TISE

The International Stock Exchange

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Dublin. Guernsey. Isle of Man. Jersey. London.

tisegroup.com

TISE
The International Stock Exchange

Our 2021

We have built on the progress achieved during previous years and delivered a strong performance in 2021.

We have made significant headway in executing our strategy and remain focused on diversifying and scaling up the business to sustain future growth.

Our financial performance

↑19%
£9.9 million
Turnover

↑31%
£4.7 million
Profit after tax

↑10%
47.8%
Net profit margin

↑31%
168.4 pence
Basic EPS

Net profit margin: Profit for the financial year / Turnover x 100
Percentage figures: FY 2020 comparison

TISE
The International Stock Exchange

Our Exchange

Built on a culture of responsiveness and innovation, we are a leading European stock exchange for listing international bond issuances.

Our credentials

3,669 securities
Official List

£546 billion
Total market value

1,111 securities
New listings

2,088
Issuers

Our strengths

Premier locations
We are well connected

Innovative environment
We are agile & dynamic

Competitive pricing
We offer great value

MyTISE
Straightforward process
Online member services portal

Responsive approach
We are service orientated

Global recognition
We are respected

Total market value: The total value of all securities admitted to the Official List

Our products

Bonds

QIBM
Qualified Investor Bond Market

One of Europe's leading stock exchanges for international bond listings via our uniquely positioned Qualified Investor Bond Market (QIBM)

Equities

TISE
The International Stock Exchange

A regulated stock exchange home to a range of innovative equity listings across trading companies and investment vehicles, including UK REITs

TISE Sustainable

TISE SUSTAINABLE

Europe's most comprehensive sustainable market segment, enabling the flow of capital into environmental, social or sustainable activities

Trading

NOVA
TISE Trading System

Our bespoke auction-based trading system, NOVA, combines choice and transparency to facilitate concentrated liquidity events

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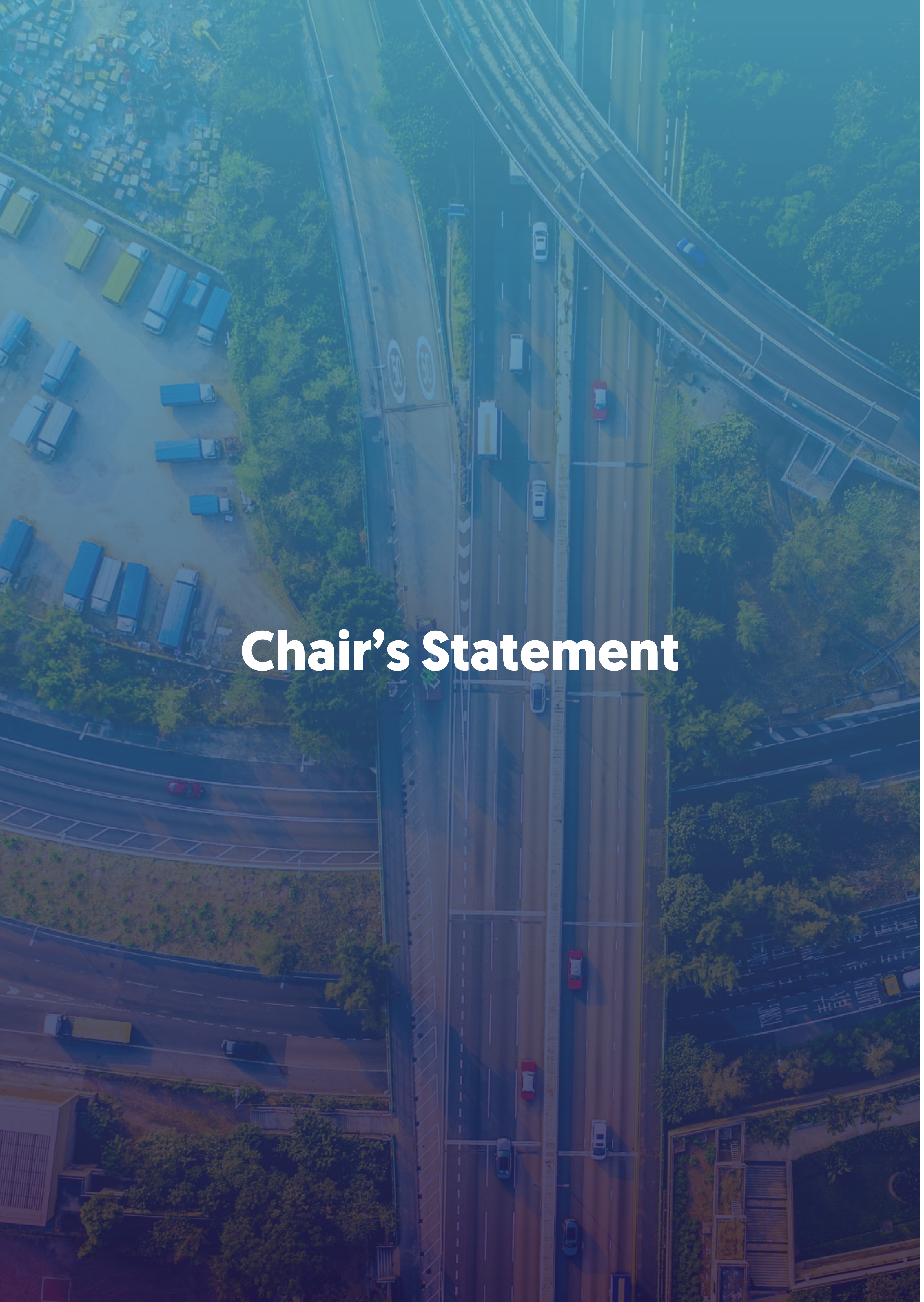
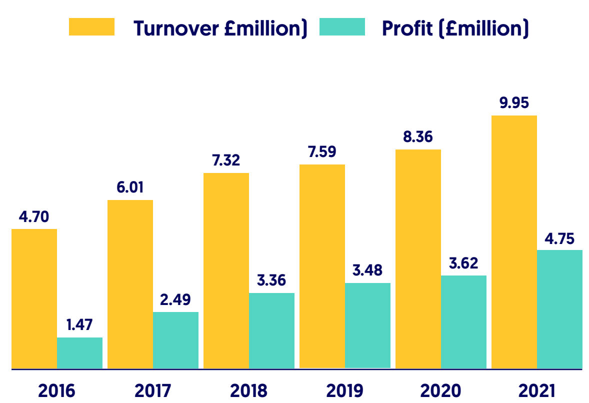


Chair's Statement

During 2021 we built on our strong performance in 2020 by delivering record listing volumes whilst making good progress in executing our strategy to diversify and scale up the business to sustain future growth. For the second year in a row, I am pleased to be reporting record turnover, profit and earnings per share. Following two years of exceptional performance, the Board is today announcing a special dividend of £2.00 per share, which is over and above the regular dividend payments. This is a return of approximately £5.6 million of surplus cash to shareholders.

Listings and profits

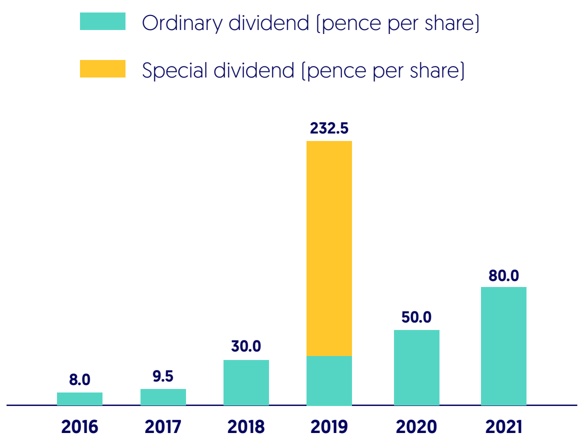
The availability of capital and consequent high volume of transactional activity during the year helped fuel record numbers of new listings during 2021. The fees generated from these new listings, together with annual fees from across the market, contributed to an increase in turnover of 19% year on year to a record £9.9 million at 31 December 2021 [31 December 2020: £8.4 million]. Profit after taxation increased 31% year on year to a record £4.7 million at 31 December 2021 [31 December 2020: £3.6 million] and basic earnings per share increased to 168.4p [31 December 2020: 128.4p].



Financial position

The Group has enjoyed strong growth and remains highly cash generative. With a strong and highly liquid balance sheet, the Group's net assets increased 28% in the year to reach £11.4 million at 31 December 2021 [31 December 2020: £8.9 million].

In line with our Dividend Policy to pay total annual dividends in the order of 50% of the Group's profit after tax in respect of the relevant financial year, the Board declared dividends of 35p per share [paid April 2021] and 45p per share [paid October 2021] during the year. As referenced above, the Board has declared a special dividend of £2.00 per share to be paid in June 2022. This will be funded by the liquidation of the Company's short term investment holdings.



In determining the amount of the special dividend and the allocation of capital more broadly, the Board's principal responsibility is to maintain a prudent capital base to support the Group's operations, including meeting all regulatory obligations, and to invest in delivery of the Group's strategy. The Board allocates funds on this basis and, where there are excess funds remaining, seeks to return them to shareholders. This approach best supports the development of the organisation for the long term benefit of our shareholders and other key stakeholders.

Chair's Statement

With the assistance of Investec Bank plc as Financial Adviser, we have intensified our Investor Relations activities and communications with the aim of increasing the Group's visibility and improving the liquidity of the Company's shares. Our new auction trading system, NOVA, which was launched in February 2022, provides a transparent book build and pricing mechanism which should have a positive impact on liquidity across our market.

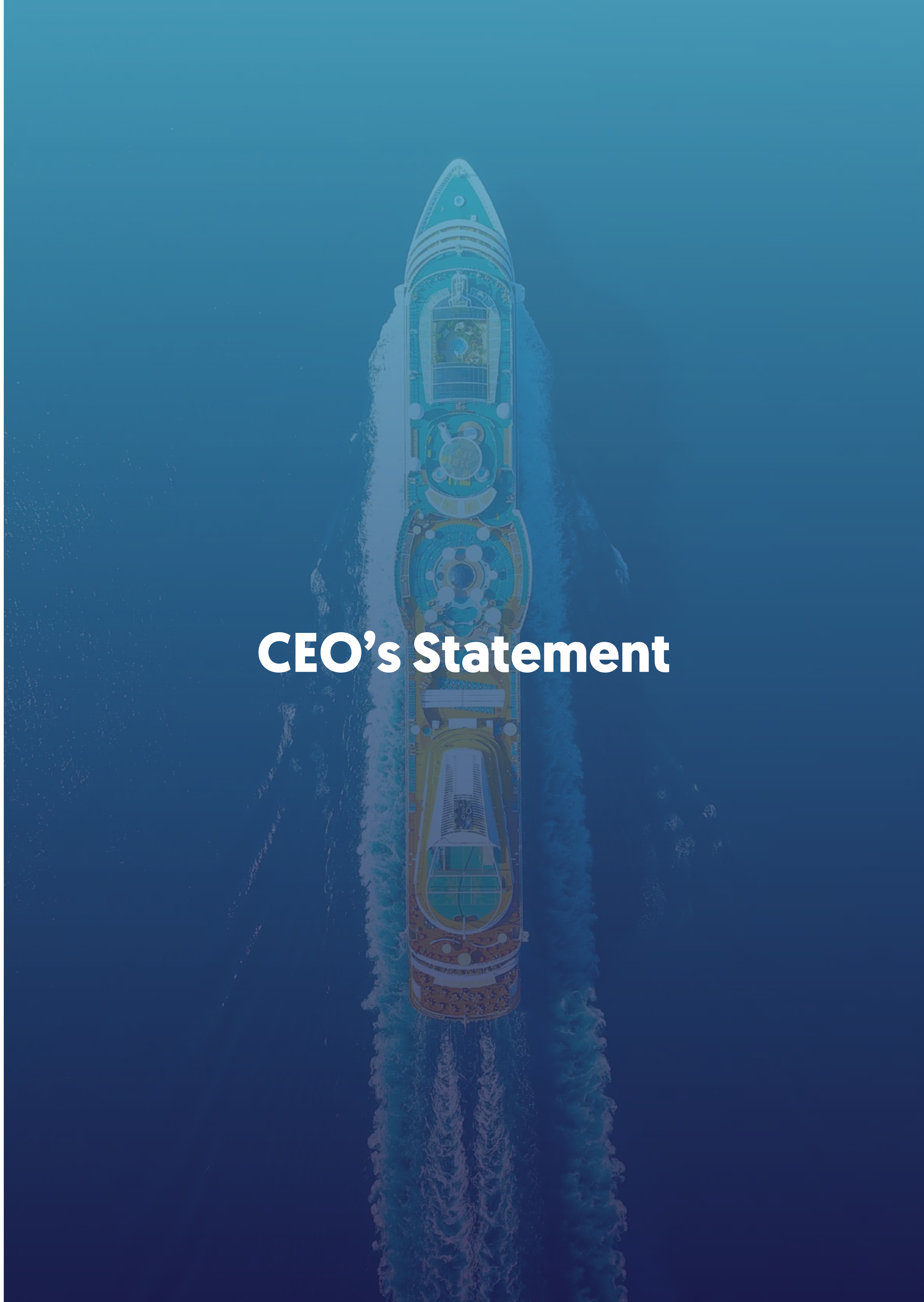
Strategy

The transition to a post-Brexit environment will continue to create regulatory uncertainties over the medium term. Our location outside of both the UK and EU provides TISE with opportunities and threats from regulatory change. It is for these reasons that we adopted our strategy to diversify and scale up the business. The management team has made good progress on delivering the strategy and I am confident that the business is well positioned to sustain future growth.

Having spent two and a half years with the Group, originally as Chair of the Authority, I will be stepping down from the Board at the close of the 2022 AGM. I have every confidence that the Group will continue to go from strength to strength and would like to thank Cees and my other fellow Board members for their contribution to the progress we have made to date. We are also grateful to our shareholders and wider stakeholders for their ongoing support.

Charlie Geffen
Chair

24 March 2022

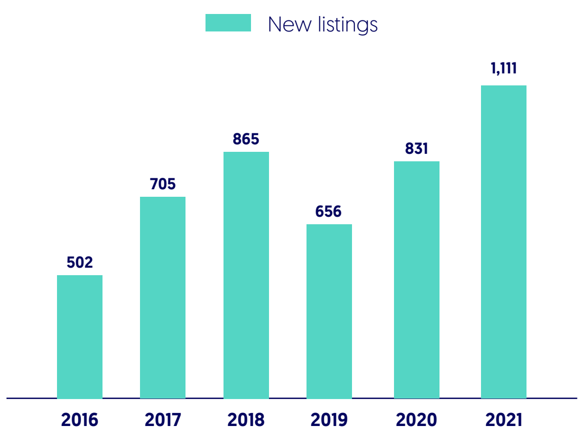


CEO's Statement

We are delighted that in 2021 we have once again set new annual records both for listing volumes and financial performance. We remain focussed on what we are good at - the efficient and secure listing of bonds - and have taken steps to enhance our core proposition as a major European professional bond market. Whilst we are committed to maintaining our market leader position in specific segments of the international bond markets, such as high yield bonds, we are expanding our geographical reach to scale up our listing business in the UK, Europe and globally. Besides this, we are exploring opportunities to develop and expand our product and service offering across the exchange value chain. This might include, for example, a UK-based trading facility and private markets for equity and fund structures. These will help to enlarge and diversify our revenue streams and further mitigate business concentration risk.

Markets and products

There were 1,111 securities listed on TISE during 2021, which represented a 34% increase year on year [2020: 831] and surpassed the previous record for the number of new listings on the Exchange during a calendar year [2018: 865]. This contributed to a 16% rise year on year in the total number of securities on TISE's Official List, which reached 3,669 at 31 December 2021 [31 December 2020: 3,162]. representing a total market value of over £500 billion.



Bonds

During 2021, we enhanced our international bond listing offering through the introduction in August of our Qualified Investor Bond Market (QIBM). This represents a dedicated proposition for the listing of bonds marketed to 'qualified investors' such as institutional, professional and other investors experienced and knowledgeable in investing in bonds. Across QIBM in 2021, there were a total of 2,397 new issuances listed, comprising 1,071 entirely new security classes, as well as an additional 1,326 further issues to existing listings.

There were 142 securitisation bonds newly listed during 2021, which is more than double the number listed in 2020. Securitisation listings included prominent deals from major international banks backed by a range of asset classes including auto loans, credit card receivables, loans to SMEs, as well as residential and commercial mortgage-backed securities. In the same period, TISE further cemented its position as the leading European venue for listing high yield bonds. There were 151 high yield bonds newly listed on TISE last year, taking the total number of high yield bonds listed on TISE to 386 at the end of December. In addition, by the end of 2021, there are bonds listed on QIBM from well over 100 bond programmes, with a 110% increase in the number securities listed via final terms in 2021 compared to the previous year.

Equities

Within our equity market, we have built on our position as the second largest market for listed UK Real Estate Investment Trusts (REITs). There were 15 new UK REITs listed during 2021, including REITs backed by Man Group, Starwood Capital Group and Goldman Sachs. By the end of 2021 there were 43 UK REITs listed on TISE, which represented more than 40% of the listed UK REIT market

In 2021, we have been continuing to explore opportunities within the private markets and have met with a range of market participants and stakeholders to research and inform the development of our proposed market model. Utilising our NOVA trading system and expertise in the regulated market, we are well positioned to provide an organised, efficient and scalable market facility for private companies and private funds. 2022 will be a crucial year for this exciting facility.

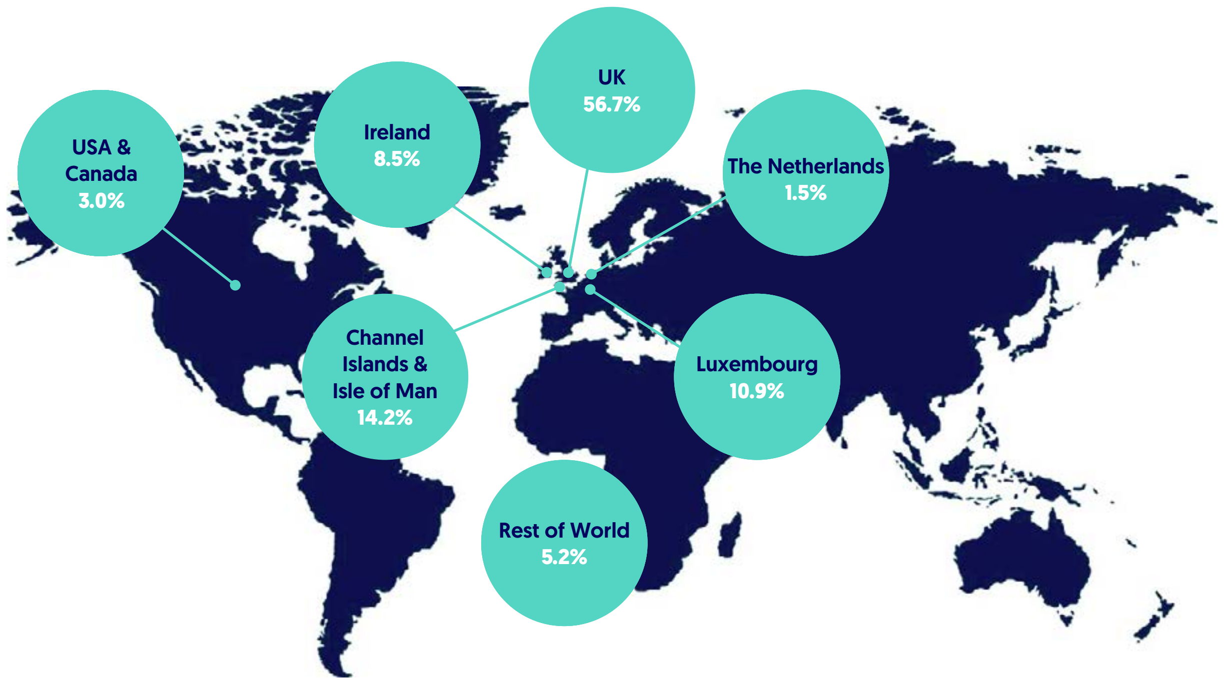
Sustainable finance

Last year we became a Partner Exchange of the United Nations' Sustainable Stock Exchanges Initiative (UN SSE) and in July we launched a comprehensive sustainable market segment, TISE Sustainable.

Admissions during 2021 included the first humanitarian catastrophe bond covering purely volcanic eruption; green bonds issued by the world's largest recycler of aluminium, Novelis, the largest sustainable property developer in the UK, Canary Wharf Group, and UK telecommunications company VMED O2; sustainable bonds issued by a sovereign, The Isle of Man Treasury; and sustainability-linked bonds issued by Pfleiderer, a German headquartered company with 125 years' history of sustainably manufacturing wood products.

Across our market during the last year alone there were more than £8 billion of new listings on TISE supporting environmental, social and sustainable initiatives. This demonstrates the role we can play both as a facilitator of global sustainable capital flows and more widely as a business, which you can access more information about on our website.

Global reach



Domicile of issuers listing securities on TISE in 2021

Trading

In February 2022, we launched our new bespoke auction trading system, NOVA. This state-of-the-art auction platform provides an automated price discovery and transaction model which is an attractive addition to our equity market and is central to our efforts to improve liquidity in our secondary market. It enables us to deliver even greater value to our current equity issuers, and provides a flexible platform which can be adapted to support new products and services for a whole new range of potential clients and participants in the equity capital markets arena.

I would like to thank all our stakeholders who have supported us with this important strategic initiative. Our special thanks to Ravenscroft (CI) Limited who have worked closely with us to ensure the system was successfully implemented. Over the coming year we will be promoting our enhanced trading facilities and in doing so, hope to bring new participants to our market.

CEO's Statement

Membership

During 2021 there was considerable growth in the number of Member firms who facilitate business on the Exchange, with seven new Listing Agents joining during the year – three from Ireland, two from Guernsey and one each from Jersey and the Isle of Man. Since year end, another Listing Agent from Ireland has become a Member and there are several more applications in the pipeline.

As well as strengthening TISE's credibility and visibility amongst the advisory community, the geographic expansion in the Members who facilitate listings on our market underpins delivery of our strategy to diversify and scale up our bond listings in the UK, Europe and internationally. This is starting to be reflected in our listings business because, while in 2021 the UK remained the largest single domicile of issuers with listed securities on TISE, more than 20% of all issuers listing securities on TISE last year were domiciled in either Luxembourg, Ireland or The Netherlands.

Looking ahead, we are hopeful that the launch of NOVA and our planned promotional activities will attract more Trading Members to our Exchange which will help to improve liquidity across our secondary market.

Operations and client service

We continue to improve and refine our operational processes which helps us to maintain the very highest standards of client service across our expanding market. These changes have enabled us to enhance our proposition for both our QIBM and Equity markets, including the introduction of the TISE Guarantee. The "3+1" guaranteed review timeline provides certainty to clients through a commitment to conduct a review of listing applications within three business days of initial submission and within one business day of subsequent submissions. This is an industry competitive standard which we have consistently delivered in 2021. The efficiencies which have been introduced during the year and attention to cost control are reflected in an improved net profit margin of 48% (2020: 43%).

During 2021, we also enhanced our offering for listing both bonds and equities on our market through a revision of the Listing Rules and Listing Fees. Within QIBM, this has included the introduction of the TISE Passport as a means for the straight forward listing of bond programmes which have already been approved within the UK or EU, and the introduction of a Lifetime Fee option for certain bond listings.

These developments have been complemented by an extension to our recognitions and industry memberships which, as well as membership of the UN SSE, have also included the International Capital Market Association (ICMA) and the Association for Financial Markets in Europe (AFME). These recognitions and memberships demonstrate our credibility as a mainstream international stock exchange and place us amongst other leading capital markets participants and as such, at the centre of European and global policy discussions in relation to a range of capital markets initiatives.

Our recent success in expanding our membership base has been supported by a simplification of our Member application and on-boarding process. We provide support and guidance to new Members and guarantee a three-day decision turnaround for completed membership applications. Feedback from our new Listing Agents on their experience of the application process has been resoundingly positive.

In addition to NOVA, we continue to invest in technology that will provide us with an operating platform which enables us to add significant scale in our core markets and service a diversified range of products. Our online member services portal, MyTISE, provides our members with a secure and efficient tool for the submission of listing applications. We have been working hard behind the scenes on upgrading the technology supporting MyTISE to enable us to expand the functionality it provides our members.

The re-launch of our market proposition and expanded suite of products and services has been supported by a refresh of the TISE brand and the creation of sub-brands for our range of products. The new branding is designed to reflect the professional, responsive and innovative culture for which we are well known. The refreshed brand was launched in January 2022 to coincide with the launch of our new website.

CEO's Statement

I am pleased with the progress we have made in executing our strategy during 2021. We have now laid the base for a more diversified and scalable business model which puts us in an excellent position to make the most of the opportunities which emerge in the coming years.

Many thanks to our Chair, Charlie Geffen, and my other fellow Board members for their support during this period. I would also like to thank our staff for their contribution to delivering these impressive results while also showing both commitment and flexibility in adopting changes which put us in a much stronger position for the future.

I look forward to working with all our stakeholders as we seek to execute our strategy to diversify and scale up the business to sustain future growth.

Cees Vermaas
CEO

24 March 2022

Corporate Governance Report

Corporate Governance Report

Chair's governance statement

The Board recognises the importance of corporate governance and its contribution to promoting the long-term success of the Company. As Chair, I have overall responsibility for the leadership and governance of the Board and for promoting high standards of integrity, probity and governance throughout the Group.

The Group's vision, mission and values articulate the ambition for our business and define our common beliefs. The Group's values of being responsible, curious and connected foster a culture of accountability, efficiency and innovation which supports sustainable business growth, underpins delivery of our strategy and promotes the Group's success over the long-term.

The Board determines the Group's strategy and overall commercial objectives, ensuring that our organisation is run effectively for the long-term benefit of our shareholders and other key stakeholders. The Group's strategy is based on developing our existing proposition within the international bond markets and expanding our product and service offering to enlarge and diversify our revenue streams and mitigate business concentration risk.

As Chair, I am responsible for setting the Board's agenda and for ensuring that all Directors have the necessary time, information, understanding and support to effectively contribute their skills and experience to inform Board discussions and shape the Group's strategic direction. I am also responsible for ensuring that the views of our shareholders are communicated to the Board as a whole and I am pleased to make myself available to any shareholder wishing to discuss matters.

The Board has continued to adopt and apply the ten principles of the Quoted Companies Alliance Corporate Governance Code (QCA Code) throughout the year. The Board has reviewed the governance framework and confirms that the Company has complied with the principles of the QCA Code during the year. Further details of our compliance with the QCA Code are set out on pages 16 to 24, as well as in the investor relations section of our website.

C. S. K. Geffen.

Charlie Geffen
Chair

24 March 2022

Governance framework

The Group is committed to high standards of corporate governance and has implemented an effective governance framework. The Group's legal structure ensures that the supervisory and regulatory activities of The International Stock Exchange Authority Limited (the Authority) are appropriately ringfenced within the broader commercial interests of the Group. The segregation of potentially conflicting interests is achieved on a day-to-day basis through the operation of ethical walls and information barriers.

Board of Directors

The Board is responsible for directing and supervising the management of the Company and for enhancing long-term shareholder value. The Board determines the Group's strategy, commercial objectives and budget, and monitors the performance of the Company and management against the goals and objectives it has set. The Board has overall responsibility for establishing high standards of business conduct and behaviour, managing risks and ensuring that internal controls are implemented to meet ongoing compliance with applicable legislation, rules and codes.

The roles of the Chair and Chief Executive Officer are distinct and separate with a clear division of responsibilities, which are set out in writing. The Chair is responsible for the leadership of the Board and for creating the conditions for overall Board and individual Director effectiveness. The Chair ensures that all Directors actively participate in Board and committee meetings and effectively contribute their skills and experience to inform discussions and shape the Group's strategic direction.

The Chief Executive Officer has overall responsibility for leading the development and execution of the Group's strategy, for implementing the decisions of the Board and for managing the day-to-day operations of the Company within the risk appetite and strategy set by the Board. The Chief Executive Officer fosters ethical behaviours and conduct throughout the organisation which are consistent with the Group's strategy and values.

The Board benefits from highly committed, competent Directors with a broad range of experiences. They are supported by an established senior management team with significant expertise in their respective fields.

Appointment and tenure

The Board has implemented a rigorous and transparent process to identify candidates for appointment as a Director. Upon the recommendation of the Nominations Committee, the Board makes decisions regarding the appointment and re-election of Directors as well as on their removal.

Although there is no standing requirement for the Directors to offer themselves for re-election at given intervals, the Board has determined that all Directors should be subject to election by shareholders at the first Annual General Meeting following their appointment and to re-election thereafter at intervals of no more than three years. Resolutions for the re-election of each of the Directors were proposed and passed at the 2021 Annual General Meeting.

The QCA Code does not set out an expectation that board performance should be reviewed on an annual basis. With three of the six Directors having only recently been appointed (Charlie Geffen as Chair, Cees Vermaas as Chief Executive Officer and Gill Morris as a Non-Executive Director), it was determined that it would not be an effective or appropriate use of resources to undertake a formal performance review in 2021.

The Board performance review has been reinstated for 2022. The performance of the Board, its Chair and individual members is formally evaluated using a self-assessment questionnaire. The summarised and anonymised results of the evaluation are considered by the Board and, where areas for improvement are identified, remedial actions are agreed. The Board also reviews progress made against the actions agreed during the prior year's evaluation.

The Nominations Committee considers succession planning on a regular basis and makes recommendations to the Board. The Board benefits from having Directors with a variety of lengths of service and succession is managed as circumstances arise.

Composition, skills and training

As at 31 December 2021, the Board comprised the Chief Executive Officer and five independent Non-Executive Directors (including the Chair). The Board has determined that all Non-Executive Directors are considered to be independent. All Directors are aware of and fulfil their duties and by doing so exercise, both individually and collectively, objective and independent judgement. In arriving at this conclusion, the Board also considers other relevant qualities, such as the Directors' experience, knowledge, professional background, integrity and ethics.

The Board is considered to be a suitable size and includes an appropriate combination of skills, experience, independence and other characteristics which promote a diversity of perspectives and ensure that it operates effectively. The Board takes decisions collaboratively and there is collective responsibility for achieving success.

The Board benefits from Directors with specific expertise in financial markets, corporate finance, accountancy, law, marketing, technology and change management. The Board comprises Directors with the collective experience, skills, capability and other characteristics which are required to develop and deliver the Group's strategy for the long-term benefit of our shareholders and other key stakeholders. Details of the background, experience, skills and time commitment of each of the Directors are provided on pages 18 to 20.

Directors are provided with a comprehensive induction upon appointment and undertake ongoing professional development to ensure that their knowledge remains current and they are up to date with industry trends.

Where development needs are identified, either individually or collectively, the Group supports individuals seeking training or additional information to perform their role.

All Directors have access to the advice and support of the Company Secretary and may seek external advice, at the Company's expense, should they require it. The Nominations and Remuneration Committees are both authorised to engage external consultants to assist them with their work.

Meetings

The Board has four meetings and four interim calls scheduled and supplements these with additional ad hoc calls and meetings as required. An agenda plan is produced prior to the start of each year which ensures that all matters of importance to the Company are considered by the Board and appropriate meeting time is allocated to enable proper debate. The Board held a total of 17 meetings during 2021.

The Board receives timely and comprehensive reporting to enable the Directors to assess the financial and operational performance of the Group and its key risks throughout the year. The Board papers include detailed information on business activities and financial performance, including the activities and performance of the Authority. Outside of the meeting cycle, the Chair engages with the Directors both collectively and individually to discuss matters of business.

The Nominations Committee reviews the time required from the Non-Executive Directors and whether they are spending enough time to fulfil their duties. The attendance record of each of the Directors at Board and committee meetings held during the year is detailed below.

	Board	Audit Committee	Nominations Committee	Remuneration Committee	Risk Committee
Charlie Geffen	17	3	4	3	-
Cees Vermaas	17	-	-	-	-
Guy Coltman	14	-	4	3	3
Gill Morris	15	3	-	-	-
Stuart Turner	14	-	4	3	4
Anderson Whamond	15	3	4	3	-
No. of meetings held	**17**	**3**	**4**	**3**	**4**

Directors' biographies

Charlie Geffen
Non-Executive Chair

Charlie is independent Non-Executive Chair of the Board, a position he has held since January 2021. He is also a member of the Group's Audit Committee, Nominations Committee and Remuneration Committee and was previously Chair of The International Stock Exchange Authority Limited. Charlie will be stepping down from the Board at the close of the 2022 Annual General meeting.

Background, experience and skills

Charlie is an English qualified lawyer with more than 30 years' experience advising on a wide range of corporate matters. He is a senior advisor at Flint Global, a European consulting business, deputy chair of The Institute of Cancer Research and a member of council at Surrey University.

After a law degree at Leicester, he joined Ashurst and spent 32 years there, including as head of private equity and the last five as senior partner. This latter period included the merger with an Australian law firm and growth across continental Europe, Asia and the US. He then joined US law firm Gibson, Dunn & Crutcher and, as chair of the corporate practice in London, led the growth of its transactional practice which secured several high-profile M&A mandates.

Time Commitment: Approximately 5 – 6 days a month.

Cees Vermaas
CEO

Cees is the Chief Executive Officer of the Company, a position he has held since November 2020. With a strong focus on strategy, business development and infrastructure, he is responsible for all aspects of leadership and management of the Company.

Background, experience and skills

Cees has more than 20 years' experience within international financial market infrastructure. He has held senior executive positions within several international exchanges, including CEO of CME Europe Ltd, CEO of Euronext Amsterdam and Head of European Cash Markets for NYSE Euronext. Prior to that, he spent a decade working in IT and programme management roles within leading Netherlands based companies Philips and Delta Lloyd Group.

Cees holds a degree in Business Administration and Industrial Engineering from The Hague University of Applied Sciences in the Netherlands.

Time Commitment: Full time.

Guy Coltman
Non-Executive Director

Guy joined the Board in February 2014 as an independent Non-Executive Director. He is also Chair of the Group's Remuneration Committee and a member of both the Risk Committee and Nominations Committee.

Background, experience and skills

Guy is an Advocate of the Royal Court of Jersey and qualified as a solicitor in England and Wales. He is a partner of Carey Olsen in Jersey where his practice covers a wide range of corporate law, including M&A, IPO and equity capital market advice, private equity transactions and special corporate situations.

Prior to joining Carey Olsen in 2006, he practised corporate law with an emphasis on private and public company mergers and acquisitions at the London office of the international law firm Skadden Arps, Slate, Meagher & Flom (UK) LLP.

Time Commitment: Approximately 3 – 4 days a month.

Gill Morris
Non-Executive Director

Gill is an independent Non-Executive Director of the Company and was appointed to the Board in January 2021. She is also Chair of the Group's Audit Committee.

Background, experience and skills

Gill is a Chartered Accountant and Chartered Tax Adviser. She also holds the Financial Planning Certificate and is an affiliate member of the Institute of Risk Management.

Gill has more than 35 years' experience working in Australia, London and Guernsey, initially qualifying within the 'big four' and then holding several senior leadership positions at Specsavers Optical Group.

Time Commitment: Approximately 3 – 4 days a month.

Stuart Turner
Non-Executive Director

Stuart joined the Board in April 2014 as an independent Non-Executive Director. He is also Chair of the Group's Risk Committee and a member of both the Nominations Committee and Remuneration Committee.

Background, experience and skills

Stuart has extensive IT and change management experience and has spent the last 30 years in the financial markets industry. He is a director of Avenir Limited, which has developed a new and innovative range of post-trade software for securities depositories and share registrars.

Stuart's early career was spent in investment analysis, merchant banking and building a global market information business. He followed this with a series of roles at a variety of stock and derivatives exchanges, mostly in IT, clearing, risk management and senior management.

Time Commitment: Approximately 3 – 4 days a month.

Anderson Whamond
Non-Executive Director

Anderson is an independent Non-Executive Director and was appointed to the Board in March 2017. He is also Chair of the Group's Nominations Committee and a member of both the Audit Committee and Remuneration Committee.

Background, experience and skills

Anderson has over 30 years' experience in the banking and financial sector. He is an executive director of Fiera Capital (IOM) Limited and also director of a number of listed and non-listed investment companies.

Anderson began his career at White Weld Securities before joining Salomon Brothers International in London and then Morgan Stanley International, where he was a principal in charge of convertible bond trading. He later relocated to Hong Kong to run the equity trading businesses of Peregrine Investment Holdings Limited. In 1998, Anderson joined the Regent Pacific Group as head of corporate investments and relocated to the Isle of Man. He joined the Charlemagne Group in 2002 and was a director of AIM quoted Charlemagne Capital Limited until March 2009.

Time Commitment: Approximately 3 – 4 days a month.

Corporate Governance Report

Group Committees

The Board, together with the board of the Authority, has established four Group committees to oversee specific areas and activities: Audit Committee, Nominations Committee, Remuneration Committee and Risk Committee. Each of the committees has terms of reference detailing their roles and responsibilities and these are reviewed by the Board at least annually.

The Board is represented on each of these committees by at least two Non-Executive Directors and the committees provide regular reporting to the Board on their activities. Whilst these committees may provide advice and make recommendations to the Board in respect of any areas within their remit, it remains the responsibility of the Board to agree and approve any action required.

Audit Committee

The committee is chaired by Gill Morris, with Nick Bayley (Non-Executive Director, Authority), Charlie Geffen, and Anderson Whamond appointed as members. Adrienne Muir (Non-Executive Director, Authority) stepped down as a member of the committee on 16 September 2021 and Nick Bayley was appointed effective 1 October 2021. The Chief Executive Officer and Chief Financial Officer have standing invitations to attend committee meetings, and do so, but the committee holds at least one meeting with the auditor and without management present.

The committee meets at least three times per year and reviews the Company's financial reports, recommending them to the Board for approval. The committee considers the integrity of the financial reporting and whether it presents a fair, balanced and understandable account to assess the Company's financial performance, business model and strategy.

The committee reports to the Board on any significant financial reporting issues or judgements which the reports contain. The committee reviews the adequacy and effectiveness of the Group's internal controls and risk management practices implemented by management to effectively identify, assess, manage and control financial risks.

The committee has reviewed the current position with regard to internal audit and, within the overall context of the Group's scale, risk management framework and the work of Compliance, Finance and the external auditor, determined that an internal audit function is not currently required. This will continue to be kept under review as the Group develops.

The committee oversees the relationship with the external auditor and assesses its performance, resources and independence together with the effectiveness of the audit process. The committee reviews the nature and extent of non-audit services provided and receives confirmation from the auditor of their independence on at least an annual basis. The committee recommends the appointment of the auditor, including the terms of engagement and fee, to the Board.

Nominations Committee

The committee is chaired by Anderson Whamond, with Guy Coltman, Charlie Geffen, Rob Trefny (Non-Executive Chair, Authority) and Stuart Turner appointed as members. Where appropriate, the Chief Executive Officer and Head of HR are invited to attend committee meetings and do so.

The committee meets at least twice per year and reviews the structure, size, balance and composition (including the skills, knowledge, experience and diversity) of the Group boards. The committee makes recommendations to the Group boards in respect of candidates for appointment as director and, where relevant, the re-election of directors, having due regard to their performance and ability to continue to contribute to the board. The committee monitors the leadership needs of the Group and considers succession planning for the Group's directors and other senior executives.

Following Adrienne Muir's decision to relocate back to New Zealand in September 2021, the committee led the process for the appointment of a Non-Executive Director to the board of the Authority. Nick Bayley joined the Authority board as a Non-Executive Director in October 2021. He has more than 30 years' experience working in the financial services industry, including senior positions at the Financial Conduct Authority (FCA) and London Stock Exchange (LSE).

No consultants were engaged by the committee during the year.

Remuneration Committee

The committee is chaired by Guy Coltman, with Charlie Geffen, Rob Trefny, Stuart Turner and Anderson Whamond appointed as members. Where appropriate, the Chief Executive Officer and Head of HR are invited to attend committee meetings and do so.

The committee meets at least twice per year and reviews the remuneration strategy of the Group, including the balance between fixed and performance related, immediate and deferred remuneration, within the context of the Group's strategic objectives and risk appetite. The committee reviews and makes recommendations to the Board on the total compensation package of each of the Group's directors and senior executives. The committee also makes recommendations to the Board in respect of share awards and, where relevant, associated performance conditions.

No remuneration consultants were engaged during the year.

A resolution to authorise the Board to determine the remuneration of the Directors for 2023 will be proposed at the forthcoming Annual General Meeting.

Risk Committee

The committee is chaired by Stuart Turner, with Nick Bayley, Guy Coltman and Rob Trefny appointed as members. Adrienne Muir stepped down from the committee on 16 September 2021 and Nick Bayley was appointed effective 1 October 2021. The Chief Executive Officer, Managing Director of the Authority and Head of Market Regulation have standing invitations to attend committee meetings and do so.

The committee meets on an at least quarterly basis and reviews the Group's significant risks within the context of the Group's approved strategic objectives and overall risk appetite. During 2021, the committee's activities focused in particular on the processes supporting regulatory decision making, cyber security arrangements and the ongoing programme of work to renew and enhance the Group's technology and system capabilities. The committee reviews the adequacy and effectiveness of the internal controls and risk management practices implemented by management to effectively identify, assess, manage and control key business and non-financial risks.

The committee reviews the Group's non-financial controls such as regulatory compliance, data protection, business continuity and cyber security. The committee considers the remit, independence and resourcing of the risk and compliance functions to ensure that they are able to perform their activities effectively.

Risk management

The Group has implemented an enterprise-wide risk management framework to identify, assess, manage and control its actual and potential risks. The effectiveness of the internal controls is regularly reviewed by management, the Audit Committee, the Risk Committee and the Board.

The Group's values of being responsible, curious and connected foster a culture of accountability, efficiency and innovation which support the Group's vision and mission and promote a corporate culture based on ethical behaviours and conduct. The Chief Executive Officer is a visible advocate of the Group's values and actively encourages all staff to demonstrate the values within their everyday working practices.

The Board has overall responsibility for establishing high standards of business conduct and behaviour, risk management and the internal control framework. However, such systems of internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Board considers that the Group's internal controls are appropriate to the size, complexity and risks posed by its activities.

Principal risks and uncertainties

The Group's business activities are subject to variety of risks, both specific to its business activities and of a general nature, which may individually or cumulatively, materially and adversely affect its business, operations and financial performance. The Board has identified the following key risks:

Strategic risks

Changes to the legislative, regulatory and fiscal environment – The Group operates within a complex and dynamic legislative, regulatory and fiscal environment. Changes to that environment, including in other jurisdictions, could significantly influence the type and volume of new business and could strengthen or erode the Exchange's competitive position. The current uncertainty surrounding the UK's future regulatory environment is both an opportunity and a threat in terms of the Group's strategy. The Group stays abreast of future trends to identify opportunities and is positioned to respond quickly to the changing environment.

Business concentration risk – A failure to diversify the business and an overreliance on certain revenue streams could risk leaving the Group exposed. The Finance Bill 2022 includes two legislative changes which may impact the volume of new, and possibly existing, listings on TISE.

A material proportion of issuers continue to report "availing of the Quoted Eurobond Exemption" as their principal reason for listing on the Exchange. Under the new legislation, UK resident companies who meet certain eligibility tests and elect for the qualifying asset holding companies (QAHC) regime to apply, may no longer need to list on exchanges like TISE in order to avail themselves of the Quoted Eurobond Exemption (QEE) from UK withholding tax on interest payments in the UK. It is not currently possible to identify how many issuers will meet all of the eligibility criteria or elect for the QAHC regime. The complexity of the legislation, which comes into force in April 2022, means that the impact on the volume of new and existing listings on TISE is and will remain unclear.

The removal of the listing requirement for UK REITs owned by institutional investors is expected to result in TISE's share of the listed UK REIT market contracting sharply after the legislation comes into force in April 2022. The revenue loss is likely to be modest.

The Board continues to focus on expanding the product and service offering to both enlarge and diversify TISE's revenue streams and mitigate business concentration risk in the future.

Business model disruption and competition – The capital markets landscape is evolving quickly, with mainstream exchanges diversifying beyond their traditional business models and smaller exchanges and new entrants looking for niche opportunities. The Exchange's competitors now take a variety of forms and include the private capital markets, alternative financing (such as crowdfunding) and more recent fintech innovations such as digital asset platforms. The Group stays abreast of such developments and actively manages any related risks it identifies, whilst also seeking to identify associated opportunities to develop new products and markets.

Business risks

Reputational risk – The Group's reputation and its regulatory experience are extremely valuable to the business. The reputation of the Exchange may be impacted by poor conduct, decision making or any of the key risks crystalising. Events which impact the Exchange's reputation may also impact the reputation of Guernsey more broadly and the other jurisdictions in which the Group operates. Reputational risks are considered by the Board as part of the strategy formulation process.

The Authority has implemented rigorous processes to risk assess and review suitability for listing and membership at both take on and on an ongoing basis and remains committed to maintaining high standards of risk management. In response to the ongoing events in Ukraine and the related sanctions and other response measures being imposed on Russia, the Authority carried out a detailed review of the Exchange's exposure to Russian entities and individuals. The actions taken by the Authority as a result of this review are detailed in note 24 to the consolidated financial statements.

Corporate Governance Report

Technology and information security risk – A failure of the Group's technology and systems could impact the delivery or integrity of its services or the security of its data. The Group continues to invest in technology to safeguard its systems and data. The use of technology to enhance client service and improve operational efficiency is integral to the Group's growth strategy. Most recently this has included upgrading the Exchange's online Member services portal, MyTISE, and launching the NOVA auction trading system in February 2022.

COVID-19 risk – The pandemic has severely impacted the global economy, with certain business sectors and businesses more severely impacted than others. However, the results of the Group for the year ended 31 December 2021 evidence the resilience of the Group's business. The adoption of a flexible approach to working, which allows staff to work between the office and home, has assisted with the management of COVID-19 infection risk and supported the continued provision of an uninterrupted, quality service to clients.

Climate related risk – Climate change is a growing area of focus for regulators, companies, investors and other stakeholders. Government policies to support the transition to a low carbon economy, and the development of associated disclosure obligations, are emerging at pace and are likely to have a wide-ranging impact on market participants. The Group's climate related risks, both in respect of the market it operates and as a business, are closely connected with other reputational, commercial and compliance risks. Further work will be carried out during 2022 to assess how climate change may impact the Group and to integrate climate related risks into the Group's existing risk management framework.

Shareholder relations

The Board is committed to ensuring that it communicates with shareholders in a transparent and timely manner through the provision of accessible and high-quality information. The Board releases announcements to the market in accordance with the Listing Rules and uses the annual and interim financial statements, the investor relations page on the website and media releases to provide further information to current and prospective shareholders. During 2021, the Board adopted the practice of publishing periodic trading updates with the aim of providing more up to date information about the Group's performance.

The Chair is responsible for ensuring that the views and concerns of shareholders are communicated to the Board as a whole. The Board reviews proxy voting reports and, where there is any significant dissent, seeks to engage with the relevant shareholders to understand and resolve any issues. Outside of formal engagements, contact details for the Chair and Chief Executive Officer are included on the website to enable shareholders to communicate with the Board should they wish to share their views. The Chair makes himself available to shareholders at all times.

The Annual General Meeting is the Company's primary forum for communicating with shareholders. Notice of the Annual General Meeting is issued at least ten days prior to the meeting and shareholders are encouraged to attend. The Chair and Chief Executive Officer make themselves available for further discussion both prior to and following the meeting. The Chair and, where possible, the other Non-Executive Directors attend the Annual General Meeting and are available to answer questions raised by shareholders. All resolutions are voted on separately and a market announcement is published confirming whether the resolutions proposed have been passed.

A relaxation in COVID-19 related restrictions in Guernsey allowed a welcome return to in person gatherings for the 2021 Annual General Meeting. Conferencing facilities were provided for the Annual General Meeting to enable the Board to engage with all shareholders through an online presentation and live Q&A session.

Directors' Report

Director's report

The Directors submit their annual report and audited consolidated financial statements of The International Stock Exchange Group Limited (the Company or TISEG) and its wholly owned subsidiary The International Stock Exchange Authority Limited (the Subsidiary or Authority) (together the Group) for the year ended 31 December 2021.

Background

The Company was incorporated in Guernsey on 14 November 2013 (Registered No. 57524) and listed on The International Stock Exchange (the Exchange or TISE) on 23 June 2016.

The Authority was also incorporated in Guernsey on 14 November 2013 (Registered No. 57527).

On 24 February 2017, the Company registered in the Isle of Man as a foreign company under the Foreign Companies Act 2014 (Registered No. 006074F).

Principal activity

The principal activity of the Group is the operation of an investment exchange by the Authority. The Authority is licensed to operate an investment exchange by the Guernsey Financial Services Commission (the GFSC) under the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (the POI Law). At a meeting of the States of Deliberation on 26 March 2014, the Authority was granted a statutory limitation of liability in respect of certain specified regulatory functions conferred on it by conditions to its licence issued by the GFSC.

Results and dividends

The results of the Group for the year are set out on page 35.

Dividends totalling £2,256,800, were paid during the year (2020: £1,410,500). A dividend of 35.0p per share was declared on 24 March 2021 and paid on 26 April 2021. A further dividend of 45.0p per share was declared on 6 September 2021 and paid on 11 October 2021.

Directors of the Company

The Directors of the Company who held office during the year and to the date of signing of this report are as follows:

C S H Geffen

G E S Coltman

G Y Morris

S R Turner

C Vermaas

A A Whamond

Directors and their interests

The current Directors' interests in the share capital of the Company were as follows:

	31 December 2021			31 December 2020		
	No. of shares	%	Interest	No. of shares	%	Interest
G E S Coltman	246,100	8.72%	See below	246,100	8.72%	See below
A A Whamond	25,000	0.89%	Indirect	25,000	0.44%	Indirect
C S H Geffen	12,500	0.44%	Indirect	12,500	0.44%	Indirect

G E S Coltman holds a beneficial interest in Carey Olsen Corporate Finance Limited which holds 246,100 Ordinary shares.

The current Directors' interests in options over ordinary shares of the Company were as follows:

	31 December 2021	31 December 2020				
	No. of options	No. of options	Minimum exercise price*	Grant date	First possible exercise date	Expiry date
C Vermaas	25,000	25,000	£10.00	16/12/20	16/12/23	15/12/27
C Vermaas	100,000	100,000	£12.00	16/12/20	16/12/25	15/12/27
C Vermaas	25,000	25,000	£14.00	16/12/20	16/12/25	15/12/27

The options' exercise price stated is subject to adjustment upwards by reference to growth in the Group's net cash balance.

Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the consolidated financial statements for each financial period which give a true and fair view, in accordance with applicable Guernsey Law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", of the state of affairs of the Group, and of the profit or loss of the Group for that period.

In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the consolidated financial position of the Group and to ensure that the consolidated financial statements comply with the Companies (Guernsey) Law, 2008 (the Companies Law). They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, errors and non-compliance with laws and regulations.

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

So far as the Directors are aware, there is no relevant audit information of which the Group's Auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 249 of the Companies Law.

The maintenance and integrity of the Group's website is the responsibility of the Directors; the work carried out by the Group's Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial statements and audit

The Company has prepared consolidated financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and in compliance with section 244 of the Companies Law. As a result, there is no requirement to prepare individual financial statements for the Company, on a stand-alone basis.

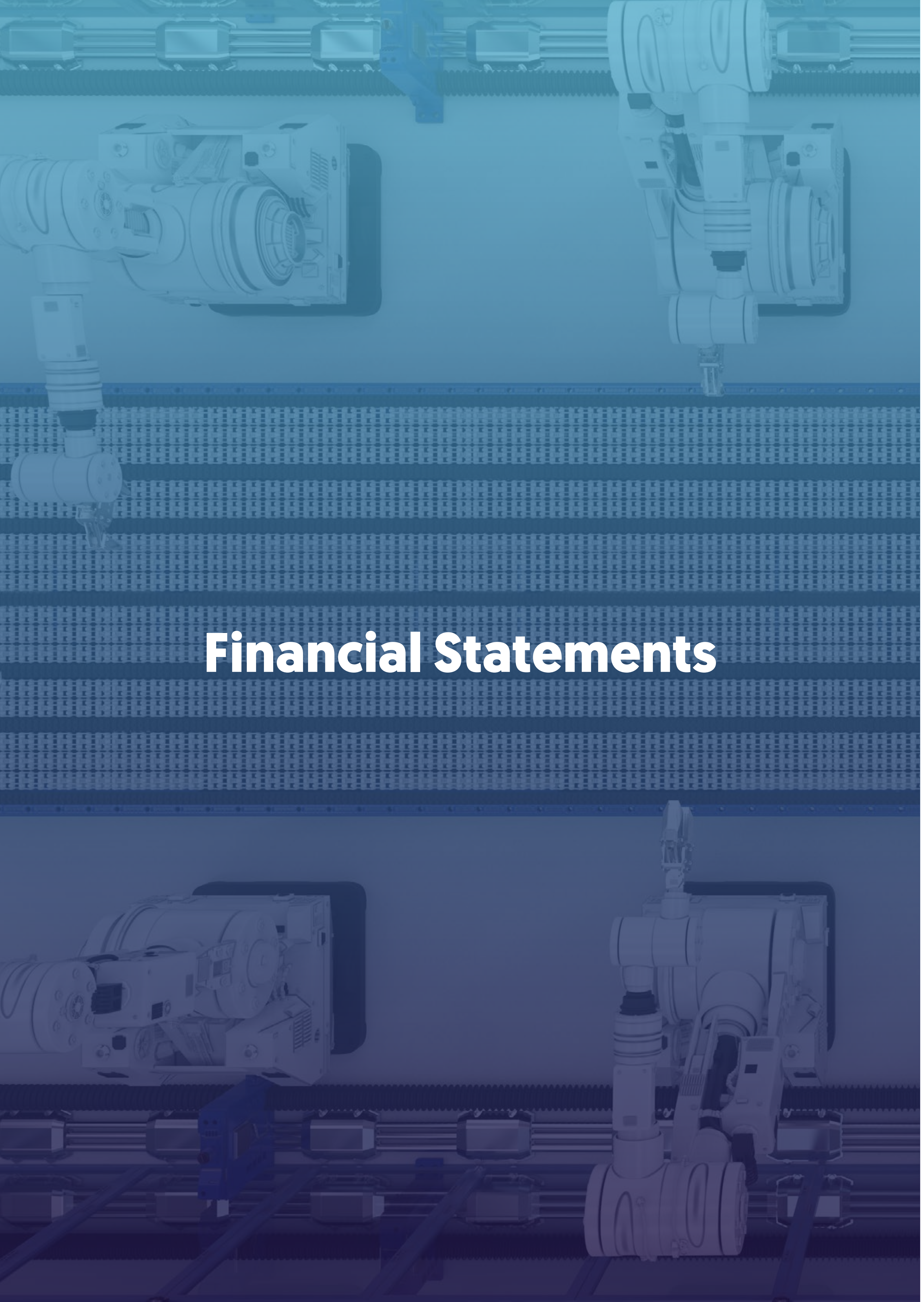
Independent auditor

The Auditor, PricewaterhouseCoopers CI LLP, have expressed their willingness to continue in office as auditor. A resolution to reappoint PricewaterhouseCoopers CI LLP as auditor to the Company will be proposed at the next Annual General Meeting.

Approved by the Board of Directors on 24 March 2022 and signed on its behalf by:

C S H Geffen
Director

C Vermaas
Director



Independent Auditor's Report

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of The International Stock Exchange Group Limited (the "company") and its subsidiaries (together "the group") as at 31 December 2021, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with United Kingdom Accounting Standards, comprising FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

- The group's consolidated financial statements comprise:
- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Audit scope

- We performed an audit of the complete financial information of the entities within the group.
- The components where we performed full scope audit procedures accounted for 100% of the group net assets and profit for the financial year.
- We have audited the consolidated financial statements of the wholly owned subsidiary and the company including the operations within Jersey, England, Ireland and the Isle of Man.

Key audit matters

- Revenue recognition

Materiality

- Overall group materiality: GBP 245,803 (2020: GBP190,026) based on 5% of the consolidated profit before tax.
- Performance materiality: GBP184,352 (2020: GBP 142,520).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter - Revenue recognition

We focus on the risk of material misstatement in the recognition of revenue, as a result of both fraud and error, because revenue is material and is an important determinant of the group's profitability, which has a consequent impact on the share price performance of the company.

Certain directors and senior management have material shareholdings in the company and the company also operates a share option scheme for employees of the group where the attractiveness of this scheme will also be driven by the company's share price performance. As in any organisation where the directors and employees have shareholdings and there are incentives based on performance, there is an inherent risk of fraud in revenue recognition as there is an incentive to overstate revenue. Revenue may also be misstated due to errors in system calculations or manual processes.

Revenue is derived from multiple service offerings being initial and annual membership fees, initial and annual listing fees, other listing related fees and other income as disclosed in note 3(e) and note 5 to the consolidated financial statements.

The nature of these multiple service offerings can be complex due to the various fee arrangements and the high volume of transactions. The processes for recording revenue involve manual intervention with limited involvement of automation or IT systems. As a result, misstatement of revenue could arise from fraudulently manipulating manual calculations, unauthorised changes to approved fee schedules or errors in spreadsheets.

As part of our risk assessment we have considered each individual revenue stream in the group. We have determined that a significant risk of both fraud and error exists within all material revenue streams, being annual membership fees, initial and annual listing fees and other listing related fees, we note that the group introduced lifetime fees in August 2022 where an element of the fee is recognised as initial with the remainder deferred over the historical average market listing term.

How our audit addressed the Key audit matter

- We understood and evaluated the controls and processes over the recording of revenue, including the raising of invoices through to the collection of debtors. Revenue is recorded in both the general ledger and on separate revenue spreadsheets.
- We obtained all revenue invoices issued during the year and analysed these using data extraction techniques to produce a population of revenue billed.
- We reconciled the revenue billed to the general ledger, and corroborated reconciling items to support provided by management.
- We obtained the group's fee schedule which has been approved by the board of directors. We agreed that the correct listing and membership fees were used in the revenue billed by agreeing them to the group's approved fee schedule using data matching techniques, and any material exceptions noted were resolved by corroborating to further supporting information.
- For the issuers and members from which initial and annual listing fees were earned during the year, we agreed that all were registered as an issuer or member on the group's website via a two-way check between the invoices raised and the group's website. We also reviewed reconciling items for example those applications on hold or issuers that had delisted in the period.
- We evaluated historical average market listing terms and fees to assist with testing management estimates on lifetime fee accounting, both the initial recognition element and the deferral period.

- We recalculated the deferred income on a sample basis using billed revenue data and invoices raised and reconciled to the general ledger.
- In addition, for those revenue streams where a significant risk of fraud exists (all material revenue streams, being annual membership fees, initial and annual listing fees and other listing related fees), we performed risk-based target testing of revenue journals posted into the general ledger. This included identification of those journals posted to revenue which did not follow the expected posting pattern.
- We also reviewed management's assessment of the revenue recognition policies adopted by the group following the change in fee schedules during the year, for compliance with the relevant accounting standards.

Overall there were no material matters which required reporting to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The company is based in Guernsey with operations in Jersey, England, Ireland and the Isle of Man, and one underlying subsidiary located in Guernsey. The consolidated financial statements are a consolidation of the company and the underlying subsidiary. Scoping was performed at the group level, irrespective of whether the underlying transactions took place within the company or within the subsidiary. The group audit was led, directed and controlled by PricewaterhouseCoopers CI LLP and audit work for material items within the consolidated financial statements was performed in Guernsey by PricewaterhouseCoopers CI LLP. The subsidiary is also audited by PricewaterhouseCoopers CI LLP on a
standalone basis.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall group materiality	GBP 245,803 (2020: GBP 190,026)
How we determined it	5% of the consolidated profit before tax
Rationale for the materiality benchmark	The group is a profit oriented operating group with the intention of either reinvesting or distributing profits to shareholders by way of dividends. The financial performance of the group is assessed on profit levels and this can have an impact on the share price performance. Based on this understanding, we believe that consolidated profit before tax is the most appropriate measure for materiality due to this being a key metric for shareholders.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to GBP 184,352 (2020: GBP 142,520) for the group consolidated financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above GBP 12,290, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report & Consolidated Financial Statements (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the consolidated financial statements and the audit

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Directors' Report, the directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with United Kingdom Accounting Standards, comprising FRS 102, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the consolidated financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

Use of this report

This independent auditor's report, including the opinions, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Company Law exception reporting

Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Tony Corbin
For and on behalf of PricewaterhouseCoopers CI LLP

Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
24 March 2022

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Turnover	5	9,954,438	8,362,000
Administrative expenses	6, 7	(5,050,944)	(4,592,908)
Operating profit		**4,903,494**	**3,769,092**
Interest receivable and similar income			
Interest income from financial assets measured at amortised cost	8	12,391	22,819
Income and net gains/(losses) from financial assets measured at fair value through profit or loss	8	166	8,612
Profit on ordinary activities before taxation		**4,916,051**	**3,800,523**
Taxation	9	(165,865)	(178,506)
Profit for the financial year		**4,750,186**	**3,622,017**
Other comprehensive income		-	-
Total comprehensive income for the financial year		**4,750,186**	**3,622,017**
Earnings per share:			
Basic	10	168.4p	128.4p
Diluted	10	167.4p	128.4p

Profit for the financial year is wholly attributable to the owners of the Company, there being no non-controlling interests.

Profit for the financial year is wholly attributable to continuing operations.

The notes on pages 39 to 61 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Notes	31 December 2021 £	31 December 2020 £
Fixed assets			
Intangible assets	11	130,000	-
Tangible fixed assets	12	137,020	67,324
		267,020	**67,324**
Current assets			
Debtors	13	1,383,322	973,780
Investments	14	9,549,612	7,039,173
Cash and cash equivalents	19(b)	3,881,143	3,709,081
		14,814,077	**11,722,034**
Current liabilities			
Creditors: Amounts falling due within one year	15	(3,689,756)	(2,880,285)
Net current assets		**11,124,321**	**8,841,749**
Total assets less current liabilities		**11,391,341**	**8,909,073**
Non-current liabilities			
Provisions for other liabilities	16	(672)	(11,844)
Net assets		**11,390,669**	**8,897,229**
Capital and reserves			
Share capital	17	1,331,581	1,331,581
Share-based payments reserve	20	139,607	139,553
Retained earnings		9,919,481	7,426,095
Shareholders' equity		**11,390,669**	**8,897,229**

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 24 March 2022.

Signed on behalf of the Board of Directors:

C S H Geffen
Director

C Vermaas
Director

The notes on pages 39 to 61 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Notes	Share capital £	Share-based payments reserve £	Retained earnings £	Shareholders' equity £
At 1 January 2020		**1,331,581**	**139,546**	**5,214,578**	**6,685,705**
Total comprehensive income for the year ended 31 December 2020		-	-	3,622,017	3,622,017
Equity settled share-based payments	20	-	7	-	7
Dividends declared and paid		-	-	(1,410,500)	(1,410,500)
At 31 December 2020		**1,331,581**	**139,553**	**7,426,095**	**8,897,229**
At 1 January 2021		**1,331,581**	**139,553**	**7,426,095**	**8,897,229**
Total comprehensive income for the year ended 31 December 2021		-	-	4,750,186	4,750,186
Equity-settled share based payments	20	-	54	-	54
Dividends declared and paid		-	-	(2,256,800)	(2,256,800)
At 31 December 2021		**1,331,581**	**139,607**	**9,919,481**	**11,390,669**

The notes on pages 39 to 61 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Notes	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Net cash inflow from operating activities	19(a)	5,382,629	3,967,080
Taxation paid		(163,840)	(160,000)
Net cash from operating activities		**5,218,789**	**3,807,080**
Investing activities			
Payments to purchase intangible fixed assets	11	(130,000)	-
Payments to purchase tangible fixed assets	12	(153,521)	(56,194)
Placement of short term deposits/notice accounts		(1,010,443)	(1,513,615)
Proceeds from disposal of short term deposits/notice accounts		-	726,886
Purchases of liquidity funds		(2,600,000)	(2,008,391)
Proceeds from disposals of liquidity funds		1,100,000	1,030,329
Interest received		4,037	31,966
Net cash outflow from investing activities		**(2,789,927)**	**(1,789,019)**
Financing activities			
Dividends paid		(2,256,800)	(1,410,500)
Net cash outflow from financing activities		**(2,256,800)**	**(1,410,500)**
Increase in cash and cash equivalents		**172,062**	**607,561**
Cash and cash equivalents at start of the financial year		3,709,081	3,101,520
Cash and cash equivalents at end of the financial year	**19(b)**	**3,881,143**	**3,709,081**

Cash and cash equivalents together with investments (notes 14 and 19b) totalled £13,430,755 as at 31 December 2021 (£10,748,254 as at 31 December 2020).

The notes on pages 39 to 61 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General information

The International Stock Exchange Group Limited (the Company or TISEG) is a company with limited liability incorporated in Guernsey. The registered address of the Company is Helvetia Court, Block B, 3rd Floor, Les Echelons, St Peter Port, Guernsey, GY1 1AR.

The Ordinary shares of the Company are listed on The International Stock Exchange (the Exchange), which is operated by the Company's wholly owned subsidiary, The International Stock Exchange Authority Limited (the Subsidiary or Authority).

2. Statement of compliance

The consolidated financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and with the Companies (Guernsey) Law, 2008 (the Companies Law).

3. Summary of significant accounting policies

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

(a) Basis of preparation

The consolidated financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The amounts stated in these consolidated financial statements reflect conditions existing as at the balance sheet date.

(b) Going concern

Based on current trading and the present financial resources of the Group, the Directors believe the Group has the ability to continue as a going concern and have therefore prepared the consolidated financial statements on this basis.

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its sole subsidiary, drawn up to 31 December 2021. The results of the Subsidiary for the year, and for the prior year, have been consolidated. All intra-group transactions, balances, revenues and expenses are eliminated on consolidation. In preparing the consolidated financial statements the Company has elected to produce Group primary statements only, as permitted under section 244 of the Companies Law. The principal activity of the Subsdiary is the operation of an investment exchange known as The International Stock Exchange.

(d) Judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The areas where assumptions and estimates are significant to the consolidated financial statements are outlined later in these notes.

In particular:

- the treatment of lifetime fees, as referenced in note 3(e), requires the use of estimation and judgement to split the fees, which are received upfront, into an initial fee element which is recognised immediately and a deferred annual fee element which is recognised over a four-year cycle based on a historic average life cycle of a listing;

3. Summary of significant accounting policies (continued)

(d) Judgements and key sources of estimation uncertainty (continued)

- the judgement used in the continued immediate recognition of initial fees, as referenced in note 3(e), following these fees being re-classified from non-refundable upon invoicing to refundable until approval to list. Following a review of historic application conversion, it was established that 97% of all applications have resulted in a listing. On this basis, all initial fees from this date have been recognised immediately with a 3% provision applied against any initial fees outstanding at year-end; and
- During the assessment of Going Concern, see Note 3 (b), the Directors needed to consider the ongoing impact of COVID-19 as well as the impact of the United Kingdom's withdrawal from the EU following the ending of the transition period on 31 December 2020, on the performance and viability of the Group's business. In addition to closely monitoring new business and cash flow, management prepared financial projections to stress test the financial resilience of the Group's business. No remedial or mitigating action has thus far proved necessary.

(e) Revenue recognition

Listing application fees are recognised upon receipt of listing applications. Such fees are due upon application and until 1 August 2021 were deemed non-refundable. From 2 August 2021 onwards fees due upon application are deemed to be refundable until the point when an application is approved to list when they become non-refundable.

Annual listing fees are recognised on a straight-line basis over the period to which the fee relates.

Other listing fees include fees for listing additional securities of an existing class, fees for the partial redemption of securities of an existing class and fees for the early delisting of an existing class. Such fees are recognised upon receipt of the request for these transactions to be processed.

Until 1 August 2021, membership application fees were recognised upon receipt of membership applications. From 2 August 2021 membership application fees are no longer applicable.

Annual membership fees are recognised on a straight-line basis over the period to which the fee relates. Annual listing fees and annual membership fees invoiced, but not yet recognised as income, are recorded as deferred income.

Lifetime fees are recognised in two portions. A proportion of lifetime fees are recognised immediately as initial fee income, with the remaining portion recognised as annual fee income and recorded as deferred income over a four-year cycle.

Final Terms Fees are deferred and recorded as deferred income over the expected life of the listing.

Other income includes other Exchange fees and delegate fees for Exchange organised workshops. Other Exchange fees and delegate fees are recognised on a receivables basis when the services have been provided.

Interest receivable and similar income is recognised on an accruals basis.

Provisions are raised against fees invoiced where a reasonable level of doubt exists in relation to recovery. Trade debtors are subject to periodic impairment assessment. Any impairment loss recognised in respect of fees recognised in the current financial year offsets against revenue.

(f) Provisions for liabilities and contingencies

i. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

ii. Contingencies

Contingent liabilities are not recognised as a liability, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date; or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the consolidated financial statements unless the probability of an outflow of resources is remote.

(g) Employee benefits

Employee benefits, other than termination benefits, include all benefits to which employees become entitled as a result of services rendered to the Group during the reporting period. Employee benefits include salary, paid holiday arrangements, bonus payments, payments to employee's personal pension arrangements and share based payments. The cost of such benefits are recognised as an expense on an accruals basis.

Bonus payments are discretionary and are recognised in the profit and loss account only when the Group has a legal or constructive obligation to make payments. Employee termination benefits payable include benefits provided in exchange for the termination of an employee's employment. The cost of such benefits are recognised upon conclusion of any compromise agreement.

The Group provides no post-employment benefits.

(h) Share-based payments

The Group provides share based payments to certain employees further to an equity settled share option scheme.

For share option awards that vest immediately, the fair value of the share options issued is assessed and expensed at date of grant. For share option awards that vest in the future, after a period of service from employees, the fair value of the share options is assessed at date of grant. The fair value of the options is then expensed on a straight line basis over the vesting period, based on the Directors' estimate of the share options that will eventually vest. At each Balance Sheet date, the Directors' review their estimate of the number of share options that will vest. In the absence of observable market prices, the Directors estimate fair value with reference to the Black Scholes internationally recognised pricing model.

The Group has no cash-settled arrangements.

(i) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

3. Summary of significant accounting policies (continued)

(j) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Software: 7 years

Amortisation is included in administrative expenses in the profit and loss account.

The NOVA trading system has been recorded as an intangible asset of the Group (see note 11 for further detail) following the capitalisation of directly attributable costs required to bring the system to market.

(k) Tangible fixed assets and depreciation

Tangible fixed assets acquired upon acquisition of a business are stated at fair value less depreciation recognised since the business acquisition. Other tangible fixed assets acquired are stated at cost less depreciation recognised since acquisition.

- Office premises improvements are written off over the non-cancellable period of occupancy of office premises.
- Furniture, fixtures and fittings acquired in the normal course of business are written off over three years.
- Computer equipment and software acquired in the normal course of business is written off over three years.

(l) Investments

Investments include liquidity funds as well as notice accounts, fixed term deposits and certificates of deposit with maturity of more than three months at date of acquisition. Short-term investments include liquidity funds as well as notice accounts, fixed term deposits and certificates of deposit with maturity of less than 12 months at the balance sheet date.

(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term investments (notice accounts and certificates of deposit) with maturity of three months or less at date of acquisition.

(n) Financial instruments

Financial assets and liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

i. Financial assets

Basic financial assets including trade debtors and other debtors are initially recognised at transaction price and are subsequently measured at cost less impairment. Trade debtors and other debtors are classified as current assets as these fall due within one year. Trade debtors are subject to periodic impairment assessment. Any losses arising from impairment are recognised in the consolidated statement of comprehensive income.

3. Summary of significant accounting policies (continued)

(n) Financial instruments (continued)

Investments in short term deposits and notice accounts are initially recognised at transaction price and are subsequently measured at the undiscounted principal amount of cash expected to be received, with any interest due to be received from the investment at the end of the reporting period recognised separately as accrued income. Such assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled as a result of the maturity date being reached or through the sale of the asset.

Investments in liquidity funds are initially measured at fair value, being the transaction price for acquiring the assets. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

ii. Financial liabilities

Basic financial liabilities, including payments on account from issuers, trade creditors and other creditors, are initially recognised at transaction price, and subsequently measured at amortised cost.

Financial liabilities are derecognised when the contractual obligation in respect of the liability is discharged, cancelled or expires.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors and other creditors are classified as current liabilities if they are due within one year.

Payments on account from issuers are amounts received in advance of listing fees being invoiced and are also classified as current liabilities.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new Ordinary shares are shown in equity as a deduction from the proceeds received. Distributions to shareholders paid out of capital are deducted from the carrying balance of share capital.

(p) Dividends

Provision is made for the amount of any dividend declared by the Board when paid. Dividends paid are recognised in the statement of changes in equity.

(q) Taxation

The tax expense for the period comprises current tax. The income tax expense for the period is recognised in the consolidated statement of comprehensive income and is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction the Group operates and generates taxable income.

The Group does not recognise any deferred tax assets or liabilities on the basis that all fixed assets are held by the Company which is subject to taxation at the company standard rate of 0% and therefore no timing differences arise in respect of deferred tax.

4. Significant events

The World Health Organisation declared COVID-19 a global health emergency on 30 January 2020. The global pandemic has severely impacted the global economy, with certain business sectors and businesses more severely impacted than others. However, the results of the Group for the year ended 31 December 2021 evidence the resilience of the Group's business. Turnover and profit before tax are both ahead of the prior year. Cash and cash equivalents together with investments as at 31 December 2021 totalled £13,430,755 compared to £10,748,254 as at 31 December 2020. The net asset position has increased over the year by £2,493,440. Dividends declared and paid during the year amounted to £2,256,800.

No staff were furloughed and no Government financial assistance was sought during the financial year, nor post year-end. The Group has adopted a flexible approach to working, which allows staff to work between the office and home. This not only supports staff wellbeing, but also allows the business to manage covid infection risk as and when cases arise.

Post year-end, the ongoing events in Ukraine have led to a number of related sanctions and other response measures being imposed on Russia. The Authority has carried out a detailed review of the Exchange's exposure to Russian entities and individuals, and the actions taken as a result of this review are detailed in note 24 to the consolidated financial statements.

5. Operating segment information

In accordance with FRS 102 it is necessary to assess the existence of operating segments and apply criteria to identify reportable segments. The business of the Group consists of a single reportable operating segment. The sole business of the Group is the operation of an investment exchange.

The business of the Group, namely the operation of an investment exchange, is carried on from Guernsey. Revenue from external customers is attributable to individual countries based on the domicile of Members in relation to fees raised against Members and based on the domicile of Issuers in relation to fees raised against Issuers.

Notes to the Consolidated Financial Statements

5. Operating segment information (continued)

Entity wide disclosure		Year ended 31 December 2021		Year ended 31 December 2020
	£	£	£	£
Revenue from external customers				
Membership fees				
Initial fees	-		15,000	
Annual fees	225,540		233,100	
		225,540		**248,100**
Listing fees				
Initial fees	3,778,325			2,814,550
Annual fees	4,795,920			4,328,347
		8,574,245		**7,142,897**
Other Listing related fees		1,123,037		899,203
Other income		31,616		71,800
		9,954,438		**8,362,000**

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Membership Fees - Initial and Annual Geographical analysis **Revenue from Members by domicile**		
Guernsey	113,400	136,000
Jersey	93,240	93,200
Isle of Man	18,900	18,900
	225,540	**248,100**

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Listing Fees - Initial and Annual **Geographical analysis** **Revenue from Issuers by domicile**		
Guernsey	282,722	417,432
Ireland	564,405	444,421
Isle of Man	180,142	33,822
Jersey	807,797	615,495
Other	1,709,297	1,519,373
UK	5,029,882	4,112,354
	8,574,245	**7,142,897**

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Total Turnover – Geographical analysis		
Guernsey	437,462	599,433
Ireland	610,355	496,921
Isle of Man	221,742	55,647
Jersey	989,237	753,920
Other	2,010,685	1,826,100
UK	5,684,957	4,629,979
	9,954,438	**8,362,000**

	31 December 2021 £	31 December 2020 £
Non-Current Assets **Geographical analysis** **Tangible Assets by location**		
Guernsey	136,459	66,179
Isle of Man	205	434
Jersey	355	711
	137,019	**67,324**

Notes to the Consolidated Financial Statements

6. Staff costs

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Administrative expenses includes staff costs as follows:		
Salaries, including bonus payments	2,747,372	2,190,696
Social security costs	176,927	135,529
Payments to employees' personal pension arrangements	117,384	97,215
Health insurance	74,936	68,374
Life insurance	7,152	5,524
Equity-settled share based payments	54	7
Other employee benefits	30,511	28,024
	3,154,336	**2,525,369**

7. Auditor's remuneration

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Fees payable to the Company's auditor for the audit of:		
The Group's consolidated financial statements	23,050	23,500
The Subsidiary's stand-alone financial statements	36,875	32,500
	59,925	**56,000**

8. Interest receivable and similar income

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Interest from financial assets measured at amortised cost:		
Cash and cash equivalents	27	389
Term deposits and notice accounts with term or notice of more than three months'	12,364	22,430
Total interest from financial assets measured at amortised cost	**12,391**	**22,819**
Income and net gains/(losses) from financial assets measured at fair value through profit or loss:		
Dividends from liquidity funds	166	7,634
Realised loss on liquidity funds	-	(2,669)
Movement in unrealised gain/(loss) on liquidity funds	-	3,647
Total income and net gains/(losses) from financial assets measured at fair value through profit or loss	**166**	**8,612**
Total interest receivable and similar income	**12,557**	**31,431**

Notes to the Consolidated Financial Statements

9. Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The Company and the Subsidiary are tax resident in Guernsey. Profits of the Subsidiary in respect of income from the regulated activity of operating an investment exchange under the Protection of Investors (Bailiwick of Guernsey) Law, 2020 are taxable at the company intermediate rate of 10%. Other income is subject to taxation in Guernsey at the company standard rate of 0%.

The Jersey branch of the Company is subject to taxation in Jersey at the standard corporate rate of 0% and the Isle of Man branch of the Company is subject to the Manx standard rate of 0%.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate to the profit before tax is as follows:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Profit on ordinary activities before taxation	4,916,051	3,800,523
Profit taxable at the standard rate of income tax of 0%	3,257,400	2,015,463
Profit taxable at the company intermediate rate of 10%	1,658,651	1,785,060
Profit on ordinary activities multiplied by the company standard rate of income tax in Guernsey of 0% (2020: 0%)	-	-
Effects of: Profits taxable at 10% in Guernsey	165,865	178,506
Total tax charge for the year	**165,865**	**178,506**

10. Earnings per share

Basic earnings per share is calculated by dividing profit for the financial year by the weighted average number of the Company's Ordinary shares outstanding during the year.

Diluted earnings per share makes allowance for dilutive share options in issue during part or for all of the year.

Share options are dilutive where the exercise price is less than the average market price during the year.

There were 125,000 dilutive share options in issue at the end of 2021 (2020: Nil)

Details of the earnings per share calculations are as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Basic		
Basic weighted average of shares outstanding	2,821,000	2,821,000
Net profit attributable to Ordinary shareholders	£4,750,186	£3,622,017
Basic earnings per share	**168.4p**	**128.4p**

Diluted		
Potential ordinary shares outstanding during the year:		
Dilutive share options in issue throughout the year	-	-
Non-dilutive share options in issue at the start of the year	200,000	50,000
Dilutive share options issued during the year	50,000	-
Dilutive share options in issue at the end of the year	125,000	-
Non-dilutive share options granted during the year	-	150,000
Non-dilutive share options in issue at end of year	125,000	200,000
Potential proceeds from dilutive share options	1,156,250	-
Average market share price for the year	1091p	802p
Shares deemed repurchased	105,981	-
Shares deemed issued for no consideration	19,019	-
Weighted number of shares deemed issued for no consideration	16,981	-
Diluted weighted average shares outstanding	2,837,981	2,821,000
Net profit attributable to ordinary shareholders	£4,750,186	£3,622,017
Diluted earnings per share	**167.4p**	**128.4p**

The non-dilutive share options in issue have an exercise price range of £12 - £14 per share.

11. Intangible fixed assets

	Intangible Assets £
Cost:	
At 1 January 2020	-
Additions	-
At 31 December 2020	**-**
Additions	130,000
At 31 December 2021	**130,000**
Amortisation:	
At 1 January 2020	-
Charge for the year ended	-
At 31 December 2020	**-**
Charge for the year ended 31 December 2021	-
At 31 December 2021	**-**
Carrying amount:	
At 31 December 2020	-
At 31 December 2021	**130,000**

On 13 May 2021, the Company entered into an agreement with Avenir Technology Limited to supply a trading system for commercial use by the Group. The trading system will be live from February 2022 onwards and the cost will be amortised over 7 years from the date in use.

The Directors are satisfied that the Company can recognise the external development and implementation costs, required to bring the trading system to market, as an intangible asset.

Costs to date associated with the development and implementation of the system are £130,000.

12. Tangible fixed assets

	Office premises improvements	Furniture, fixtures and fittings	Computer equipment and software	Total
	£	£	£	£
Cost:				
At 1 January 2020	81,334	7,527	57,310	146,171
Additions	-	18,589	37,605	56,194
Written down	-	(1,708)	(11,820)	(13,528)
At 31 December 2020	**81,334**	**24,408**	**83,095**	**188,837**
Additions	49,265	57,991	46,265	153,521
Written down	(81,334)	(4,167)	(9,080)	(94,581)
At 31 December 2021	**49,265**	**78,232**	**120,280**	**247,777**
Depreciation:				
At 1 January 2020	51,995	5,043	30,213	87,251
Charge for the year ended 31 December 2020	12,080	8,148	27,562	47,790
Written down	-	(1,708)	(11,820)	(13,528)
At 31 December 2020	**64,075**	**11,483**	**45,955**	**121,513**
Charge for the year ended 31 December 2021	17,655	26,077	40,093	83,825
Written down	(81,334)	(4,167)	(9,080)	(94,581)
At 31 December 2021	**396**	**33,393**	**76,968**	**110,757**
Carrying amount:				
At 31 December 2020	17,259	12,925	37,140	67,324
At 31 December 2021	**48,869**	**44,839**	**43,312**	**137,020**

Notes to the Consolidated Financial Statements

13. Debtors

	31 December 2021	31 December 2020
	£	£
Trade debtors	1,164,071	722,448
Other debtors	5,365	13,525
Prepayments	210,183	225,587
Accrued income	3,703	12,220
	1,383,322	**973,780**

Trade debtors includes no amounts falling due after more than one year. Trade debtors as at 31 December 2021 of £1,164,071 is after impairment provision of £108,390. Trade debtors as at 31 December 2020 of £722,448 is after impairment provision of £29,200. In line with UK GAAP the impairment provision is arrived at allowing for the ageing of outstanding invoices.

14. Investments

	31 December 2021	31 December 2020
	£	£
Investments at fair value through profit or loss:		
Liquidity funds	5,574,392	4,074,392
Investments at amortised cost:		
Short-term deposits/notice accounts with maturity at date of acquisition of over 90 days and no more than 365 days	3,975,220	2,964,781
	9,549,612	**7,039,173**

On 24 March 2022, the board declared a special dividend of £2.00 per ordinary share, with a record date of 10 June 2022 and a payment date of 27 June 2022. This will be funded by the liquidation of the Company's short term investment holdings (liquidity funds and notice accounts).

15. Creditors: Amounts falling due within one year

	31 December 2021 £	31 December 2020 £
Deferred income	3,114,416	2,477,537
Payments on account from issuers	92,310	70,382
Trade creditors and accruals	297,513	246,638
Corporate taxation	27,104	25,079
Other creditors	158,413	60,649
	3,689,756	**2,880,285**

16. Provisions for other liabilities

Dilapidations provision	£
At 1 January 2020	**9,636**
Addition to provision	2,208
At 31 December 2020	**11,844**
Addition to provision	1,648
Release of old provision	(13,492)
Addition to current provision	672
At 31 December 2021	**672**

On 8 June 2015, the Company entered into a 15 year lease in respect of office premises at Helvetia Court, South Esplanade, St. Peter Port, Guernsey. The lease allows for early termination after 13 years.

The Company subsequently fitted out these offices. Following such fitting out, the Company identified a liability estimated at £15,000 to make good the alterations, removing new fixtures and fittings come the end of the lease. During 2021, the Company has refitted these offices and reassessed the dilapidations provision required come the end of the full lease term. Following the 2021 refurbishment the provision as at 31 December 2021 is £672 (2020: £11,844).

17. Share capital

	Non-Participating Share		Ordinary Shares	
	£	Number	£	Number
Authorised				
As at 1 January 2020	1	1	5,000,000	5,000,000
As at 31 December 2020	1	1	5,000,000	5,000,000
As at 31 December 2021	1	1	5,000,000	5,000,000
Allotted, called up and fully paid				
As at 1 January 2020	1	1	1,331,580	2,821,000
As at 31 December 2020	1	1	1,331,580	2,821,000
As at 31 December 2021	1	1	1,331,580	2,821,000

The Non-Participating share of par value £1 has been issued to the States of Guernsey. The Articles of Incorporation stipulate that the Non-Participating share only carries voting rights where specifically provided for in the Companies Law and carries no right to receive any dividend and, on winding up, only the par value shall be payable.

The Ordinary shares have a par value of £1 per share.

18. Financial instruments

	Notes	31 December 2021 £	31 December 2020 £
Financial assets at fair value through profit or loss:			
Liquidity funds	14	**5,574,392**	**4,074,392**
Financial assets measured at amortised cost:			
Trade debtors	13	1,164,071	722,448
Other debtors	13	5,365	13,525
Term deposits and notice accounts with term or notice of more than three months	14	3,975,220	2,964,781
Term deposits and notice accounts with term or notice of three months or less	19(b)	2,228,302	2,227,231
		7,372,958	**5,927,985**
Financial liabilities measured at amortised cost:			
Deferred income	15	3,114,416	2,477,537
Payments on account from issuers	15	92,310	70,382
Trade creditors and accruals	15	297,513	246,638
Corporate taxation	15	27,104	25,079
Other creditors	15	158,413	60,649
Provisions for other liabilities	16	672	11,844
		3,690,428	**2,892,129**

Financial assets held at fair value through profit or loss are valued based on quoted market prices in an active market.

Investments in liquidity funds carried at fair value involve credit risk, liquidity risk and market risk. Credit risk is limited with exposure spread across a number of funds. A Group approved list of counterparties is maintained and individual counterparty limits set by the Board. The credit rating of each fund is investment grade and the portfolio is subject to oversight by the appointed investment manager. Liquidity risk exposure is in terms of the ability to realise the investments in a timely fashion. There is an active market in the approved funds as well as in the underlying investments of the funds which are of short-term duration. Market risk exposure is in terms of price volatility of the liquidity funds themselves and of the underlying short duration financial instrument held by such funds.

The liquidity funds and underlying short duration financial instruments represent an asset class that does not ordinarily experience extreme price variation.

19. Notes to the Statement of Cash Flows

(a) Reconciliation of profit to net cash inflow/(outflow) from operating activities

	Notes	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Profit on ordinary activities before taxation		4,916,051	3,800,523
Adjustments to reconcile profit for the period to net cash flow from operating activities:			
Equity settled share based payments	20	54	7
Depreciation of tangible assets	12	83,825	47,790
Provision for other liabilities	16	(11,172)	2,208
Interest received		(4,033)	(32,942)
Working capital movements:			
(Increase)/Decrease in debtors		(409,542)	214,201
Increase /(Decrease) in creditors		807,446	(64,707)
Net cash inflow from operating activities		**5,382,629**	**3,967,080**

(b) Cash and cash equivalents

	31 December 2021 £	31 December 2020 £
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	1,652,841	1,481,850
Short-term deposits/notice accounts with maturity at date of acquisition of 90 days or less	2,228,302	2,227,231
	3,881,143	**3,709,081**

20. Share based payments

Equity-settled share option scheme

The Group operates an Employee Share Option Scheme (ESOS) as approved by the shareholders of the Company by way of written resolution on 9 December 2015 and as amended by way of written resolution dated 16 December 2020. In accordance with the rules of the ESOS, the Directors determine which employees of the Group are eligible to participate in the ESOS and no employee is, by right, eligible to participate. In accordance with the rules of the ESOS, the lesser of 1 million shares or 25% (amended from 20% on 16 December 2020) of the issued share capital of the Company may be issued on the exercise of options over a 7 year period.

The Directors may apply exercise conditions to the issue of any options. Any options may be exercised once vested any time up to 7 years after date of grant. The option exercise price is set by the Directors and must not be less than the market value of the Company's shares at the date of grant. An option holder may not sell or otherwise transfer options granted and the options either lapse within 1 month of cessation of employment or are automatically cancelled.

Number of options

Exercise price	£9	£9.125	£10	£12	£14
Outstanding as at 1 January 2020	-	50,000	-	-	-
Granted during the year ended 31 December 2020	-	-	25,000	100,000	25,000
Outstanding as at 31 December 2020	-	50,000	25,000	100,000	25,000
Granted during the year ended 31 December 2021	50,000	-	-	-	-
Exercised during the year ended 31 December 2021	-	-	-	-	-
Outstanding as at 31 December 2021	50,000	50,000	25,000	100,000	25,000

On 13 December 2018 50,000 share options were granted at an exercise price of £9.125 per share, vested on the date of grant and were subject to no exercise conditions.

On 16 December 2020 25,000 share options were granted at a minimum exercise price of £10 per share. The share options vest after 3 years (subject to the rules of the ESOS) and are subject to no exercise conditions. On 16 December 2020 a further 100,000 share options were granted at a minimum exercise price of £12 per share. The share options vest after 5 years (subject to the rules of the ESOS) and are subject to no exercise conditions. On 16 December 2020 a further 25,000 share options were granted at a minimum exercise price of £14 per share. The share options vest after 5 years (subject to the rules of the ESOS) and are subject to no exercise conditions. The exercise price of the share options granted on 16 December 2020 is subject to adjustment upwards by reference to growth in the Group's total holdings of investments together with cash and cash equivalents.

On 26 March 2021 a further 50,000 share options were granted at an exercise price of £9 per share, vested on the date of grant and were subject to no exercise conditions.

The Directors arrived at the value for the share options granted with reference to the internationally recognised Black Scholes option pricing model. In respect of the share options granted, the Group has recognised in 2021 a total charge to the consolidated statement of comprehensive income of £54, with recognition of a corresponding increase in equity.

Notes to the Consolidated Financial Statements

21. Related parties

During the year and the prior year the Group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and all trading balances outstanding at 31 December 2021 and at 31 December 2020, were as follows:

i. Entities with significant influence over the Group

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Turnover		
Membership fees	£6,300	£6,300
Dividend payments	£196,880	£123,050

Listing Member, Carey Olsen Corporate Finance Limited (COCFL), holds 8.72% (2020: 8.72%) of the issued share capital of the Company. COCFL paid an annual membership fee in both 2021 and 2020.

Director G E S Coltman is a corporate partner of Carey Olsen's Jersey practice and received total remuneration of £40,000 (2020: £25,000) for the year.

21. Related parties (continued)

ii. Entities controlled by Key Management Personnel

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Turnover		
Listing fees	-	£5,687
Dividends declared and paid	-	£139,815
Creditors: Amounts falling due within one year		
Deferred income – Listing fees	-	£1,888

(a) Terms and conditions of transactions with related parties

Income and expense transactions between related parties are made at normal market prices. Outstanding balances are unsecured, interest free and cash settlement is expected in line with set terms. Membership fees are due within 30 days of invoice. The Group has not made any provision for doubtful debts relating to any amounts owed by related parties.

(b) Key management personnel

All Directors of the Company, as well as all the Directors of the Subsidiary, are considered to be key management personnel during their term of appointment. The compensation recognised for the year in respect of key management totalled £1,001,981 (2020: £914,384).

As at 31 December 2021, Directors of the Subsidiary held a total of 100,000 share options (2020: 500 Ordinary shares and 50,000 share options). The interests of the Directors of the Company in the share capital of the Company is disclosed in the Directors' Report on page 25.

In addition to the dividends received by entities controlled by key management reported above, key management received dividends, during their period of appointment, totalling £30,000 in 2021 (2020: £66,000).

On 13 May 2021, the Company entered into an agreement with Avenir Technology Limited to supply a trading system for commercial use by the Group. Stuart Turner, a Director of the Company, is also a Director of Avenir Technology Limited and holds a non-controlling interest in that company. During the year, the Company paid £130,000 to Avenir Technology Limited for the development and implementation of the NOVA trading system, £8,580 for consultancy services relating to the Trading and Settlement Rules and £5,000 for operational support fees. No amounts remained payable to Avenir Technology Limited in respect of this contract at the year-end.

22. Controlling party

The Directors are of the opinion that there is no immediate or ultimate controlling party of the Company.

23. Operating leases

On 8 June 2015, the Company entered into a 15 year lease in respect of office premises at Helvetia Court, South Esplanade, St Peter Port, Guernsey. The lease allows for early termination after 13 years.

On 30 July 2019, the Company entered into a serviced offices licence in relation to an office at Forum 3, Grenville Street, St Helier, Jersey. The minimum term under the licence is 24 months.

On 22 October 2020, the Company entered into a Registered Branch Office Agreement in relation to an office space at 2nd Floor, St Mary's Court, 20 Hill Street, Douglas, Isle of Man, IM1 1EU. The Registered Branch Office Agreement can be terminated by either party giving one month's written notice.

The Group had the following future minimum lease payments under non-cancellable operating leases:

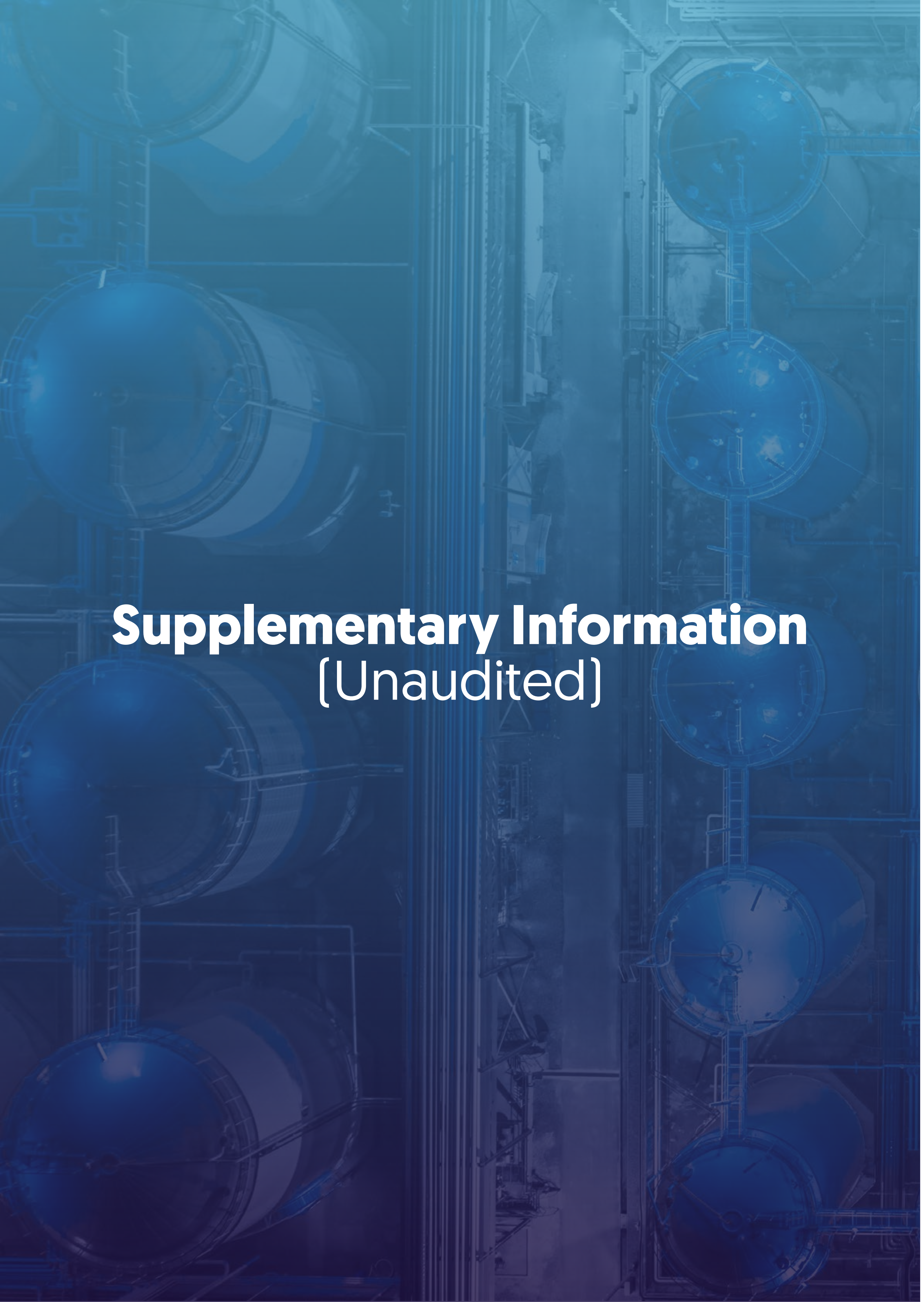
Payments due	31 December 2021 £	31 December 2020 £
Not later than 1 year	197,945	199,695
Later than 1 year and not later than 5 years	744,854	80,599
Later than 5 years	267,624	-
	1,210,423	**280,294**

The Group recognised operating lease charges totalling £199,833 for the year (2020: £213,140).

24. Events after the reporting period

In response to the ongoing events in Ukraine and the related sanctions and other response measures being imposed on Russia, the Authority carried out a detailed review of the Exchange's exposure to Russian entities and individuals. On 3 and 4 March 2022, the Authority suspended dealings in the securities of five issuers with links to Russia, with one further issuer having voluntarily suspended dealings in its securities on the Exchange. Subsequently, on 10 March 2022, the Authority enforced the cancellation of the listings of four of these issuers which had a material exposure to Russia. The loss of annual fees associated with this decision is £5,200. Dealings in the securities of the other two issuers remain suspended. Should the listing of these securities be cancelled, the additional loss of annual fees would be £9,800.

On 24 March 2022, the board declared a special dividend of £2.00 per ordinary share, with a record date of 10 June 2022 and a payment date of 27 June 2022.



Supplementary Information
(Unaudited)

Corporate Information

Directors:

C S H Geffen	(Chair) (appointed 1 January 2021)
G E S Coltman	
G Y Morris	(Appointed 1 January 2021)
S R Turner	
C Vermaas	(Chief Executive Officer)
A A Whamond	

Secretary:
E A C Humphry

Registered office:
Helvetia Court
Block B, Third Floor
Les Echelons
St Peter Port
Guernsey
GY1 1AR

Registered number:
57524

Independent auditor:
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Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey
GY1 4ND

Financial adviser:
Investec Bank plc
30 Gresham Street
London
EC2V 7QP

Listing sponsor:
Bedell Channel Islands Ltd
26 New Street
St Helier
Jersey
JE2 3RA

Registrar:
JTC Registrars Ltd
Ground Floor
Dorey Court
Admiral Park
St Peter Port
Guernsey
GY1 2HT

Summary Financial Information

Consolidated Statement of Comprehensive Income (Unaudited)

	Year ended 31 December 2021 £ '000	Year ended 31 December 2020 £ '000	Year ended 31 December 2019 £ '000
Turnover	9,954	8,362	7,585
Administrative expenses	(5,051)	(4,593)	(4,011)
Operating profit	**4,903**	**3,769**	**3,574**
Interest receivable/payable	13	31	59
Profit on ordinary activities before taxation	**4,916**	**3,800**	**3,633**
Taxation	(166)	(179)	(157)
Profit for the financial year	**4,750**	**3,621**	**3,476**
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	**4,750**	**3,621**	**3,476**

Consolidated Statement of Financial Position (Unaudited)

	31 December 2021 £ '000	31 December 2020 £ '000	31 December 2019 £ '000
Fixed assets	**267**	**67**	**59**
Current assets	**14,815**	**11,722**	**9,563**
Current liabilities	**(3,690)**	**(2,880)**	**(2,926)**
Net current assets	**11,125**	**8,842**	**6,637**
Total assets less current liabilities	**11,392**	**8,909**	**6,696**
Provisions for other liabilities	**(1)**	**(12)**	**(10)**
Net assets	**11,391**	**8,897**	**6,686**
Shareholders' equity	**11,391**	**8,897**	**6,686**

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The International Stock Exchange

ANNUAL REPORT & CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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