign exchange differences on translation of foreign operations, net of tax	**33**	(531)	1,439	-	-
Other comprehensive loss for the year		(531)	1,439	-	-
Total comprehensive income/(loss) for the year		**981,197**	**(655,143)**	**1,779,951**	**(595,602)**
Earnings per share (pence)					
Basic					
Ordinary shares	**20**	**4**	**(3)**	**7**	**(3)**
Diluted					
Ordinary shares	**20**	**3**	**(3)**	**6**	**(3)**

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

Consolidated and Company Statements of Financial Position

As at 31 December 2020		Group		Company	
		2020	2019 Restated	2020	2019 Restated
	Notes	**£**	**£**	**£**	**£**
Assets					
Non-current assets					
Goodwill	**17,21**	83,481	-	-	-
Intangible assets		916,256	753,230	916,256	753,230
Property, plant and equipment	**20**	1,578,554	2,013,823	1,578,554	2,013,823
Investment in subsidiaries	**21**	-	-	6,484,202	2,437,766
Investment in trust	**24**		-	486,127	318,410
Deferred tax asset	**16**	203,717	-	203,717	-
Trade and other receivables	**22,25**	839,630	966,922	839,630	966,922
		3,621,638	3,733,975	10,508,486	6,490,151
Current assets					
Trade and other receivables	**22,25**	2,924,067	1,696,438	2,943,368	1,687,587
Cash and cash equivalents	**26**	12,268,418	11,010,861	6,179,566	8,609,739
Total assets		18,814,123	16,441,274	19,631,420	16,787,477
Liabilities					
Current liabilities					
Trade and other payables	**27,28**	2,810,710	1,499,574	2,292,106	1,467,826
Net current assets		12,381,775	11,207,725	6,830,828	8,829,500
Non-current liabilities					
Lease liabilities	**28**	995,081	1,189,694	995,081	1,189,694
		995,081	1,189,694	995,081	1,189,694
Total liabilities		3,805,791	2,689,268	3,287,187	2,657,520
Net total assets		15,008,332	13,752,006	16,344,234	14,129,957
Equity					
Called up share capital	**29**	2,716,970	2,714,956	2,716,970	2,714,956
Share premium account	**30**	10,892,135	10,839,981	10,892,135	10,839,981
Other reserves	**31**	760,543	377,766	748,525	368,367
Treasury shares	**32**	(489,625)	(327,809)	-	-
Retained earnings		1,127,401	145,673	1,986,604	206,653
Foreign currency translation reserve	**33**	908	1,439	-	-
Total equity		15,008,332	13,752,006	16,344,234	14,129,957

The notes to the financial statements form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2021 and are signed on its behalf by:

Alasdair Haynes — Jonathan Clelland

CEO — CFO

AQUIS EXCHANGE PLC COMPANY REGISTRATION NUMBER: 07909192

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020								
Group	**Notes**	**Share Capital** £	**Share premium** £	**Other reserves** £	**Retained earnings** £	**Treasury shares** £	**Foreign Currency Translation Reserve** £	**Total** £
Balance at 1 January 2019		2,714,956	10,839,981	92,446	802,255		-	14,449,638
Restated loss for the year		-	-	-	(656,582)	-	-	(656,582)
Foreign exchange differences on translation of foreign operations	**33**	-	-	-	-	-	1,439	1,439
Restated movement in share-based payment reserve	**31**	-	-	285,319	-	-	-	285,319
Restated movement in treasury shares	**32**					(327,809)		(327,809)
Restated at 31 December 2019		2,714,956	10,839,981	377,766	145,673	(327,809)	1,439	13,752,006
Balance at 1 January 2020		2,714,956	10,839,981	377,766	145,673	(327,809)	1,439	13,752,006
Profit for the year		-	-	-	981,728		-	981,728
Foreign exchange differences on translation of foreign operations	**33**	-	-	-	-		(531)	(531)
Issue of new shares		2,014	52,154	-	-		-	54,168
Movement in share-based payment reserve	**31**	-	-	382,777	-		-	382,777
Recognition of treasury shares						(161,816)		(161,816)
Balance at 31 December 2020		2,716,970	10,892,135	760,543	1,127,401	(489,625)	- 908	15,008,332

Company Statement of Changes in Equity

For the year ended 31 December 2020						
Company	**Notes**	**Share Capital**	**Share premium**	**Other reserves**	**Retained earnings**	**Total**
		£	**£**	**£**	**£**	**£**
Balance at 1 January 2019		2,714,956	10,839,981	92,446	802,255	14,449,638
Restated loss for the year		-	-	-	(595,602)	(595,602)
Restated movement in share option reserve	**31**	-	-	275,921	-	275,921
Restated balance at 31 December 2019		2,714,956	10,839,981	368,367	206,653	14,129,957
Balance at 1 January 2020		2,714,956	10,839,981	368,367	206,653	14,129,957
Profit for the year		-	-	-	1,779,951	1,779,951
Issue of new shares		2,014	52,154	-	-	52,154
Movement in share option reserve	**31**	-	-	380,158	-	380,158
Balance at 31 December 2020		2,716,970	10,892,135	748,525	1,986,604	16,344,234

Consolidated and Company Statements of Cash Flows

For the year ended 31 December 2020		Group		Company	
		2020	2019	2020	2019
	Notes	**£**	**£**	**£**	**£**
Cash flows from operating activities					
Cash generated by operations	**34**	2,129,563	385,606	2,228,339	438,105
Tax refunded	**19**	307,616	265,254	307,616	265,254
Finance expense on lease liabilities	**28**	(35,099)	(47,653)	(35,099)	(47,653)
Net cash inflow from operating activities		**2,402,080**	**603,207**	**2,500,856**	**655,706**
Investing activities					
Payment of software development costs	**21**	(642,695)	(562,271)	(642,695)	(562,271)
Purchase of property, plant and equipment	**22**	(115,351)	(509,342)	(115,351)	(509,342)
Investment in subsidiaries	**23**	(259,400)	-		(2,437,766)
Capital injection into AQSE and Aquis Europe		-	-	(4,046,436)	-
Interest received	**16**	14,632	41,699	14,632	36,303
Net cash used in investing activities		**(1,002,815)**	**(1,029,914)**	**(4,789,851)**	**(3,473,076)**
Financing activities					
Issue of new shares	**29,30**	54,168	-	54,168	-
Principal portion of lease liability	**28**	(195,346)	(182,792)	(195,346)	(182,792)
Net cash generated from/ (used in) financing activities		**(141,178)**	**(182,792)**	**(141,178)**	**(182,792)**
Net increase/(decrease) in cash and cash equivalents		**1,258,088**	**(609,499)**	**(2,430,173)**	**(3,000,162)**
Cash and cash equivalents at the beginning of the year	**26**	11,010,861	11,618,921	8,609,739	11,609,901
Effect of exchange rate changes on cash and cash equivalents	**33**	(531)	1,439	-	-
Cash and cash equivalents at the end of the year	**26**	**12,268,418**	**11,010,861**	**6,179,566**	**8,609,739**

Notes to the Financial Statements

1 Significant changes in the reporting period

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

- The acquisition of NEX Exchange Limited (which has changed its name to Aquis Stock Exchange Limited) in March 2020 which resulted in an increase in the Group's current assets and current liabilities, the details of which are disclosed in Note 15.

2 Basis of preparation and accounting policies

Company information

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

Accounting convention

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

The "requirements of the Companies Act 2006" here means accounts being prepared in accordance with "international accounting standards" as defined in section 474(1) of that Act, as it applied immediately before Implementation Period completion day (end of transition period, including where the company also makes use of standards which have been adopted for use within the United Kingdom in accordance with regulation 1(5) of the International Accounting Standards and European Public Limited Liability Company (Amendment etc.) (EU Exit) Regulations 2019.

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

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

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

Going concern

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

The Group has made a profit for the first time since its inception this year and has substantial cash reserves and a strong balance sheet, due to high levels of investment within the Group. There has been a growth in revenue between the current year and comparative years. Additional revenue growth is projected for 2021, with profits forecasted for future years.

The Coronavirus impact has adversely impacted the global economy in 2020 and caused a significant amount of uncertainty. Whilst this has not hindered the business in a discernible way to date, which is evidenced by the revenue growth and profit generated during the year, there is a risk that there may be a longer-term impact on revenues and/or costs and therefore the Directors are closely monitoring how the situation develops and are ready to address any negative impact on the business if necessary.

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

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 Stock Exchange Limited and Aquis Exchange Europe SAS have been consolidated in the Group financial statements for the year ended 31 December 2020.

The consolidated financial statements also include treasury shares and cash held by the trust ("the Trust") that administers the Company's employee share incentive plan. The Trust has been consolidated based on the IFRS 10 criteria for control over the Trust being met:

- The Trust was established to facilitate the acquisition and holding of shares under the Aquis Exchange PLC Share Incentive Plan;
- The activities of the Trust are limited by the agreement in place; and
- The Trust does not have any assets outside of the partnership share money received and the shares purchased. The use of any shares or cash that remain in the Trust fund once the trustee no longer holds any shares relating to the SIP, is directed by the company. The Trust itself has no rights to any dividends.

Accounting policies

Revenue

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

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

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

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

- Project fees and maintenance fees which are recognised over time as the obligations are met; and

- Licensing 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.

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

Revenue from AQSE issuer fees is comprised of initial application and admission fees, annual fees, and further issue fees. Both application and admission fees are recognised monthly over the expected life of a company’s admission. An estimation is required to determine the length of time the securities will remain listed on the exchange, the details of which are discussed in Note 5. Annual issuer fees relate to fees paid by issuers to maintain a listing on the exchange and are discussed below, while further issue fees relate to fees in respect of further issues by listed companies are recognised at the point in time they occur.

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

Estimated listing period for Aquis Stock Exchange securities

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

Based on the available information and incorporating management’s predictions, it is currently estimated that an average security will remain listed for a period of 9 years. Application and admission fees are recognised monthly over this period. It is estimated that a one year increase/decrease in the deferral period would cause a £3,649 decrease /£2,919 increase in annual revenue released respectively. The estimated listing periods will be reassessed at each reporting date to ensure they reflect the best estimates of the Group.

Intangible assets other than goodwill

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

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

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

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

Business Combination

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

Goodwill

In March 2020 the acquisition of AQSE gave rise to goodwill in the consolidated financial statements. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. Goodwill is assessed for impairment annually. Note 21 provides further detail on the impairment assessment for goodwill as at 31 December 2020.

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.

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 2020, 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 13. Contract assets are presented on the Statement of Financial Position as trade receivables. The right to consideration becomes unconditional once the customer has been billed.

Rent deposit asset

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

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

Further disclosures are provided in Note 28.

Impairment of financial assets

The Group has considered the impact of the application of an expected credit loss model when calculating impairment losses on current and non-current contract assets and other financial assets at amortised cost (presented within trade and other receivables). In applying IFRS 9 the Group must consider the probability of a default occurring over the contractual life of its trade receivables and contract asset balances on initial recognition of those assets. Note 13 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 2020 the Group did not hold any Financial liabilities beyond Trade and other payables, Accrued Expenses and the lease liabilities recognised under IFRS 16 as described in the "Leases" sub-section below.

Trade and other payables

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

Accrued expenses

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

Fair value measurement

The carrying amounts of financial assets and liabilities (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, except for technology licensing contract assets, which comprise both current and non-current balances and are stated net of any expected credit loss provision in accordance with IFRS 9 as detailed in Notes 13 and 23.

Equity instruments

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

Earnings per share

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

Taxation

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

An R&D tax credit is claimed annually from HMRC based on the employee costs involved in developing Aquis' systems and technology. It is recognised as a credit to the profit and loss in the year it is received.

Current tax

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

Deferred tax

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

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

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

Employee benefits

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

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

Termination benefits are recognised 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

EMI Options

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

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Employee Share Incentive Plan

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

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

This accounting treatment was adopted in 2020 and was applied retrospectively in the form of a prior year restatement. Notes 3 and 37 provide further detail on the accounting amendment relating to prior year.

Restricted shares

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

Leases

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

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

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

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

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

The 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.

3 Restatement of comparatives

Employee Share Incentive Plan

In 2018 a share incentive plan ("SIP") for employees was created. The scheme allows employees to purchase shares in Aquis from their gross salary ("partnership shares"), with Aquis matching the number of shares purchased by the employee at a ratio of 2:1 ("matching shares"). The scheme is administered by a trust "the Trust" to purchase shares on behalf of employees. Matching shares must be held in the trust for three years before they can be sold or transferred.

The SIP was previously accounted for as an expense, with amounts recognised to the profit and loss account as and when payments were transferred to the trust. However, this has been corrected to be accounted for as share-based payments under IFRS 2. This has been applied retrospectively in line with IAS 8, restating the opening balances. Under the revised treatment, the fair value of the shares purchased are recognised as an expense over the vesting period, with a share-based payment reserve being created in the balance sheet. The partnership shares are assumed to vest immediately while the matching shares are assumed to vest over three years. The amount paid or payable to the trust is recognised as an investment in trust in the Company accounts. Management assumes that the cost of the shares is a close approximation of the fair value of the shares as the market price tends to be reflective of the discounted value of research analysts' medium-term projections.

Additionally, as the Company fulfils the definition of control over the trust under the IFRS 10, the shares purchased by the trust and residual cash is consolidated in the Group accounts. Accordingly in the Group accounts, treasury shares are recognised in equity and they offset against the share-based payment reserves over 3 years.

The restatement comprises a £148k reduction in the expense recognised during 2018 and 2019, and recognition of a share-based payment reserve amounting to £157k. The investment in trust in the Company's accounts amounted to £318k and the fair value of the treasury shares recognised in the Group's accounts amounted to £318k in 2019. Note 37 provides further detail on the prior year adjustments made in respect of the share incentive plan.

Expected credit loss model

The ECL model was adjusted to correct the ECL provision recognised in 2019. Note 37 provides further detail on the adjustment.

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

New IFRS Standards that are effective for the current year

There were no new standards effective during the year ended 31 December 2020.

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 any impact on the financial statements of the Group in future periods:

IFRS 17	Insurance Contracts
Amendments to IFRS 9, IAS 39 and IFRS 17	Interest rate benchmark reform
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

5 Critical accounting estimates and judgements

In applying the Group's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

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

Judgements in relation to performance obligations

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

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

recognises them only when their collection is assumed to be highly probable. This assessment takes into consideration the current status of the client's business, including whether the exchange system is active with products/securities added and members trading on it. The licensing fees are recognised at a point in time, which occurs after the contract is signed and once Aquis is satisfied that receiving the licencing fees is highly probable.

- Maintenance fees: fees to maintain the system are recognised over the course of the licensing contract as Aquis fulfils its performance obligation to maintain the system. In management's judgement maintenance fees comprise between 3-5% per annum of the overall value of the contract reflecting time spent supporting the client's platform and upgrading the software in accordance with the contractual terms.

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

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.

Capitalisation of internally generated intangible assets resulting from Research and Development

Internally generated Intangible assets are capitalised when, in management's judgement, the criteria for capitalisation under IAS 38 (listed in Note 2) have been met. The direct costs incurred in the research and development of Aquis' exchange platform and associated technology and systems are capitalised.

Management reviews the time spent by the development team in developing and maintaining the systems used internally by Aquis when determining the amount to be capitalised within each period.

Estimating the useful life of intangible assets

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

Expected credit loss of contract assets

An impairment for the expected credit loss of contract assets that arise as a result of applying IFRS 15 to licensing revenue is required under IFRS 9. This impairment is an accounting estimate which is calculated based on the Directors' best estimates of the probability of default and loss given default. The quantification of the assumptions and stresses for the year are disclosed in Note 13 of the financial statements.

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

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

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

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

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

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

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

Deferred tax asset

Deferred tax assets are recognised to the extent that their utilisation is probable. The utilisation of deferred tax assets will depend on whether it is possible to generate sufficient taxable income in the respective tax type and jurisdiction. A deferred tax asset of £203,717 is recognised in the current period, since profitability is expected to continue for at least the next 3 years. The deferred tax asset is calculated based on expected profitability over this period as Aquis is a high growth company and there is considerable uncertainty in estimating financial performance beyond this length of time.

Various factors are used to assess the probability of the future utilisation of deferred tax assets, including, operational plans and loss-carry forward periods. To reflect the uncertainty in the accuracy of business forecasts, the model uses modest growth rates and discount rates on each type of revenue based on probabilities. The impact of flexing the discount rates used by +2%/-2% for exchange and data revenue and by +5%/-5% for new licencing contracts would be +£147,604/-£171,169, so that the deferred tax asset would be £351,321 in an upside scenario with lower probability discount rates or £32,548 in a downside scenario with higher probability discount rates.

Share-based payments

The US binomial model is used to estimate the value of the EMI options and the restricted shares. The resulting values are recognised straight-line over the vesting period as an expense, with the corresponding amounts recognised as equity in the balance sheet. The model requires the following inputs: grant date, exercise price, expiry, expected life of options, expected volatility, and the risk-free interest rate. The expected life and expected volatility require the use of estimates. Volatility is estimated based on the historical average for the available data up to the grant date, while the expected life of the options is based on management's judgement of when the options will be exercised, which is assumed to be an average of 5 years. For the EMI options granted during the year, a 5% decrease/increase in expected volatility leads to a +£41,732/-£42,347 variance in the 2020 expense. Similarly, for a 1 year increase/decrease in the expected life of the options, this would lead to a +£16,592/-£18,603 variance. Note 15 provides further disclosure on the amounts recognised in these financial statements.

6 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.

7 Financial risk management

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

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

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

Capital risk management and capital commitments

Risk Description	Risk management approach
There is a risk that Group entities may not maintain sufficient capital to meet their obligations. The Group comprises regulated entities. It considers that: - Increases in the capital requirements of its regulated companies, or -A scarcity of equity (driven by its own performance or financial market conditions) either separately or in combination are the principal risks to managing its capital.	The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders. The Group maintains a level of capital that is well in excess of regulatory requirements. Maintaining a strong capital structure is a key priority for the Group. If there was an erosion of capital for any reason the Group may issue new shares, return capital to shareholders or sell assets to ensure capital adequacy requirements are met (referenced in table below). The Group continuously monitors its level of capital in order to ensure it remains compliant with regulatory capital requirements. Aquis reviews capital resources and requirements on a monthly basis. Proposed investment requirements, capital expenditure and potentially increasing capital resources through equity or debt issuance are assessed annually as part of the budgeting process, as well as on an ad-hoc basis as required. The Group supports both Aquis Europe and AQSE in maintaining capital adequacy, and holds sufficient capital to be able to inject capital into the businesses as and when required.

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

Group	**2020** **£**	**2019** **Restated** **£**
Profit/(loss) for the year	981,728	656,582
Total assets as at 31 December	18,814,123	16,441,274
Return on assets (%)	5%	-4%

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

Credit risk

Risk Description	Risk management approach

The Group’s credit risk relates to its customers being unable to meet their obligations to the Group either in part or in full.	The Directors make a judgement on the credit quality of the Group’s customers based upon the customers’ financial position, the recurring nature of billing and collection arrangements and, historically, a low incidence of default. Aquis' assessment of the credit risk associated with a licensing customer is conducted at inception of the contract (but before the user agreement is signed) and includes factors that are specific to the customer, general economic conditions and an assessment of both the current as well as the forecast direction of these conditions. Based on this assessment, the prospective customer is assigned to a customer category with an appropriate risk rating. Aquis has also considered the impact of the Coronavirus pandemic on credit risk by incorporating an assessment of how COVID-19 has affected the risk profile of each client, modifying risk ratings where necessary. Aquis' credit risk management processes are applied to all trade receivables and are calculated using a lifetime ECL method, as detailed in Note 13.

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 £12.1 million (2019: £11.2 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 Group is not materially exposed to market risk including interest rate or foreign exchange risk.

The following tables detail the Group and Company’s remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the 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	**1 Year**	**2-5 years**	**5+ years**	**Total**
31 December 2020	**£**	**£**	**£**	**£**
Trade and other payables	2,616,097	-	-	2,616,097
Lease Liabilities	194,613	714,704	280,377	1,189,694
	2,810,710	714,704	280,377	3,805,791
31 December 2019				
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

Company **31 December 2020**	**1 Year** **£**	**2-5 years** **£**	**5+ years** **£**	**Total** **£**
Trade and other payables	2,097,493	-	-	2,097,493
Lease Liabilities	194,613	714,704	280,377	1,189,694
	2,292,106	714,704	280,377	3,287,187
31 December 2019				
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

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. A relatively small percentage of the overall Group's expenses are incurred in Euros in relation to the French subsidiary. As a result, foreign exchange risk arises mainly from the translation of the Group's foreign currency earnings, assets and liabilities into its reporting currency, Sterling. An immaterial amount of cash held by Aquis Exchange Europe SAS is held in a euro denominated bank account, with the remaining cash held in a Sterling denominated bank account, hedging the Group against foreign exchange fluctuations in cash and cash equivalents. Since the net asset value of the Aquis Exchange Europe SAS is predominately comprised of cash, there is negligible exposure to the Group of foreign exchange rate fluctuations.	In order to mitigate the impact of unfavourable currency exchange rate movements on consolidated earnings and net assets, Aquis Exchange Europe SAS maintains the majority of its net assets (primarily comprising of regulatory cash) in a Sterling denominated bank account so as to minimise fluctuations in the GBP/EUR exchange rate on a consolidated basis.

8 Operating segments

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

1) Aquis Exchange – operator of MTF and related services. The Group operates two MTFs: Aquis Exchange (AQXE), which is UK regulated and Aquis Exchange Europe (AQEU), which is French regulated. Another revenue stream for this division is the provision of data services to third party vendors;
2) Aquis Stock Exchange (AQSE) – primary listings and trading business. Within this division is AQSE Main Market, AQSE Growth Market, AQSE Trading and the provision of data services;

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

Aquis Exchange PLC is the parent company and comprises AQXE and Aquis Technologies. It owns 100% of its two subsidiaries, AQEU and AQSE. Management monitors the Group's overall performance regularly using a set of established Key Performance Indicators including revenue, net profit and EBITDA. When monitoring the performance of each operating segment individually, management examines the discrete financial information available which will normally include revenue and gross profit for each division. In line with IFRS 8 the operating segments are reported separately as follows:

2020	**AQXE & AQEU**	**AQSE**	**Aquis Technologies**	**Total**
Revenue	7,936,036	1,221,517	2,319,700	11,477,253
Impairment charge	(97,760)	(2,414)	-	-
Operating costs	(6,687,237)	(1,754,950)	(1,413,740)	(9,855,927)
Gross profit / (loss)	1,151,039	(535,847)	905,960	1,521,152
Depreciation, amortisation and net interest	(1,050,757)	-	-	(1,050,757)
Profit / (loss) before tax from continuing operations	100,282	(535,847)	905,960	470,395

In the current year, due to the expansion of the technology licencing business and the acquisition of Aquis Stock Exchange, Management has decided it is appropriate to assess business performance based on the three operating segments identified above. In previous years, Management monitored the performance of both the exchange business and the technology licencing business under one operating segment. For comparative purposes the 2019 financial performance of the exchange and licencing businesses has been restated under separate operating segments in the following table:

2019	**AQXE & AQEU**	**AQSE**	**Aquis Technologies**	**Total**
Revenue	5,622,632	-	1,269,362	6,891,994
Impairment credit	284,993	-	-	-
Operating costs	(5,998,794)	-	(1,172,422)	7,171,216
Gross loss	(91,169)	-	96,940	5,771
Depreciation, amortisation and net interest	(927,607)	-	-	(927,607)
Loss before tax from continuing operations	(1,018,776)	-	96,940	921,836

The tables above represent the segment-level information that is monitored by the Chief Operating Decision Makers, which are the Chief Executive Officer and the Chief Financial Officer. All non-current assets are held centrally by Aquis Exchange PLC. There were no non-current assets located outside the UK as at 31 December 2020.

9 Employees

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

Group	2020 Number	2019 Number
Management	2	2
IT	20	18
Compliance and Surveillance	8	4
Operations	6	5
Business Development	6	5
Finance	3	2
Marketing	1	1
	46	37

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

Company	2020 Number	2019 Number
Management	2	2
IT	19	17
Compliance and Surveillance	4	4
Operations	5	4
Business Development	4	4
Finance	2	2
Marketing	1	1
	37	34

Their aggregate remuneration was comprised of:

Group	2020 £	2019 Restated £
Wages and salaries	4,573,007	3,390,768
Social security costs	718,885	436,448
Other pension costs	138,891	274,154
Share-based payments	392,897	210,403
Employee benefits	148,992	-
	5,972,673	**4,311,773**

Company	2020 £	2019 Restated £
Wages and salaries	3,535,759	3,192,131
Social security costs	519,061	365,363
Other pension costs	112,907	274,154
Share-based payments	363,164	210,403
Employee benefits	148,633	-
	4,679,524	**4,042,051**

10 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 scheme are £112,907 (2019: £274,154).

11 Directors' remuneration

Group	**2020**	**2019**
	£	**£**
Salaries, fees and bonuses	1,082,020	791,300
Taxable benefits	13,253	15,895
Share-based payments	69,268	175,588
Remuneration for qualifying services	1,164,541	982,783

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

	2020	**2019**
	£	**£**
Salary and bonus	385,896	293,150
Taxable benefits	5,664	7,693
Share-based payments	34,634	59,445
Remuneration for qualifying services	426,194	360,288

Company	**2020**	**2019**
	£	**£**
Salaries, fees and bonuses	998,917	791,300
Taxable benefits	13,253	15,895
Share-based payments	69,268	175,588
Remuneration for qualifying services	1,081,438	982,783

12 Revenue

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

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	£	**£**	**£**	**£**
Revenue analysed by class of business				
Subscription fees	7,738,284	5,285,000	7,111,000	5,021,000
Technology licensing fees	2,319,700	1,269,362	2,319,700	1,269,362
Data vendor fees	894,867	337,632	429,628	337,632
Issuer fees	524,402	-	-	-
	11,477,253	**6,891,994**	**9,860,328**	**6,627,994**

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

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	£	**£**	**£**	**£**

Revenue analysed by region				
United Kingdom	8,780,442	5,200,390	7,767,475	5,200,390
Rest of World	2,696,811	1,691,604	2,092,853	1,427,604
	11,477,253	**6,891,994**	**9,860,328**	**6,627,994**

Subscription fees and data vendor fees:

Subscription fees and some data vendor fees are accounted for under IFRS 15 and are all recognised at point in time as they reflect variable revenue determined on a monthly basis.

In addition to the variable monthly fee some AQSE data vendors pay an annual fee for access to real time and/or end of day data, which is recognised over time as the performance obligation of providing data is fulfilled.

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

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 Software as a Service ("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 13.

The revenue from licensing contracts with customers has been categorised reflecting the nature, amount, customer categorisation (see also Note 13), contract duration and uncertainty of revenue and cash flows. Revenue from licensing contracts is assessed for each contract and is recognised as and when each performance obligation is satisfied.

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

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

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 Company has fulfilled its promise to deliver the licence (i.e. the system has been deployed in the client's production environment). A corresponding contract asset (trade receivable) is recognised to reflect

	the customer's obligation to pay the monthly licensing fee over the remaining term of the contract.
PO3: Maintenance fees	Over the course of the licensing contract, as the performance obligation to maintain the system is settled and the customer benefits from using the system.

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

Group	**2020**				**2019**			
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Category	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**
PO1	50,000	-	-	-	135,000	-	-	50,000
PO2	1,201,754	-	451,440	-	171,000	-	203,707	247,608
PO3	27,006	111,883	11,577	5,160	740	128,995	18,287	4,453
	1,278,760	111,883	463,017	5,160	306,740	128,995	221,994	302,133

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

Issuer fees:

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

Application and admission fees: These are charged upfront to prospective companies wishing to be admitted to AQSE. They are recognised monthly over the expected life of a company's admission.

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

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

<u>13 Impairment</u>

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

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

- Contract assets relating to technology licensing contracts; and
- Trade receivables relating to services provided by AQSE.

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

The movement in the provision balance was affected by the recognition of an ECL on AQSE trade receivables, the release of the ECL on existing contracts, the recognition of an ECL against new contracts, and the reversal of a provision against a technology licencing contract that was terminated during the year. The movements in the provision balance are shown in the table below. The balance outstanding at the reporting date represents the exposure at default (EAD).

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	£	**£**	**£**	**£**
Balance of impairment provisions at 1 Jan 2020	410,841	695,834	410,841	695,834
AQSE ECL Provision at 11 March	15,256	-	-	-
ECL write off[1]	(9,236)	-	(9,236)	-
Impairment charge/(credit)	109,410	(284,993)	106,998	(284,993)
Balance of impairment provisions at the end of the year	526,271	410,841	508,601	410,841

[1]-The ECL write off relates to a reversal of the ECL provision following the early termination of a licencing contract during the year. This resulted in a corresponding write off of trade receivables amounting to £104k.

Technology licensing contract assets

During contract negotiation Aquis assesses the potential credit risk of a prospective client prior to committing to the contract. Aquis' assessment of the credit risk associated with a licensing customer is conducted at inception of the contract (but before the user agreement is signed) and includes factors that are specific to the customer, general economic conditions and an assessment of both the current as well as the forecast direction of these conditions. Based on this assessment, the prospective customer is assigned to a customer category with an appropriate risk rating. A probability of default occurring during the lifetime of the contract (PD) ranging from 0-50% is applied to each client based on the assigned risk category. The model has been enhanced during the year with a lifetime PD applied to each year of the contract, based on the assumption that the PD will reduce over time.

The credit risk of Aquis' technology clients ranges from those that are in infant start up stages (i.e. riskier) to those that are highly liquid and solvent conglomerates (little to no risk). As such, the Directors view the range of PD's for the portfolio to be between 50% for those with the highest level of risk to 0% for those that are so near to a zero level of risk that the PD is zero in substance. The Directors are comfortable that 50% is sufficiently accurate to reflect the elevated risk associated with each start up when considering the idiosyncratic circumstances and risk factors of each client. The Directors would not enter into any contract where the PD is deemed to be any higher than 50%.

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

The portfolio of technology contracts held by Aquis have PDs that have an observable relationship with time, i.e. the PD will decrease each year as the contract progresses. The credit risk of the contracts is directly linked to the success of the business and its ability to raise capital, which increases each year the company successfully continues in operation.

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

The £508,601 expected credit loss provision for the year (2019: £410,841) 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 2020, the average contract duration for the portfolio of technology contracts is 2.7 years. The contracts are short-to-medium term in length and the ECL model incorporates the impact of a significant change in macroeconomic circumstances on the expected PD over the life of the contracts. The macroeconomic variables are based on 3-year average forecast rates for 2021-2023, which is an appropriate timescale based on the average contract duration. The baseline rates are defined using the rates forecast by the Monetary Policy Committee ("MPC"). The macroeconomic indicators used in the analysis are as follows:

Macroeconomic Indicators	**Downside**	**Baseline**	**Upside**
3 year forecast average 2021-2023	**%**	**%**	**%**
UK GDP	0.2%	5.2%	7.2%
UK unemployment	7.3%	5.3%	4.3%
UK CPI Inflation	0.1%	2.1%	2.6%

In order to quantify the impact of movement in credit losses that occur as a result of macro-economic developments, the Directors have flexed the probability of default associated with each client category in three scenarios: a baseline scenario (maintaining the status quo, keeping each assessment criteria reflecting current client circumstances and forecast macroeconomic indicators), a downside scenario (prolonged recession), and an upside scenario (fast economic recovery). The model incorporates all three possible outcomes by attaching a probability weighting to each scenario. The range of outcomes is detailed in the table below:

Company	**Downside**	**Baseline**	**Upside**
At 31 December 2020	**£**	**£**	**£**
Impairment provision	523,727	476,115	452,310
Impact on PD	+10%	-	-5%
Probability weighting	35%	50%	15%

The ageing debtor profile for the technology licensing contract assets was as follows:

	2020	**2019**
Contract assets	**£**	**£**
Current	2,141,397	1,814,090
More than 30 days past due	25,000	10,000
More than 60 days past due	25,000	10,000
More than 90 days past due	45,000	10,000
More than 180 days past due	-	-
Total	2,236,397	1,844,090

A total of £104,272 was written off during the year relating to debts where there was no reasonable expectation of recovery.

Expected credit loss of Aquis Stock Exchange trade receivables

In line with IFRS 9 guidance, the Group has applied a simplified "Expected Credit Loss" (ECL) model on AQSE trade receivables. In doing so the Group has considered the probability of a default occurring over the contractual life of the financial asset on initial recognition of the asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. When a trade receivable is determined to be uncollectible, it is written off against the provision account for trade receivables.

The simplified provision matrix is based on historic default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The trade receivables balance is split into 5 separate categories depending on the age of each debt, ranging from 0 days past due to over 90 days past due. An appropriate estimation of the probability of default is applied to each category of debt, based on both historical default rates and expectations for the future, including the implementation of Group credit control policies to AQSE debts that existed at the acquisition date.

The key assumptions in calculating the ECL for AQSE trade receivables are that the probability of default increases with the age of the debt and that the debts are homogenous, i.e. the credit risk assessment is based on age rather than by individual client. The expected loss rates are based on historical analysis of credit losses experienced within the 9.5 months since the acquisition and adjusted to reflect current and forward-looking information including the implementation of more stringent credit control policies since acquisition. AQSE trade receivables have been assessed to have a higher risk of impairment than the rest of the Group's trade receivables due to a number of older debts being identified and written off on acquisition.

Trade receivables have payment terms of 30 days from the date of billing. For debts older than 90 days, debts are assessed on a case-by-case basis and are written off if there is no reasonable expectation of recovery. During the year a total of £29,240 of trade receivables were written off relating to debts from companies that had ceased membership with AQSE. The contractual rights to cash flows from the financial assets were deemed to have expired.

The total loss allowance calculated by applying the expected loss rate to the trade receivables balance in each age bucket. The total portion of the ECL balance relating to AQSE trade receivables as at 31 December 2020 was £17,670 which was comprised as follows:

Days past due	**0 days**	**1-29 days**	**30-59 days**	**60-89 days**	**90-124 days**	**125 – 149 days**	**150-179 days**	**Over 180 days**
Expected loss rate	1%	1%	3%	5%	10%	25%	50%	75%
Trade receivables (£)	57,715	43,640	18,745	2,770	17,910	-	-	19,270
Provision (£)	289	436	562	139	1,791	-	-	14,453

14 Administrative expenses

Operating loss is stated after charging:

	Group		**Company**	
	2020	**2019 Restated**	**2020**	**2019 Restated**
Administrative expenses	**£**	**£**	**£**	**£**
Fees payable to the Group's auditors for the audit of the Group's financial statements	225,559	79,991	126,431	50,950
Fees payable to the Group's auditor for the Client Asset audit	6,300	6,300	6,300	6,300
Share-based payments (Note 15)	392,897	210,403	363,164	210,403
Exchange loss/(gains)	5,958	(7,483)	6,144	(7,483)

Employee costs	5,579,775	4,101,370	4,316,360	3,831,648
Other administrative expenses	3,645,438	2,780,635	2,624,795	2,749,022
	9,855,927	**7,171,216**	**7,443,194**	**6,840,840**

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

Profit before taxation is stated after charging:

	Group		Company	
	2020	**2019**	**2020**	**2019**
Depreciation, amortisation and finance costs	**£**	**£**	**£**	**£**
Depreciation of property, plant and equipment	550,620	481,611	550,620	481,611
Amortisation of intangible assets	479,670	446,580	479,670	446,580
	1,030,290	**928,191**	**1,030,290**	**928,191**
Net finance expense (Note 28)	35,099	41,115	35,099	41,115
		-		-
	1,065,389	**969,306**	**1,065,389**	**969,306**

Total expenses were as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
Total expenses	**£**	**£**	**£**	**£**
Expenses	**10,921,316**	**8,140,522**	**8,508,583**	**7,810,146**

15 Share-based payments

The table below shows the total expenses arising from share-based payment transactions recognised during the period as part of employee expenses:

	Group		Company	
	2020	**2019 Restated**	**2020**	**2019 Restated**
EMI options granted	227,084	120,245	205,601	120,245
Restricted share awards	55,317	-	55,317	-
Shares purchased under Employee Share Incentive Plan	110,496	90,158	102,243	90,158
	392,897	**210,403**	**363,164**	**210,403**

Employee Share Incentive Plan

The share incentive plan is administered by Equiniti ("the Trust"). The Trust purchases shares in Aquis on the open market on behalf of employees that have elected to take part. The scheme allows employees to become shareholders in the Company in a tax efficient manner, with the Company purchasing two matching shares for every partnership purchased by the employee. The terms of the matching shares include that they must be held by the Trust for three years before they can be transferred or sold, and the employee must remain employed with the Company throughout this period. The fair value of the matching shares purchased by the company are expensed over the three year vesting period. Management assumes that the cost of the shares is a close approximation of the fair value of the shares as the market price tends to be reflective of the discounted value of research analysts' medium-term projections.

During the year a total of 50,127 shares were awarded, 6,729 vested and 2,218 were forfeited, with a fair value of £124,510, £30,281 and £9,981 respectively. The following table shows the number of shares held in the Trust at the reporting date:

	2020	2019
Employee Share incentive plan		
Number of shares issued under the plan to participating employees	104,656	63,476

EMI Share Options

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

Of the total number of options granted, 20,137 were exercised, none expired and 11,098 were forfeited during the year.

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

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

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

The exercise price for the options granted on 16 April 2020 is £3.47 per share to be settled in cash at the date of exercise. The weighted average remaining contractual life of options outstanding at the end of the reporting period amounted to 2 years 3.5 months.

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

Details of the EMI scheme are as follows:

- Outstanding at the beginning of the period 560,406
- Granted during the period 740,250
- Forfeited during the period (11,098)
- Exercised during the period (20,137)
- Expired during the period -
- Outstanding at the end of the period 1,269,421
- Exercisable at the end of the period 351,918

16 Investment income

	Group		Company	
	2020	2019	2020	2019
Interest income	£	£	£	£
Bank deposits	**14,632**	**41,699**	**14,632**	**36,303**

17 Business Combination

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

Details of the purchase consideration is as follows:

Purchase consideration	**£**
Cash paid	2,877,118

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

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

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

In the year ended 31 March 2020, AQSE delivered revenues of £1.6m and a loss before tax of £1.6m. The Group has brought the year end of AQSE to 31 December in line with other Aquis Group companies. The consolidated results to 31 December 2020 include the 9.5 months results for AQSE from 11 March to 31 December 2020.

The acquired business contributed revenues of £1.2m and a loss before tax of £0.5m to the Group for the period of 9.5 months from 11 March to 31 December 2020.

There were no acquisitions in the year ending 31 December 2019.

18 Deferred tax asset

A deferred tax asset of £203,717 relating to unused tax losses has been recognised in the current period. The losses are considered to be able to offset against the Company's taxable profits expected to arise in the next three accounting periods. The assessment of future taxable profits involves a significant degree of estimation, which management have based on the latest budget for the Company approved by the Board which reflects the improved trading performance largely due to the continued expansion of the business as discussed in the Strategic Report. The preparation of the budget involves a rigorous review process by the Board, whereby each revenue stream and cost is scrutinised and challenged in detail so that the final version is considered to be an accurate and plausible representation of what is likely to be achieved in the period.

In calculating the deferred tax asset, management have applied a conservative approach by using probability-adjusted revenues, applying lower probabilities to budgeted revenue from more uncertain sources such as large technology licensing contracts, with the effect of reducing estimated profits over the 3-year period from the original forecasts. The analysis predicts profitability is still achievable even when revenues are reduced to reflect this adjustment. The model uses modest growth rates and is sensitive to the discount rate used in each year. The impact of flexing the discount rates used upwards or downwards within a reasonable range would be +£147,604/-£171,169, so that the deferred tax asset would be £351,321 in an upside scenario with lower probability discount rates or £32,548 in a downside scenario with higher probability discount rates.

A deferred tax balance of £9,642,727 based on the remaining unused losses of the Group has not been recognised. The losses can be carried forward indefinitely and have no expiry date. Of this balance, £3,011,951 relates to the unrecognised deferred tax balance of the Company.

There was no deferred tax asset recognised in 2019.

The deferred tax balance comprises temporary differences attributable to:

Group and Company		
	2020	**2019**
Deferred tax	**£**	**£**
Tax losses	203,717	-
Total deferred tax asset	203,717	-

Movement in deferred tax balance:

Group and Company	
Movements	**£**
At 1 January 2020	-
(Charged)/credited to profit or loss	203,717
At 31 December 2020	203,717

The Group has combined losses of £51,941,924 (2019: £18,386,969) available for carry forward and to be used against future trading profits of the same trade in which they were generated. This is comprised of trading losses totalling £51,511,244 generated in the UK by Aquis Exchange PLC and Aquis Stock Exchange Limited and losses totalling £430,681 generated in France by Aquis Exchange Europe SAS.

The Company has estimated losses of £17,043,108 (2019: £18,386,969) available for carry forward against future trading profits.

19 Income tax credit

	Group		**Company**	
	2020	**2019 Restated**	**2020**	**2019 Restated**
Current tax	**£**	**£**	**£**	**£**
R&D tax credit	(307,616)	(265,254)	(307,616)	(265,254)

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

	Group		**Company**	
	2020	**2019 Restated**	**2020**	**2019 Restated**
	£	**£**	**£**	**£**
Profit/(loss) for the year before taxation	470,395	(921,836)	1,268,618	(860,856)

Expected tax charge/(credit) based on a corporation tax rate of 19.00%	89,375	(175,149)	241,037	(163,563)
Effect of expenses not deductible in determining taxable profit	55,247	33,784	51,165	72,596
Unutilised tax losses carried forward	70,204	195,301	-	144,903
Losses utilised against taxable profits	-	-	(77,377)	-
Permanent capital allowances in excess of depreciation	34,109	(52,765)	34,109	(52,765)
Depreciation on assets not qualifying for tax allowances	846	(1,171)	846	(1,171)
Additional R&D allowance for qualifying expenditure	(247,000)	-	(247,000)	-
Non-trade loan relationship credits	(2,780)	-	(2,780)	-
Research and development tax credit	(307,616)	(265,254)	(307,616)	(265,254)
Taxation credit for the year	(307,616)	(265,254)	(307,616)	(265,254)

20 Earnings per share

	Group		Company	
	2020	**2019**	**2020**	**2019**
Number of Shares				
Weighted average number of ordinary shares for basic earnings per share	27,164,230	27,149,559	27,164,230	27,149,559
Weighted average number of ordinary shares for diluted earnings per share	28,281,234	27,713,683	28,281,234	27,713,683
Earnings				
Profit/(Loss) for the year from continued operations	981,728	(671,327)	1,779,951	(610,347)
Basic and diluted earnings per share (pence)				
Basic earnings/(loss) per ordinary share	4	(3)	7	(3)
Diluted earnings/(loss) per ordinary share	3	(3)	6	(3)

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.

21 Intangible assets

	Group Developed trading platforms	**Group Goodwill**	**Company Developed trading platforms**
Cost			
As at 01/01/2019	1,493,055	-	1,493,055
Additions- internally generated	562,271	-	562,271
As at 31/12/2019	2,055,326	-	2,055,326
Additions- internally generated	642,695	83,481	642,695
As at 31/12/2020	**2,698,022**	**83,481**	**2,698,022**
Accumulated amortisation and impairment			
As at 01/01/2019	855,516	-	855,516
Charge for the year	446,580	-	446,580
As at 31/12/2019	1,302,096	-	1,302,096
Charge for the year	479,670	-	479,670

As at 31/12/20120	**1,781,766**	**-**	**1,781,766**
Carrying amount			
As at 31/12/2020	**916,256**	**83,481**	**916,256**
As at 31/12/2019	**753,230**	**-**	**753,230**

Goodwill

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

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

Impairment tests for goodwill

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

The recoverable amounts of the cash generating unit has been determined based on a value-in-use calculation using discounted cash flow forecasts based on business plans prepared by management for a five-year period ending 31 December 2025, using an estimated terminal growth rate of 2%.

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

22 Property, plant and equipment

Group	Fixtures, fittings and equipment	Computer Equipment	Non-current Right of Use Asset	Total
	£	£	£	£
Cost				
As at 01/01/2019	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
Additions	2,328	113,024	-	115,351
As at 31/12/2020	251,825	2,211,294	1,444,159	3,907,278
Accumulated depreciation and impairment				
As at 01/01/2019	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
Charge for the year	50,492	326,962	173,166	550,620
As at 31/12/2020	178,064	1,804,328	346,332	2,328,724
Carrying amount				
As at 31/12/2020	73,761	406,966	1,097,827	1,578,554
As at 31/12/2019	121,925	620,905	1,270,993	2,013,823

Company	Fixtures, fittings and equipment £	Computer Equipment £	Non-current Right of Use Asset £	Total £
Cost				
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
Additions	2,328	113,024	-	115,351
As at 31/12/2020	251,825	2,211,294	1,444,159	3,907,278
Accumulated depreciation and impairment				
As at 01/01/2019	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
Charge for the year	50,492	326,962	173,166	550,620
As at 31/12/2020	178,064	1,804,328	346,332	2,328,724
Carrying amount				
As at 31/12/2020	73,761	406,966	1,097,827	1,578,554
As at 31/12/2019	121,925	620,905	1,270,993	2,013,823

23 Investment in subsidiaries

Company	2020 £	2019 £
Investment in subsidiaries	6,484,202	2,437,766

Details of the Company's subsidiaries at 31 December 2020 are set out in the following table. The investments are measured using the equity method in Aquis Exchange PLC's standalone accounts.

Name of undertaking	Country of incorporation	Ownership interest (%)	Voting power held (%)	Name of business	Carrying amount (£) 2020	Carrying amount (£) 2019
Aquis Stock Exchange Limited	UK	100	100	Recognised Investment Exchange	3,277,118	-
Aquis Exchange Europe SAS	France	100	100	European Equities Exchange	3,207,084	2,437,766

The registered office of Aquis Exchange Europe SAS is 231 rue Saint Honoré, 75001 Paris, France. The registered office of Aquis Stock Exchange Limited is 77 Cornhill, London EC3V 3QQ, UK.

During the year Aquis Exchange PLC made capital contributions to Aquis Europe of £769,318 and £400,000 to Aquis Stock Exchange.

Both investments were assessed for impairment at year end. Although both investments were loss-making in 2020, this performance was in line with expectations. Aquis Europe is expected to reach profitability in 2021 and AQSE in 2022. Therefore, in line with IAS 36 guidance, no impairment provision has been recognised in Aquis Exchange PLC's financial statements. The following table summarises the movement in the carrying amounts of the subsidiaries during the year:

	Aquis Stock Exchange Limited **£**	**Aquis Exchange Europe SAS** **£**
Carrying amount 2019	-	2,437,766
Investment in subsidiary	2,877,118	-
Capital injection	400,000	769,318
Carrying amount 2020	3,277,118	3,207,084

24 Investment in Trust

The following table shows the total amount the Company has invested in the Trust in respect of the Share Incentive Plan as at the reporting date:

Company	**2020** **£**	**2019 Restated** **£**
Investment in Trust	486,127	318,410

25 Trade and other receivables

Group	**Current**		**Non-current**		**Total**	
	2020	**2019 Restated**	**2020**	**2019 Restated**	**2020**	**2019 Restated**
	£	**£**	**£**	**£**	**£**	**£**
Trade receivables	1,500,524	1,523,494	-	751,629	1,500,524	2,275,123
Technology licence contract assets	1,132,029	-	617,805	-	1,749,834	-
Other receivables	11,911	6,736	221,825	215,293	233,736	222,029
Prepayments	279,603	166,208	-	-	279,603	166,208
	2,924,067	1,696,438	839,630	966,922	3,763,697	2,663,360

Company	**Current**		**Non-current**		**Total**	
	2020	**2019 Restated**	**2020**	**2019 Restated**	**2020**	**2019 Restated**
	£	**£**	**£**	**£**	**£**	**£**
Trade receivables	1,384,467	1,514,439	-	751,629	1,384,467	2,266,068
Technology licence contract assets	1,132,029	-	617,805	-	1,749,834	-
Other receivables	6,941	6,941	221,825	215,293	228,766	222,234
Intercompany receivables	177,266	-	-	-	177,266	-
Prepayments	242,665	166,208	-	-	242,665	166,208

2,943,368	1,687,587	839,630	966,922	3,782,998	2,654,509

The following details the trade receivables that are stated net of any credit impairment provision, as set out previously in Note 13 in accordance with IFRS 9.

Trade receivables	Group 2020 £	Group 2019 Restated £	Company 2020 £	Company 2019 Restated £
Gross trade receivables	1,540,230	2,685,964	1,406,505	2,676,909
Gross contract assets	2,236,397	-	2,236,397	-
Impairment	(526,271)	(410,841)	(508,601)	(410,841)
Trade receivables net of provisions	3,250,357	2,275,123	3,134,300	2,266,068

26 Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank	12,268,418	11,010,861	6,179,566	8,609,739

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

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

27 Trade and other payables

Current	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade payables	263,398	130,396	251,136	215,031
Accruals	1,524,793	1,053,313	1,301,073	1,034,636
Deferred Revenue	431,792	-	43,127	-
Social security and other taxation	426,745	173,540	242,588	173,540
Intercompany payables	-	-	454,182	
Other payables	163,982	142,325	-	44,619
	2,810,710	**1,499,574**	**2,292,106**	**1,467,826**

28 Leases

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 assets is depreciated over the term of the lease and was accounted for during the year ended 31 December 2020 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
Depreciation for the year		(173,166)
Carrying amount at 31 December 2020		1,097,827
Of which are:		
	Current	173,166
	Non-current	924,661
		1,097,827

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 2020 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
Finance income on rent deposit asset for the year		6,736
Carrying amount at 31 December 2020		228,765
Of which are:		
	Current	6,941
	Non-current	215,293
		222,234

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 2020 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
Finance expense on lease liability for the year		41,835
Lease payments made during the year		(230,445)
Carrying amount at 31 December 2019		1,189,694
Of which are:		
	Current	194,613
	Non-current	995,081

	1,189,694

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

	2020 £	2019 £
Finance expense on lease liability	41,835	47,653
Finance income on rent deposit asset	(6,736)	(6,538)
Net finance expense relating to leases	35,099	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

	2020 £	2019 £
Depreciation expense on right-of-use assets	(173,166)	(173,166)
Finance expense on lease liability	(41,835)	(47,653)
Finance income on rent deposit asset	6,736	6,736
Net impact of leases on profit or loss	(208,265)	(214,083)

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 (2019: £230,445).

29 Called up Share Capital

Group	**2020 £**	**2019 £**
Ordinary share capital		
Issued and fully paid		
27,169,696 Ordinary shares of 10p each (2019: 27,149,559)	2,714,956	2,714,956
Issue of 20,137 new shares	2,014	-
	2,716,970	2,714,956

30 Share premium account

Group	**2020 £**	**2019 £**
At the beginning of the year	10,839,981	10,839,981
Issue of 20,137 new shares	52,154	-
At the end of the year	10,892,135	10,839,981

31 Other reserves

	Group		Company	
	2020	2019 Restated	2020	2019 Restated
	£	£	£	£
Reserves relating to share-based payments	760,543	368,366	748,525	368,367

32 Treasury shares

Group	2020	2019 Restated
	£	£
At the beginning of the year	318,410	121,851
Purchase of additional shares	199,459	196,558
Shares sold by the Trust	(40,262)	-
Cash held by Trust	12,018	9,399
At the end of the year	489,625	327,809

33 Foreign currency translation reserve

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

Group	2020	2019
	£	£
At the beginning of the year	1,439	-
Foreign exchange differences on translation of foreign operations recognised in OCI	(531)	1,439
At the end of the year/period	**908**	**1,439**

34 Cash generated by operations

Group	2020	2019 Restated
	£	£
Profit/(Loss) for the year after tax	981,728	(656,582)
Adjustments for:		
Taxation credited	(307,616)	(265,254)
Deferred tax	(203,717)	-
Investment income	(14,632)	(41,699)
Amortisation and impairment of intangible assets	479,670	446,580

Depreciation and impairment of property, plant and equipment	550,620	481,611
Equity settled share-based payment expense	392,897	210,403
Other gains/(losses)	39,815	(156,586)
Prior year adjustments	-	(205,142)
Gains/(losses) on transition of accounting standards	-	(120,369)
Movement in working capital:		
(Increase)/decrease in trade and other receivables	(1,100,337)	85,434
Increase/(decrease) in trade and other payables	1,311,136	607,210
Cash generated/ (absorbed) by operations	**2,129,564**	**385,606**

Company	**2020** **£**	**2019** **Restated** **£**
Profit / (Loss) for the year after tax	1,779,951	(595,602)
Adjustments for:		
Taxation credited	(307,616)	(265,254)
Deferred tax	(203,717)	-
Investment income	(14,632)	(36,303)
Amortisation and impairment of intangible assets	479,670	446,580
Depreciation and impairment of property, plant and equipment	550,620	481,611
Equity settled share-based payment expense	363,164	210,403
Other gains/losses	(114,892)	(147,566)
Prior year adjustments	-	(205,142)
Gains/ losses on transition of accounting standards	-	(120,369)
Movement in working capital:		
(Increase)/decrease in trade and other receivables	(1,128,488)	94,284
Increase/(decrease) in trade and other payables	824,278	575,463
Cash generated/(absorbed) by operations	**2,228,339**	**438,105**

35 Related party transactions

Remuneration of key management personnel

The remuneration of the Directors of the Company, who are key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Key management compensation relates to the Executive Directors who have authority for planning, directing and controlling the Group.

Group	**2020** **£**	**2019** **£**
Salaries and other short-term benefits	**761,709**	**602,195**
Share-based payments	**69,268**	**175,589**
	830,977	**777,784**

Inter-company transactions with subsidiary undertakings

The Company has intercompany balances with its subsidiary undertakings. Details as at 31 December 2020 are shown in the table below:

Amount (owed to)/due from as at:

Counterparty	2020	2019	Term
Aquis Exchange Europe SAS	(53,720)	(84,634)	Repayable on demand
Aquis Stock Exchange Limited	(223,195)	-	Repayable on demand

At year end, a balance of £400,000 was payable to AQSE in respect of additional capital to be injected into the entity. During the year, the Company recharged operating costs to its subsidiaries on a proportionate basis.

36 Controlling party

In the opinion of the Directors, there is no single overall controlling party. No individual shareholder had a shareholding of 10% or above as at 31 December 2020.

37 Restatement of comparatives

The prior year adjustments are as follows:

1) Accounting for expenses arising from the share incentive plan as share-based payments under IFRS 2 and recognition of the investment in Trust in Company accounts and consolidation of the Trust in Group accounts under IFRS 10;
2) The ECL model was updated resulting in a net decrease in the ECL provision of £42k.

The following table summarises the impact of the adjustments on the associated accounts in 2019:

Group	2019 (as per prior year financial statements) £	Adjustment £	2019 restated balance £
Treasury shares	-	327,809	327,809
Share-based payment expense	120,245	90,158	210,403
Share-based payment reserve	212,691	165,075	377,766
Employee costs	4,474,507	(373,137)	4,101,370
Other expenses	2,660,390	120,245	2,780,635
Impairment Credit (SOCI)	242,585	42,408	284,993
ECL Provision (SOFP)	453,249	- (42,408)	410,841

Company	2019 (as per prior year financial statements) £	Adjustment £	2019 restated balance £
Investment in Trust	-	318,410	318,410
Share-based payment expense	120,245	90,158	210,403
Share-based payment reserve	212,691	155,676	368,367
Employee costs	4,204,785	(373,137)	3,831,648
Other expenses	2,628,777	120,245	2,749,022

Impairment Credit (SOCI)	242,585	42,408	284,993
ECL Provision (SOFP)	453,249	- (42,408)	410,841

38 Events occurring after the reporting period

AQSE Market Maker Warrant Scheme

From 1 January 2021 a new market maker warrant incentive scheme will commence, the purpose of which is to improve the liquidity and functioning of the AQSE Apex market. The scheme will involve issuing warrants to eligible market makers over a 3-year period, giving them the option to purchase up to 19.9% of the shares in AQSE. Market makers will become eligible for the scheme if they meet a defined set of performance criteria, and the number of warrants to be issued to each market maker will be determined by AQSE.

The warrants will be accounted for in accordance with IFRS 15, with a debit to revenue and corresponding credit to equity being recognised in each year of the scheme based on the fair value of the warrants and the expectation of the number of awards likely to vest at the end of that year. The first charge will be recognised in 2021.

Proposed Corporation Tax Increase

On 3 March 2021 the Chancellor announced that the UK corporation tax rate would increase to 25% from April 2023. This does not have a material impact on the financial position of the Group as at 31 December 2020.

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