LMAX Group

2023 Annual Report

and Consolidated Financial Statements

The leading global cross-asset marketplace

LMAX Group

LMAX Exchange Group Limited (LMAX Group or the Company)
is the holding company of LMAX Exchange, LMAX Global and LMAX Digital.
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Introduction: about LMAX Exchange Group Limited

Building Fairer Markets through transparent, precise and consistent execution for all participants

LMAX Exchange Group Limited is a global financial technology company and the leading independent operator of multiple institutional execution venues for FX and digital assets trading.

With offices in 9 countries and a global client base, the Group builds and runs its own high performance, ultra-low latency exchange infrastructure, which includes matching engines in London, New York, Tokyo and Singapore.

LMAX Exchange Limited has a solid presence in all the major FX markets around the world, including Europe, North America and Asia-Pacific. Our rapidly expanding global institutional and professional client base is a testament to our distinctive business model that delivers efficient market structure and transparent, precise, consistent execution to all market participants.

The LMAX Exchange Limited portfolio includes LMAX Exchange Limited, LMAX Global and LMAX Digital Group Limited.

LMAX | Exchange

The institutional exchange for global FX

LMAX Exchange Limited operates global institutional FX exchanges, an FCA regulated MTF and MAS regulated RMO. A central limit order book execution model offers streaming firm liquidity from top-tier banks and non-bank institutions, transparent price discovery, no 'last look' rejections and full control over trading strategy and costs.

LMAX | Global

The regulated broker for global FX

LMAX Global is a leading regulated broker for FX, metals and commodities worldwide. Servicing retail brokers and professional traders, LMAX Global offers execution services and access to institutional firm liquidity with tight spreads from the LMAX Exchange central limit order book.

LMAX | Digital

The institutional spot digital assets exchange

LMAX Digital Group Limited is a leading institutional spot digital assets exchange. Based on proven, proprietary technology from LMAX Exchange Limited, LMAX Digital Group Limited allows global institutions to acquire, trade and hold digital assets such as BTC, ETH, LTC, BCH, XRP, SOL, PYTH, MATIC and LINK safely and securely. LMAX Digital Group Limited is regulated by the Gibraltar Financial Services Commission (GFSC) as a DLT (Distributed Ledger Technology) provider for execution and custody services.

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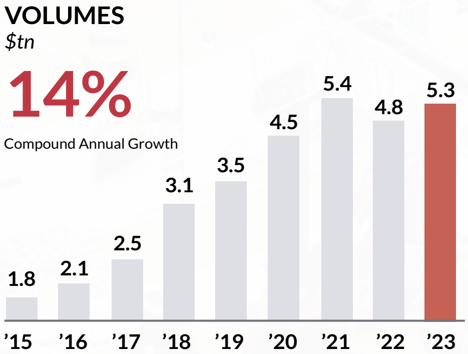
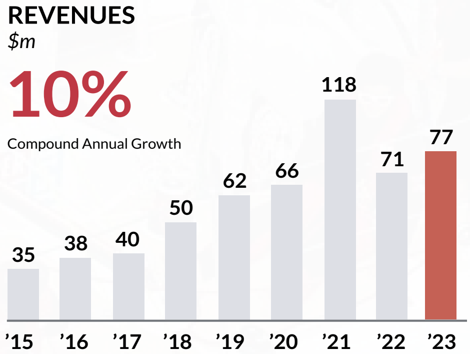
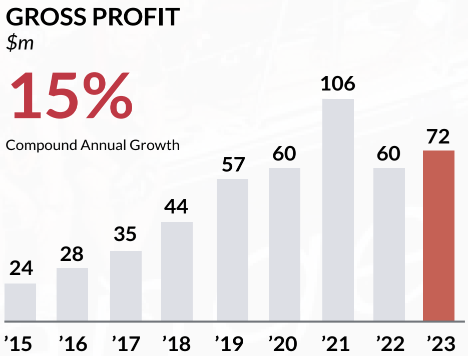
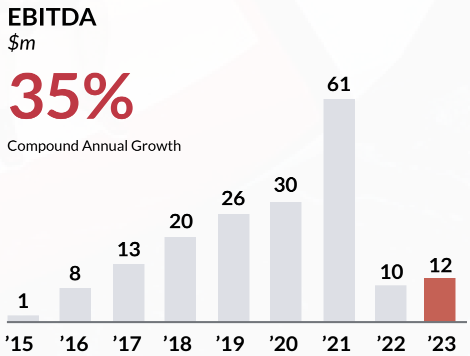
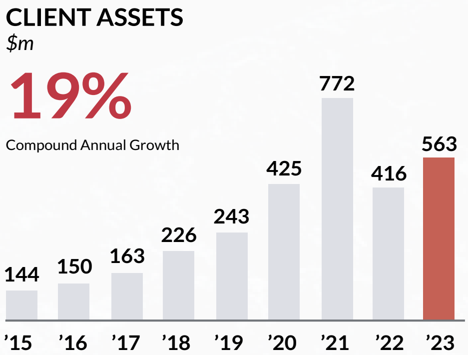
2023 financial highlights











- **Trading volumes of US$5.3 trillion, 10% higher than 2022**
- **Gross revenues of US$77m, 9% increase on 2022**
- **Gross profit of US$72m, 21% increase on 2022**
- **Statutory EBITDA of US$12m, 22% increase on 2022**
- **Profit for the year of US$9m, compared to a loss of US$17m in 2022**
- **Client assets held of US$563m, 35% increase on 2022**

CEO's statement

Overview


David Mercer, CEO

LMAX Exchange Limited remains committed to its vision of building fairer, more inclusive access to capital markets, where robust institutional grade market structure and governance have evolved to deliver a transparent, level playing field for all participants.

We relentlessly pursue this vision through continuous dialogue with stakeholders across the FX and crypto industry, developing new solutions for institutions through innovation and investment in our people and technology. Capital markets are at a point of transformation, and we sit at the forefront of that change. We have a deliberate ambition to establish the leading cross-asset marketplace. In 2023 our focus shifted from strategic planning to execution of growth initiatives and continued investment to deliver on this long-term mission. Notable achieved milestones in 2023 include:

CLOB diversification:

1. Buy-side client segment added via acquisition of Cürex (Completed in October 2023). We remain focused on broadening market access for our institutional clients by continuing to drive efficiencies and invest in our distribution capabilities, product diversification and trading functionality. By consolidating our industry position together with Cürex, we are creating a stronger institutional FX liquidity offering for our clients
2. Foundation work completed for private room offering the Price Check protocol: a risk control ensuring that the trade request is within the credit, settlement and other operational limits (launched in Jan-24)
3. Recognised Market Operator (RMO) license from the Monetary Authority of Singapore (MAS) received enabling the Group to offer Non-Deliverable Forward (NDF) trading in Singapore and London (launched in Jun-24)

Market data: Newly formed team focused on commercialising our market data offering and have increased revenues to $6.4m (up 65% YoY), with an execution roadmap in place to drive future growth.

Broker expansion: Investment and strategic partnership formed with a broker in AsiaPac; deal completion subject to approval from target's local regulator. The deal enables LMAX Global to strengthen its proposition and broaden its geographical footprint.

TradFi/blockchain proliferation: Prototype for a 24x7 tokenised asset exchange that brings together the best of distributed and centralised exchanges built, eliminating credit risk and allowing for instantaneous settlement and ownership transfer; business plan completed.

2023 revenues were improved from 2022. Volumes of $5.3tn were up 10% YoY and net revenues of $72.3m up 21% YoY, driven by higher funding and market data revenue, along with gains from sales of Pyth tokens, which the firm acquired in previous years. The tokens were airdropped to the public on 20th November 2023.

The crypto winter, which initially emerged in the second half of 2022 on the back of a series of industry challenges, most notably the demise of FTX, was further degraded in the first quarter of 2023 following the failure of the key US banks supporting the crypto community.

CEO's statement

This led to further adverse sentiment towards crypto trading and asset valuations across the year, with BTC, the most liquid crypto asset, experiencing a 75% annual reduction in value from Nov-21 (USD 64k) to Nov-22 (USD 16k); not dissimilar to the fall in volumes and commissions LMAX Digital Group Limited saw across that period.

However, the market picked up in the latter part of 2023 on the back of the increasing likelihood that the SEC would approve the first spot BTC ETF's (eventually approved in Jan-24) which, combined with the appropriate crypto regulatory framework, could in turn lead to widespread institutional adoption.

This appears to be the dawning of a crypto spring as the market hit new highs in early 24 (BTC: USD 70k end Mar-24), with investors anticipating the first spot ETH ETF approval.

Financial highlights

- Net revenues of $72m, up 21% (+$13m) from prior year, largely driven by higher funding (+$4m), market data (+$3m), additional revenues from PYTH (+$13m), offset by reduced net commissions for LMAX Digital Group Limited (-$4m) and LMAX Exchange Limited (-$3m)
- Costs: $76m, up 34% (+$19m) annually largely due to additional resource (headcount 290 at end of 2023, up 17% YoY) driven by:
    - a) increased development capacity
    - b) facilitated 24x7 global client settlements and support
    - c) strengthened audit and control environment as well as corporate governance
- EBITDA: $12m, up 22 % (+$2m) from 2022
- Despite a challenging 2023, we saw a turnaround in the last quarter of 2023, the best performing quarter since 2021, demonstrating revenue and volume growth, as well as an increase in market share.

LMAX | Exchange

The future growth of the Exchange business is central to the Group's long-term strategy and still presents a large opportunity, due to scale of the attainable market, especially in Asia and North America.

Understanding the needs of our clients, all key market participants, is key to both the development of our product offering and evolution of the FX market.

LMAX Exchange Limited recorded volumes of $4.5tn in 2023, 5% higher YoY, a result of efforts to optimise liquidity across exchanges throughout 2022 and early 2023. This helped to establish a more sustainable and diversified ecosystem to better support long term growth.

Financial highlights footnotes:

a. 2023 average rate of GBP/USD 1.244 (2022: 1.238) has been used within the financial highlights and CEO Statement sections.

b. EBITDA of £10m (US$12.1m) is arrived at by adding back depreciation of £4.6m (US$5.7m), amortisation of £5.4m (US$6.7m), foreign exchange loss of £1.3m (US$1.7m), R&D tax relief £1.3m (US$1.7m), deal costs of £0.4m (US$0.5m) and deducting impairment reversal £(12.6)m (US$15.7m)* from operating gain of £9.1m (US$11.3m).

c. Revenue includes interest income.

CEO's statement

The business continues to invest in product and trading functionality as well as broadening its global sales coverage. In October 2023, the Group successfully completed the acquisition of the FX business of Cürex Limited, a New York City-based institutional foreign exchange execution services and data analytics company, adding buy-side clients, a new customer segment to LMAX Exchange Group Limited. The combination of LMAX Exchange Limited and Cürex Limited brings together the distribution scale and technical capabilities of both businesses to create a stronger, more diversified, firm liquidity, institutional FX offering for clients to include execution venues, precise market data and trade analytics.

We remain focused on broadening market access for our clients by continuing to drive efficiencies and invest in our distribution capabilities, product diversification and trading functionality. By consolidating our industry position together with Cürex we continue to build the leading, global institutional FX exchange and create a stronger FX liquidity offering for our clients. The acquired business and products are currently being integrated with our proprietary award-winning technology.

LMAX Exchange will continue to diversify its institutional offering in 2024, by adding new products on the CLOB, expanding its client base and adding functionality to its exchange venues. The business is intensely focused on the execution of our 4 key initiatives in 2024, all of which began in 2023:

- Increase and diversify liquidity on LMAX CLOB and private rooms. LMAX private room means the all-to-all LMAX matching facilities provided by LMAX to enable two or more bank members to trade FX, bullion, non-deliverable forwards or any other instruments with each other.
- Close product gap with our competitors and offer a low volatility market price check product to complement our streamed limit order liquidity
- Offer superior NDF products to the market in terms of firm liquidity, fungibility/settlement and regulation
- LMAX Electronic Communication Network (ECN) – Dramatically increase client experience and fill gaps and demands of our existing and prospective clients

LMAX | Global

We continue to grow our regulated institutional brokerage businesses by supporting the evolving needs of our clients. At the end of 2023, we held $239m of trading funds for our clients, up 18% YoY, leading to net revenues of $28.8m, 20% higher than 2022.

The business is well positioned to deliver on its strategy, which will ultimately drive the expansion of the business to become one of the top institutional brokers.

Strategic goals

- Maintain a quality round-the-clock service to customers with a global client and partnership support team
- Broaden Global reach with a cross border strategy and targeting new geographical areas
- Invest in stable, secure and reliable technology to provide a full range of broker liquidity solutions
- Attract, develop, and retain the best people with internal and external education, plus the right mix of languages, cultural and local knowledge for the territories we serve
- Form key strategic partnerships to help grow and service our global client base

CEO's statement

- Increase market share across all existing products, with an opportunity to capitalise on growing demand for equity, futures and crypto products
- Diversify by offering a wider range of products to attract new market share and meet local demands such as swap-free accounts, local banking and ability to facilitate 24/7 crypto deposits and withdrawals
- Client protection and transparency – continue to safeguard clients' best interests and ensure they are treated fairly, as well as protecting the integrity of financial markets.

LMAX | Digital

LMAX Group Limited proved its resilience in 2022 and 2023 despite a number of black swan events and major shocks to the market which exacerbated already weak macro conditions with continuing regulatory uncertainty. Where other market participants were forced to materially reduce the size of their workforce or exit the industry entirely, LMAX Digital Group Limited continued to hire key personnel, invest in product development and seek improved regulation and governance.

The market came through the other side of a long crypto winter, which started in mid-2022 with the collapse of Terra Luna, the subsequent demise of FTX and was compounded in early 2023 by the failures of Silvergate and Signature banks. This led to more adverse sentiment towards crypto trading and vastly reduced asset valuations across the year. Market sentiment however, improved dramatically towards the end of 2023 in anticipation of the SEC's approval of 11 spot BTC ETF's which came to fruition in January 2024. Q4-23 was the best quarter for LMAX Digital Group Limited in 2023. Institutional awareness and adoption have heightened as investors have begun to trade crypto ETPs, an investment tool with which they are familiar. Additionally, banks are trialing tokenisation projects on blockchain technology, LMAX Digital Group Limited has continued to onboard new institutional clients throughout the year with an (average of 18 new accounts per quarter across 2023).

With a focus on client protection, in addition to the DLT license held with the GFSC in Gibraltar, LMAX Digital Group Limited is seeking increased regulation of the business and has applied for 2 additional licenses to operate in new regions.

- Singapore - a Digital Payment Token (DPT) license with MAS; approval expected imminently
- The Netherlands - VASP Registration with De Nederlandsche Bank (DNB), in preparation to operate LMAX Digital Group Limited under MiCA

The strategy for the business in 2024 and beyond is to consolidate our market positioning for institutional counterparties in the digital assets industry, and expansion of our infrastructure capabilities:

- Custodian 2: Proprietary custody solution to be offered as a service (pending approval of MiCA license)
- TradFi / blockchain proliferation opportunities. Prototype that brings together the best of distributed and centralised exchanges built, and business plan completed, exploring partnership opportunities and achieving proof of concept through exploratory discussions with top tier banks, investment managers and brokers.

CEO's statement

Future outlook

LMAX Exchange Group Limited will continue its history of building complementary business lines through successful optionality with strong strategic positioning to build the future cross asset marketplace.

The Group deserves credit for investing throughout 2022/2023 despite challenging conditions. Headcount at the end of 2023 was 290 vs 200 at the end of 2021.

These are exciting times for LMAX Exchange Group Limited, with an opportunity to both disrupt and scale with our unique positioning of LMAX Exchange Group Limited: Regulation, Technology and Distribution.

We are confident that the core business will continue to perform in the years ahead through organic growth via product and segment geographic distribution extensions, delivering tangible value for shareholders. Stakeholders are urged to focus on strategic initiatives outside of BAU which could be transformational for the Group and wider capital markets.

We expect that further extensions will be added via Swaps, ECN, deepening relationships with the buy-side segment, tokenisation and digital treasury. We will continue to reinvest cash reserves to grow the business, enhanced by sales of PYTH tokens.

The first quarter of 2024 has been our best performing to date and we have yet to even see the fruits of our investment in new NDF and price check products. The business is extremely motivated to push the boundaries and achieve greater success in the months and years ahead.

On behalf of the Board,

David Mercer, Director
25 July 2024
Yellow Building, 1A Nicholas Road, London, W11 4AN
Company Registered Number: 125453

Risk management

Risk profile

Risk management is central to the long-term success of the Group and to the resilience of our operations. LMAX Exchange Group Limited has well-established processes for identifying and managing risks. The Board sets the Risk Appetite and monitors how well risks within each business are mitigated and controlled. The emphasis of risk management within the Group is to support a sustainable business model with the capacity to manage all the risks it faces, and to be able to continue to offer its services under sustained financial market volatility and stressed conditions.

The Group operates in a dynamic competitive environment, facing risks relating to market conditions and its competitive position. The level of revenue in any period is largely driven by commission, trading revenue and funding income, which is a function of the volume of trading and position sizes held overnight by the Group's clients. The revenue mix is determined by trading conditions, where high market volatility usually results in increased levels of trading and commissions but reduced position sizes and funding income; conversely low market volatility usually has the opposite impact.

Regulation

LMAX Exchange Group Limited operates in a number of geographic regions which affects how it is able to market and provide its services to clients. The regulations relating to the products and markets in which the business operates are continually evolving. The Group welcomes any movement by regulators to improve client outcomes, and also recognises some changes adversely impact it or the activities of its clients as the industry adapts.

From 1 January 2022, LMAX Limited and LMAX Broker Ltd were regulated under Investment Firm Prudential Regime, a new prudential regulatory framework introduced by the Financial Conduct Authority specifically for investment firms, which stipulates the requirements to:

- Have in place adequate oversight, systems and controls in relation to risk management;
- Have in place appropriate strategies, policies and processes for identifying, measuring, monitoring and managing the risks faced it faces;
- Hold sufficient capital to meet its regulatory and internal capital requirements;
- Hold sufficient liquidity to meet its obligations as they fall due; and
- Publicly disclose information about the firm's governance arrangements, risk management objectives and policies relating to its regulatory capital and liquidity requirements and remuneration policies and practices.

LMAX Broker Europe Limited has been subject to the new EU equivalent rulebook, the Investment Firm Directive and Regulation (IFD/IFR) since it came into force on 26 June 2021. LMAX Digital Broker Ltd is regulated under the Financial Services (Distributed Ledger Technology Providers) Regulations 2020, the regulatory framework introduced by the Gibraltar Financial Services Commission.

Risk assessment

LMAX Limited, LMAX Broker Ltd and LMAX Broker Europe Limited undertake an annual Internal Capital Adequacy & Risk Assessment Process (ICARA) through which they assess their capital and liquidity requirements, including the application of a series of stress-testing scenarios, to its base capital projections.

Risk management

LMAX Digital Group Limited undertakes an annual Financial and Non-Financial Resources Assessment (FNRA), which also assess a Group's capital and liquidity requirements, including the application of a series of stress-testing scenarios, to its base financial projections. The assessments are reviewed, challenged and approved by the Boards of each subsidiary annually.

Risk management

Capital management

The Group proactively manages capital adequacy risk for the regulated entities of the Group through its regulatory reporting, ongoing internal monitoring, capital forecasting and stress testing. This includes holding sufficient capital to meet regulatory capital requirements for each regulated entity within the group. The regulatory capital resources are a measure of equity, adjusted for goodwill and intangible assets and deferred tax assets.

The Group operates a monitoring framework over the capital resources and minimum capital requirements monthly for its regulated entities, calculating the market and credit risk requirements arising from exposures including internal warning indicators as part of the risk dashboards. Regulated entities of the Group met all externally imposed capital requirements throughout the year ended 31 December 2023. To achieve its capital management objectives, the Group broadly reinvest its annual retained earnings into the business and pro-actively manages its capital adequacy risk through its regulatory reporting, ongoing internal monitoring, capital forecasting and stress testing.

Liquidity risk management

Liquidity risk is the risk that the Group, although solvent, either does not have sufficient liquid resources to meet its obligations as they fall due or can secure such resources only at excessive cost. Subsidiaries within the Group manage liquidity risk through their liquidity risk management policies and ensure they hold sufficient liquidity to operate successfully, adhere to regulatory and internal requirements and to meet their obligations as they fall due, under both normal circumstances and stressed conditions. Regulated entities within the Group are required to manage their liquidity risk on a standalone basis. Liquidity requirements must be met from the firm's own liquidity resources, as client money cannot be used for its operations. The Group also manages its liquidity centrally and ensures that it has sufficient liquidity to meet its financial liabilities when due, under both normal circumstances and stressed conditions.

Credit risk management

Credit Risk is the current or potential risk to earnings and capital arising from an obligor's failure to meet its contractual obligations.

The Group is exposed to the risk that either a client or a financial counterparty fails to meet their obligations to the firm, resulting in a financial loss. As a result of offering leveraged trading products, the business accepts that client credit losses can arise. Client credit risk principally arises when a client's total funds deposited with the Company are insufficient to cover any trading losses incurred. Client credit risk is actively managed utilising a combination of systematic and procedural controls designed to prevent any debt occurring. These include pre-trade risk checks, client margin and position limits, real-time margin calculation, automated margin deficit notifications and non- negotiable auto-liquidation. Concentration risk is monitored daily to ensure that pre-defined threshold limits are not exceeded, with ongoing action taken to try to reduce concentration.

Risk management

Operational risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In line with industry accepted principles, this definition includes legal risk but excludes business and reputational risk. The Group faces risks such as IT & cyber, third party, and human error from process risks. The Group is also at risk of external threats such as global pandemics or war. Core risks, potential threats, controls and recovery measures are reviewed regularly throughout the business to ensure that the Group has adequate systems and controls in place to prevent material operational losses from occurring.

Information Technology and Cyber Security

As an online business, the integrity and operational robustness of IT systems are critical for ongoing performance. Ensuring that appropriate protections are in place to detect and prevent any intrusion such that all systems are safeguarded against hackers, email viruses, attacks and other forms of cybercrime is essential. Any failure in these measures could significantly impact the Group's reputation and hence financial performance. The Company conducts annual third-party security assessments covering the internal and external facing systems and applications and to assess the susceptibility to cyber-crime. The Group has implemented an information security framework ISO 27001:2013 which is certified by a UKAS accredited audit body and is assessed for compliance every 6 months. The group has introduced an internal control team to develop, test and maintain the controls required to support various compliance activities.

Conduct risk

Conduct risk is the risk of potential misconduct by LMAX Exchange Group Limited, its subsidiaries or its employees that may lead to customer detriment or that has an adverse effect on the integrity and stability of the financial markets or effective competition. The management of conduct risk is one of the keys to a successful delivery of LMAX Exchange Group Limited's strategy and objectives towards its customers and other key stakeholder interests. The Group manages its conduct risk to the very high standard through investment in systems, people and training. This includes ensuring we further embed our client-first culture, while continuing to work closely with all our regulators to protect the integrity of the financial markets.

The Group strives to promote good behaviour across all aspects of the organisation and develop a culture in which it is clear there is no room for misconduct. To achieve this LMAX Exchange Group Limited provides Conduct Risk training to employees and has put in place a Code of Conduct policy.

Reputational risk

Reputational risk is the risk arising from negative perception on the part of customers, counterparties, shareholders, investors, debtholders, market analysts, other relevant parties or regulators that can adversely affect the Group's ability to maintain existing or establish new business relationships and continued access to sources of funding.

The Group's appetite for reputational risk is low. The Group keeps a regular watching brief for reputational issues. Additionally, the Group undertakes to:

- Offer access only to appropriate customers (in terms of their means and the absence of any links to money laundering, fraud and terrorist financing) and;
- Only accept broker customers and exchange participants from jurisdictions where LMAX Exchange Group Limited knows it is legal to do so.

Risk management

Foreign currency risk

The Company pro-actively manages its foreign currency risk with regards to currency exposure on financial assets and liabilities by conducting regular internal reviews, cash management and by hedging the residual exposure when deemed appropriate. See Note 18.5 for further detail.

Impact of the economic environment

The economic environment remains a risk to the growth plans of the Group, and whilst management continue to monitor its effects upon our customer base, management believes that due to a mature and diversified customer base and product mix the Group is well positioned to manage any adverse impact.

Digital assets market downturn

The end of 2022 saw the collapse of one of the largest retail digital asset exchanges, FTX, following on from the collapse of algorithmic stablecoin TerraUSD and the subsequent downfall of Three Arrows. This was further compounded by the collapse of US banks Silicon Valley Bank, Silvergate Bank and Signature Bank in early 2023. Despite the closure of Silvergate and Signature Bank, two of the main USD depositories in the crypto market, LMAX Digital Group Limited continuously had unrestricted access to its USD corporate and client bank accounts. This included the ability to send withdrawals and receive deposits due to having sufficient alternative banking arrangements, along with facilitating customer deposits and withdrawals with stablecoin USDC, including the option to convert to and from USD through our USDC providers at 1:1 for USD. This period of depressed volatility has resulted in subdued market volumes, leading to many organisations collapsing, having to restructure and/or reduce headcount. During this period, LMAX Digital Group Limited has maintained a strong emphasis on future growth, investing in new talent, products and working towards a more diversified offering, which will in turn lead to new revenue opportunities. The focus on institutional clients only has safeguarded LMAX Digital Group Limited from the collapse of the retail markets and is further validated with a flurry of Bitcoin ETF applications from large traditional financial institutions in the US. LMAX Digital Group Limited is confident that the current stressed state of the market and the increasing regulatory scrutiny on digital asset business models, compounded with the general market wide acceptance of blockchain technology, are likely to lead to a more credible digital assets marketplace that will encourage further institutional adoption longer-term, with LMAX Digital Group Limited well positioned to capitalise on this opportunity.

Climate risk

LMAX Exchange Group Limited has identified that strong environmental social governance commitments are critical to further promote business vision, employee value proposition, and contribute to the long-term success of our brand portfolio. Based on a materiality assessment of our organization, LMAX Exchange Group Limited has identified and agreed through our Steering Committee the below climate-related risks to be material in both the short and long-term.

Physical risks

- Extreme Weather: Increased frequency and severity of extreme weather events such as floods and storms could disrupt operations, data centres, and supply chains. This may lead to service interruptions, increased operational costs, and potential loss of revenue.
- Climate Changes: Gradual changes in climate patterns may impact energy consumption and costs, particularly for cooling systems in data centres, potentially increasing operational expenses.

Risk management

Transition risks

- Regulatory Changes: New climate policies may lead to higher compliance costs and operational adjustments. This includes potential carbon taxes and mandatory reporting requirements.
- Market Shifts: Shifts in market preferences towards more sustainable and climate-conscious financial products may require significant adaptation in business strategies and offerings, impacting market share and competitive positioning.

Reputational risks

- Stakeholder Expectations: Rising climate awareness could harm reputation if sustainable practices are not met.
- Social Responsibility: Failure to demonstrate climate action may result in negative publicity and stakeholder distrust.

Opportunities

- Value Creation: Higher equity returns, a reduction in risks, productivity uplifts and optimisation of investments and assets.
- Efficiency Improvements: Energy-efficient practices can reduce costs and mitigate energy price risks.

LMAX Exchange Group Limited's Mitigation Strategies:

- Risk Management: Implement an environmental management framework to identify and mitigate climate risks (ISO 14001:2015 aligned)
- Sustainable Practices: Assess and reduce carbon emissions and enhance energy efficiency (currently all our data centres, equinix, utilise 100% renewable energy as part of this strategy)
- Compliance: Monitor and comply with climate regulations to avoid penalties. Currently, superseding any regulation applicable to the group. This commitment is a continuation of our corporate culture of innovation and fairness through transparency.
- Stakeholder Engagement: Communicate climate strategies and progress to stakeholders though Corporate Sustainability Report
- Innovation: Adapt business models to regulatory and market changes. Utilise our market position to engage our supply-chain for knowledge-sharing and innovation

This disclosure outlines the LMAX Exchange Group Limited's approach to managing climate-related risks and opportunities, ensuring resilience and sustainable growth. Further information on our corporate sustainability strategy and progress can be found on the LMAX Exchange Group Limited's external website or by contacting sustainability@lmax.com.

Russia - Ukraine situation

The Russian-Ukrainian conflict has had unprecedented impact on the world, loss of human lives, economic uncertainty and escalated levels in the threat landscape. LMAX Exchange Group Limited and subsidiaries have reacted immediately to all international sanctions and guidance. There were no instances of sanctioned customers trading on LMAX Exchange Group Limited and RUB trading is delisted from our Exchange venues. The Group holds no residual RUB market risk and exposure to potential Russian credit risk is immaterial.

Directors' report

Directors

The directors who held office during the year and at the date of this report are as follows:
- David Mercer
- Edmond Warner
- Edward Wray
- Grant Pomeroy
- Peter Yordán
- Thierry Porte (appointed 24 January 2023)

The above list of directors is correct and up to date. There were no resignations during the year.

Corporate governance

LMAX Exchange Group Limited recognises that its overall structure is subject to the direction of its shareholders, who are responsible for appointing Directors to the Board and authorising the Directors to delegate any of their powers or discretions.

The Board of Directors is responsible for agreeing the Group's strategy and for monitoring progress with the execution of the firm's strategy against agreed targets. The Board has overall responsibility for promoting the long-term sustainable success of the Group for the benefit of its members as a whole, providing leadership and direction, including in relation to culture, ethics and values, and ensuring effective engagement with and encouraging participation from shareholders and other stakeholders.

Certain governance responsibilities have been delegated by the Board to Committees of the Board, to ensure independent oversight over financial reporting, internal controls, risk management, remuneration and reward.

The Chief Executive Officer has delegated authority for:
- The development and execution of strategy
- Leadership and development of the Group and Company's executive management team
- Day-to-day decision-making relating to, and management of, the affairs of the Group and Company
- Delivering financial performance in line with the Group and Company's agreed budget
- Organisational design of the Group and Company's operations
- Client management, marketing and global sales

At LMAX, we prioritise good corporate governance, recognising its crucial role in delivering long-term value. To achieve this, our Finance Director is supported by the Group Company Secretary in driving effective and consistent corporate governance practices across the Board and throughout the Group.

The composition of our subsidiary Boards has been structured to maintain an optimal balance of skills, diversity, experience, and knowledge, considering each subsidiary's unique business and local legal and regulatory requirements.

The structuring has achieved material independence among subsidiary Boards and from the Group, empowering them to define their strategies and decision-making processes with accountability. Furthermore, our Boards and Committees, including the Risk Management Committee, follow a predetermined annual calendar and agenda, with flexibility to address new items and convene additional meetings as needed. This framework fosters a strong risk governance culture, emphasising the measurement, evaluation, acceptance, and management of risks, including emerging ones, to ensure informed decision making and sustainable growth.

Directors' report

The Finance Director has delegated authority including financial management of the Group, the stewardship of Group assets, the safeguarding of client money and assets, financial reporting, capital and liquidity risk management and investor relations. Below Board level, the Company operates a number of executive management committees.

The CEO is supported by the senior executive management committee, comprising the Chief Executive Officer (CEO), Finance Director (FD), Chief Operating Officer (COO), Chief Technology Officer (CTO) and other senior executives. The senior executive management committee supports the CEO in the proper performance of his duties, including optimising the execution of the Company's strategy agreed by the Board, and provides advice and support to executive management in the day-to-day operation of the Group. The FD, in the proper performance of his duties, is supported by the Client Money and Assets Committee relating to oversight arrangements and operations in respect of the holding and safeguarding of LMAX Global client money and assets. The COO has delegated authority in respect of trading, operations and business change. The CRO leads the Group Risk Management function escalating risks to the Board where appropriate and the CCO establishes an effective compliance framework to maintain ethical conduct and adherence to numerous regulatory regimes.

Employees

The Group is committed to promoting and encouraging equal opportunities for all prospective and current employees, actively promoting good employee relations. The aim is to eliminate any conditions, procedures and individual behaviour that can lead to discrimination even where there was no intent to discriminate, with particular regard to race, gender, disability, sexuality, age, religion and belief. Management recognises that employees are key to both its present and future success, placing considerable value on the active involvement of its employees. In order to maximise the potential of every employee, management support the fundamental belief that there must be considerable investment in training and development, a supportive and progressive working environment and employee contribution and involvement in business matters. Management continued its practice of keeping employees informed on matters affecting them and on various factors affecting the performance of the Group; this was achieved through formal and informal meetings. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Clients

Our revolutionary, minimalist technology delivers one global marketplace for FX - through exchange infrastructure in London, New York, Singapore and Tokyo; ensuring complete transparency, open access and a level playing field for all market participants. All clients of LMAX Exchange Group Limited are members of the exchange and have signed up to a public rulebook with all members treated equally. LMAX Exchange Group Limited clients include some of the world's largest banks, a number of whom have been members of the Exchange since 2012. We ensure that commitment to our customers is embedded in our culture and strategic initiatives and there is regular dialogue between LMAX Exchange Group Limited and all of its clients. The Group has enhanced its relationship support team across the year in London, New York and Singapore. This enables us to develop our products and services specifically to meet the needs of our global client base. Central to our commitment to our customers is the transparency and quality of our order execution. LMAX Exchange Group Limited is an advocate of no last look trading and processes 100% of client trades automatically, never requoting prices.

Directors' report

Should a better price become available for customers during the dealing process, our innovative price-improvement technology enables customers to receive that better price during trade execution.

LMAX Global has three main categories of clients: institutional, professional and a small number of direct retail clients. We offer clients the opportunity to be classified as professional traders in the EU and UK, under MiFID categorisations. However, we require them to demonstrate compliance with a set of rigorous eligibility criteria to ensure that they are suitably qualified for this designation.

LMAX Global predominantly provides services to institutions, including asset managers, hedge funds, STP brokers and broker-dealers providing direct access to major hedging counterparties.

Investment in digital assets (Pyth tokens)

The Group held £12.58m of PYTH cryptographic tokens in a digital wallet with FTX Crypto Exchange , which collapsed in Q4 2022. As a result, the digital assets could not be verified for existence as at the year end. Furthermore, in the absence of an active market price as at year end, management did not expect the investment to be completely recovered. As a result, the investment was impaired in full as at the end of 2022. The crypto assets were subsequently reminted in Q4 2023, following approval from the FTX administrators. As a result, on 16th November 2023 the Group took custody of 251,170,318 unlocked reminted Pyth tokens, which included 1,170,318 tokens awarded in 2023 for participation in the Pyth Sponsorship Program (PSP). The remaining 250,225,000 restricted tokens (which vest 6 months from token launch through to May 2027), which include 225,000 tokens awarded in 2023 Pyth Rewards Program (PRP) were received on 13th December 2023. Following the token launch on 20th November 2023, the PYTH token is listed on a number of recognized Exchanges, including LMAX Digital Group Limited, with daily total liquidity of over USD 100m equivalent.

Independent auditors

PricewaterhouseCoopers LLP were appointed as the auditors of the Group on 14 May, 2018. Pursuant to Article 113(1) of the Jersey Companies Act 1991, the auditors will be deemed to be reappointed and therefore will continue in office.

Disclosure of information to auditors

The directors holding office at the date of approval of the financial statements confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and have taken all the steps that ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Proposed dividend

There were no dividends declared and paid during the current year (2022: nil).

On behalf of the Board,

David Mercer, Director
25 July 2024
Yellow Building, 1A Nicholas Road, London, W11 4AN
Company Registered Number: 125453

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Consolidated Financial Statements in accordance with applicable Jersey law and International Financial Reporting Standards.

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are responsible for:

- selecting suitable accounting policies and then applying them consistently;
- stating whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

The Directors are responsible for ensuring that the financial statements comply with The Companies (Jersey) Law, 1991 safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the directors are aware, there is no relevant audit information of which the Group's and Company's auditors are 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 and Company's auditors are aware of that information.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company.

Independent auditors' report to the members of LMAX Exchange Group Limited

Report on the audit of the financial statements

1. Opinion

In our opinion, LMAX Exchange Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2023 and of the group's and company's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted in the European Union; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the 2023 Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated statement of financial position as at 31 December 2023; consolidated statement of comprehensive income for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

3. Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of LMAX Exchange Group Limited

4. Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Statement of Directors' responsibilities in respect of the financial statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Statement of Directors' responsibilities in respect of the financial statements, for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Statement of Directors' responsibilities in respect of the financial statements,

5. Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditors' report to the members of LMAX Exchange Group Limited

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the requirements of the Companies (Jersey) Law 1991, or corporate tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as corporate tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the incentive for management to inflate the profitability of the company, through posting manual journal entries to manipulate financial performance or through showing management bias in judgements and assumptions

Audit procedures performed by the engagement team included:

- Performing enquiries with management and those charged with governance regarding any known or suspected instances of non-compliance with laws and regulation and fraud.
- Challenging assumptions and judgements made by management in estimates, including testing the useful economic life of intangible asset and the valuation of cryptocurrency inventories.
- Reviewing correspondence with regulatory authorities.
- Using our data analytic tool to identify manual journals with a higher inherent risk of fraud, and obtaining appropriate audit evidence to support these journals.
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above.

We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

Independent auditors' report to the members of LMAX Exchange Group Limited

Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 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.

Independent auditors' report to the members of LMAX Exchange Group Limited

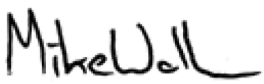
Other required reporting

Companies (Jersey) Law 1991 exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mike Wallace
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

25 July 2024

Consolidated statement of comprehensive income

For the year ended	Note	**2023**	**2022**
		£'000	£'000
Revenue	2.1	**62,194**	54,346
Interest revenue		**5,597**	3,207
Cost of sales	2.2	**(9,647)**	(9,219)
Gross profit		**58,144**	48,334
Administrative expenses	2.3	**(61,681)**	(45,916)
Reversal of impairment/(impairment)	5	**12,637**	(12,637)
Operating profit/(loss)		**9,100**	(10,219)
Finance expense		**(2,578)**	(2,332)
Share of profit/(loss) of associate		**30**	(151)
Profit/(loss) before tax		**6,552**	(12,702)
Taxation	3	**719**	(760)
Profit/(loss) for the year		**7,271**	(13,462)
Other comprehensive expense			
Exchange differences on translation of assets and liabilities		**(308)**	(78)
Profit/(loss) and total comprehensive (loss)/income for the year		**6,963**	(13,540)
Total comprehensive (income/expense attributable to:			
Equity holders of the parent		**6,963**	(13,540)

The results shown above are derived wholly from continuing operations. There were no extraordinary items included in administrative expenses in the current year, 2022 includes £5m associated with the share exchange transaction with JC Flowers & Co.

There are no Non-controlling interest.

The accompanying notes are an integral part of these financial statements.

Consolidated statement of financial position

For the year ended	Note	2023	2022
Non-current assets		£'000	£'000
Investments	4	**1,825**	1,795
Intangible assets	5	**31,138**	12,932
Property, plant and equipment	6	**15,665**	11,062
Goodwill	14	**12,429**	318
Trade and other receivables	7	**552**	479
Deferred tax assets	3.1	**757**	-
Current assets			
Cash and cash equivalents	9	**61,066**	236,934
Inventories	8	**183,456**	72,402
Trade and other receivables	7	**67,928**	67,041
Current tax assets		**4,762**	2,719
Total assets		**379,578**	405,682
Non-current liabilities			
Trade and other payables	10	**(32,068)**	(40,515)
Deferred tax liabilities	3.1	**(3,582)**	(2,530)
Current liabilities			
Trade and other payables	10	**(285,629)**	(311,077)
Total liabilities		**(321,279)**	(354,122)
Net assets		**58,299**	51,560
Equity			
Share capital	13	**778**	778
Preference share capital	13	**333**	333
Share premium		**74,433**	74,433
Reorganisation reserve	12	**(68,615)**	(68,615)
Other equity		**24**	248
Foreign currency translation reserve		**(278)**	30
Retained earnings		**51,624**	44,353
Equity attributable to equity holders of the parent		**58,299**	51,560
Total equity		**58,299**	51,560

The accompanying notes are an integral part of these financial statements.

These consolidated financial statements on pages 32 - 62 were approved by the Board on 25July 2024 and were signed on behalf of the Board by:

David Mercer, Director
25 July 2024
Yellow Building, 1A Nicholas Road, London, W11 4AN

Consolidated statement of changes in equity

	Share capital £'000	Preference share capital £'000	Share premium £'000	Foreign currency translation reserve £'000	Reorgan -isation reserve £'000	Other equity £'000	Retained earnings £'000	Equity attributable to equity holders of the parent £'000	Non controlling interest £'000	Total equity £'000
For the year ended										
Balance at 1 January 2023	**778**	**333**	**74,433**	**30**	**(68,615)**	**248**	**44,353**	**51,560**	**-**	**51,560**
Profit for the year	-	-	-	-	-	-	7,271	7,271	-	7,271
Other comprehensive income	-	-	-	(308)	-	-	-	(308)	-	(308)
Total comprehensive income	**-**	**-**	**-**	**(308)**	**-**	**-**	**7,271**	**6,963**	**-**	**6,963**
Equity buy back*	-	-	-	-	-	(224)	-	(224)	-	(224)
Balance at 31 December 2023	**778**	**333**	**74,433**	**(278)**	**(68,615)**	**24**	**51,624**	**58,299**	**-**	**58,299**

*Equity buy back are shares bought back by Employee Benefit Trust from the departing employees.
There were no dividends proposed or paid during the current year (2022: nil).

	Share capital £'000	Preference share capital £'000	Share premium £'000	Foreign currency translation reserve £'000	Reorgan -isation reserve £'000	Other equity £'000	Retained earnings £'000	Equity attributable to equity holders of the parent £'000	Non controlling interest £'000	Total equity £'000
For the year ended										
Balance at 1 January 2022	**1,111**	**-**	**-**	**108**	**(68,615)**	**(452)**	**57,815**	**64,400**	**-**	**64,400**
Loss for the year	-	-	-	-	-	-	(13,462)	(13,462)	-	(13,462)
Other comprehensive income	-	-		(78)	-	-	-	(78)	-	(78)
Total comprehensive income	**-**	**-**	**-**	**(78)**	**-**	**-**	**(13,462)**	**(13,540)**	**-**	**(13,540)**
Issue of preference shares*	(333)	-	333	-	-	-	-	-	-	-
Issue of equity*		-	-	-	-	700	-	700	-	700
Balance at 31 December 2022	**778**	**-**	**333**	**30**	**(68,615)**	**248**	**44,353**	**51,560**	**-**	**51,560**

*Sale of shares by the Employee Benefit Trust.

Consolidated statement of cash flows

For the year ended		2023	2022
		£'000	£'000
Cash flows from operating activities			
Operating profit/(loss)	Note	**9,100**	(10,219)
Adjustments for:			
Depreciation	6	**4,556**	2,447
Amortisation	5	**5,317**	4,744
Reversal of impairment/(impairment)	5	**(12,637)**	12,637
Unrealised gain on conversion of digital assets	5	**(716)**	-
Realised gain on disposal of digital assets	2.1	**(8,882)**	-
(Increase) in trade and other receivables		**960**	(4,654)
(Increase)/Decrease in inventories		**(111,054)**	243,017
Increase/(Decrease) in trade and other payables		**(21,576)**	(234,633)
Tax paid		**(1,029)**	(2,491)
Net cash from operating activities		**(137,881)**	10,848
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	**(9,159)**	(3,599)
Acquisition of intangibles and capitalised expenses	5	**(11,747)**	(7,876)
Investment in digital assets		**-**	(11,157)
Acquisition of trading assets of Cürex		**(11,778)**	-
Proceeds from sale of digital assets		**10,459**	-
Net cash used in investing activities		**(22,225)**	(22,632)
Cash flows from financing activities			
Proceeds from borrowings		**-**	42,545
Repayment of borrowings		**(11,557)**	(20,875)
Principal portion of lease liability		**(1,095)**	(686)
Finance expense		**(2,578)**	(1,003)
Proceeds from issue of shares		**-**	700
Buy back of shares		**(224)**	-
Net cash generated from financing activities		**(15,454)**	20,681
Net increase in cash and cash equivalents		**(175,560)**	8,897
Cash and cash equivalents at beginning of year		**236,934**	228,115
Effect of exchange rate fluctuations on cash held		**(308)**	(78)
Cash and cash equivalents at end of year		**61,066**	236,934

The accompanying notes are an integral part of these financial statements. Operating cashflow includes interest revenue received of £5.6m (2022: £3.2m).

Notes to consolidated financial statements

1. Accounting policies

The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and International Financial Reporting Standards Interpretations Committee (IFRS IC) in conformity with the requirements of the Companies Jersey Law (1991).

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Going concern

The Directors have considered all available information about the future events when considering the Group's going concern. The Directors have reviewed profit and cash flow forecasts for 12 months following the date of the signing of these financial statements. These forecasts consider future expected revenues, costs, liquidity, and statutory capital requirements of the subsidiaries.

The Group continued to invest in new optionality, as well as enhancing controls and corporate governance despite challenging conditions in 2023 whilst retaining a strong strategic positioning to build the future cross asset marketplace. The Group will focus on creating relevant, transformational initiatives ahead of short-term value – that is the LMAX Exchange Group Limited history.

The Group plans to extend core businesses with organic growth; product and segment, geographic distribution extensions; and expected to deliver tangible value for shareholders. The strategic focus will be on initiatives outside of BAU such as adding extensions as Swaps, ECN, Buy-side segment, Tokenisation, and Digital Treasury which could be transformational for the Group and wider Capital markets. The Group will continue to invest cash reserves (PYTH driven) for a minimum 20% ROC: M&A or in-house development / investment.

The Directors believe the Group has sufficient financial resources together with an increasing and more diversified number of customers and suppliers across different geographic areas. In 2023, Group had outstanding $26.4m and £14.4m subordinated loan and in the event of a prolonged downside scenario it would look to raise additional debt or equity. Furthermore , the Directors would consider the need to reduce operating costs i.e., staffing and marketing spend, without jeopardizing the core Exchange activities of the Group.

In addition, the regulated entities of the Group undertake an annual Internal Capital Adequacy Assessment Process (ICARA) through which they assess their capital requirements, including the application of a series of stress-testing scenarios, to their base financial projections. Outcomes of the ICARA are reviewed by the Board annually. Consequently, the Directors believe that the Group is well placed to manage its business risks successfully and has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future .

Basis of preparation

The Group financial statements have been prepared under the historical cost modified by, for example, revaluation of financial assets and financial liabilities held at fair value through profit and loss (as applicable).

Notes to consolidated financial statements

Critical accounting estimates and judgements

The preparation of financial statements requires judgements, estimates and assumptions to be made that affect the application of policies, assets and liabilities, and revenues and expenses. Estimates and judgements are continually evaluated.

They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

Any revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgement made by management in the application of the accounting standards that have the most significant effect on the financial statements and major sources of estimation uncertainty are disclosed where applicable.

The areas involving significant estimates are;

- Valuation of inventories - digital assets: see accounting policy on Inventory below.
- Accounting for FAR venues – these are digital assets held in third party wallets to which LMAX Exchange Group Limited does not have direct control. They are held in a pool of digital tokens not segregated by clients. When LMAX's digital assets are transferred to these venues, the digital assets are derecognised from LMAX and a "Right-to-Receive digital assets" is recognised and measured at fair value.
- Custodian Arrangement – this is where the third party holds the digital assets in a dedicated address on behalf of the Company, with LMAX Exchange Group Limited retaining control of these assets. These are accounted for same as digital assets held in LMAX Exchange Group Limited own digital wallet as Inventory.

There were no areas involving significant judgements during the year.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2023. The accounting policies of the Company and its subsidiaries are consistent with each other. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Subsidiaries with reporting currencies different to British Pound are converted using the following rates:

- Non-current assets that are monetary items are stated using the rate of exchange as at the year-end date with non-monetary items translated using the exchange rate at the time of recognition
- Current assets and all liabilities are translated using the rate of exchange as at the year end date
- Items of income and expense are translated at transaction rate for the accounting period

Gains or losses recognised from translation are included in the Statement of Comprehensive Income or in the currency translation reserve. LMAX Exchange Group Limited's subsidiaries have exercised relief under IFRS 10 - Paragraph 4 whereby an intermediate parent need not present consolidated financial statements as the ultimate parent, LMAX Exchange Group Limited produces consolidated financial statements that are available for public use and comply with IFRS.

Notes to consolidated financial statements

The results of LMAX Limited, a subsidiary incorporated in Jersey with limited liability have been consolidated in this Group Financial statements, hence exercising their exemption from the consolidation of their subsidiaries.

Intangible assets, amortisation, research and development

Intangible assets include software licences, developed software, intellectual property rights and some digital assets. Purchased software licences are capitalised on the basis of the costs incurred to acquire and bring it into use.

The costs are amortised over their estimated useful economic life or the life of the software licence contract which is three to five years. Intellectual property acquired is amortised over the three years on a straight line basis.

The Group undertakes continuous development of its MTF exchange and mobile application software. The development activity involves planning and designing for the production of new and substantially improved features for the MTF exchange. Labour and expenses directly attributable to new and improved features are capitalised as an intangible asset, to the extent:

The Group's investment in digital assets (PYTH cryptographic tokens) is recognised as intangibles (IAS 38) where such asset is separately identifiable albeit with indefinite useful life and is considered to bring probable future economic benefits to the Group.

These tokens are not held for sale in ordinary course of business and therefore are not considered as inventory. The intangible asset is initially recorded at cost and subsequently measured at cost less any impairment losses.

- it is technically and commercially feasible and there is an intention to complete and ability to use or sell the asset
- it can be reliability demonstrated that the software will generate future economic benefits
- there are adequate technical, financial and other resources to complete the development and to put it in use
- the expenditure attributable to the development of the intangible asset can be reliably measured

Other development expenditure and research activities are expensed as incurred. The capitalised cost of developed software is amortised over a three to five year period.

Property, plant and equipment and depreciation

Assets are stated at historical cost less accumulated depreciation. Depreciation is provided to write off the cost less the estimated residual value of assets by equal instalments over their estimated useful economic lives as follows:

- **Leasehold:** Shorter of the term of the lease or the useful economic life of the asset
- **Right to use office building:** Straight line based on term of lease
- **Computer equipment and software:** 3-5 years straight line
- **Fixtures and fittings:** 5 years straight line or the term of lease

Notes to consolidated financial statements

Impairment of intangible and tangible assets

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

If any such indication exists (or at least annually for goodwill and intangible assets with indefinite useful life), the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

A cash-generating unit ("CGU") is identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset (or CGU) is the greater of their fair value less cost of disposal and value in use.

In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment.

Investment in associate

An associate is an entity over which an investor has significant influence, i.e. being in the power to participate in the financial and operating policy decisions of the investee. A holding of 20% or more of the voting power directly or through subsidiaries indicates a significant influence. The Company holds 20% shares of the entity "T4B Holding Ltd" and therefore such investment is considered as investment in associate by the Group.

Investments in associate have been accounted for using equity method in accordance with IAS 28. Under the equity method of accounting, the equity investment is initially recorded at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the associate.

Trade and other receivables

Trade and other receivables are measured initially at fair value and subsequently carried at amortised cost using the effective interest rate method. In accordance with IFRS 9, the amortised cost is further adjusted for impairment based on calculating the expected credit losses (ECL) on trade receivables by the simplified approach as permitted under IFRS9, where a fixed provision rate applies depending on the number of days that a trade receivable is outstanding.

Trade and other payables

Trade payable represents balances with counterparties and clients where the combination of cash held on account and the valuation of their trading position results in an amount payable by the Group and such balances are recognised at fair value through the Statement of Comprehensive Income in accordance with IFRS 9.

The client liability in relation to client's digital assets on the LMAX Digital trading platform is also valued at fair value alongside the inventory and thus the gain/loss is recorded in the statement of comprehensive income as this eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Notes to consolidated financial statements

See inventory note below for further details regarding the Statement of Comprehensive Income presentation.

The other trade and other payables with counterparties are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Included within other trade and other payables are liabilities associated with leases and taxation.

Refer to leases and taxation sections for further details regarding the accounting policies.

Inventory - digital assets

Inventory represents digital assets controlled by the Group.

The Group operates a digital assets exchange which provides a trading venue to its clients. It also maintains arrangement with FAR venues, which are third party digital wallets that holds digital tokens on behalf of clients in a pool of digital tokens rather than in dedicated address traceable to the client. These are accounted for as Inventory in the financial statements.

For any digital assets that the Group handles and controls in custody on behalf of its clients, the Group has performed an analysis of the risks and rewards and concluded that these remain with the Group, and therefore the assets and the corresponding client liability are recognised on the Statement of Financial Position. For those assets held under explicit trust arrangement, the Group has performed a risk and rewards analysis and confirmed that these do not sit with the Group and therefore these assets will remain off the Statement of Financial Position.

In the absence of guidance on how digital assets should be recognised and disclosed in accordance with IFRS as issued by the IASB, the Group has recognised those digital assets used for its exchange activities as inventory. This is due to the economic nature which is deemed to be in line with certain commodities under IAS 2.3(b). Digital assets are measured at fair value less cost to sell. Changes in fair value less cost to sell are recognised in the Statement of Comprehensive Income.

The inventories are valued based on the executed exit prices for digital assets as this is assessed by management to be materially consistent with the valuation at the principal-market for each respective digital asset. Hence, these are categorised as Level 1 according to IFRS 13 – Fair Value hierarchy, which defines Level 1 financial instruments as those with observable inputs that reflect quoted prices (unadjusted) for identical assets and liabilities in active markets. The corresponding client liability for digital assets presented under trade and other payables is also measured at fair value at fair value through the Statement of Comprehensive Income.

In prior year these assets and liabilities were presented as Level 2 financial instruments, on further analysis management concluded that these instruments are Level 1 in both current and prior periods. Hence, prior period comparatives have been restated accordingly in the current period financial statements.

The fair value movement of these assets and liabilities through the Statement of Comprehensive Income is presented on a net basis as the two components are interconnected. In addition to the fair value movement of inventory, the change in inventory holding on the Company's Statement of Financial Position due to client's trading activity, that is deposits and withdrawals of digital assets are also recorded on a net basis through the Statement Of Comprehensive Income.

Notes to consolidated financial statements

The presentation on a gross basis would inflate the figures and not provide a true and fair representation of the Group's revenue nor provide a meaningful disclosure for the users of the financial statements. Thus, net basis presentation is deemed to be appropriate in reflecting the true nature and substance of the transactions. Certain digital assets (PYTH tokens) are held as intangible assets at cost which is the price paid at original acquisition. See "Intangible assets, amortisation, research and development" for details

Cash and cash equivalents

Cash comprises cash in hand and deposits repayable on demand. The Group holds money on behalf of clients in accordance with the client money rules of the UK Financial Conduct Authority and other regulatory bodies. Such monies are classified as either 'transfer of title funds' or 'segregated client funds' in accordance with the relevant regulatory requirements.

Segregated client funds comprise individual client funds held in segregated client money accounts which hold statutory trust status, restricting the Group's ability to control the monies. These monies are not recognised on the balance sheet. The return received on managing segregated client funds is included in Finance income.

Title transfer funds are held by the Group under a Title Transfer Collateral Arrangement, by which a client agrees that full ownership of such monies is unconditionally transferred to the Group.

Title transfer funds are included in cash and cash equivalents and Collateral receivables. The corresponding liability for title of transfer funds is included in trade and other payables.

Derivatives

The Group enters into derivative contracts for both hedging and trading purposes. The derivatives are executed over the counter and valued using a combination of external prices and internal valuation techniques. Financial assets and liabilities are recognised when the Company becomes a contractual party to these instruments. In accordance with IFRS 9 these financial assets and liabilities are measured at Fair Value though Profit and Loss (FVTPL). Any transactional cost directly attributable to the acquisition of these financial instruments are also recognised in the profit and loss statement. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instrument. The principal technique used in fair valuation of these derivatives is mark to market valuation based on the relevant closing prices derived from the LMAX trading platform.

Revenue

Revenue, except for trading revenue and interest revenue, comprises the fair value of consideration received from the provision of services in the ordinary course of the Company's activities in accordance with IFRS 15 "Revenue from Contracts with Customers". Trading Revenue and Interest Revenue are both recognised in accordance with IFRS 9.

The Company recognises revenue when the amount of services can be determined and the performance obligation has been satisfied, this leads to the revenue being recognized on the Company providing the services to the client or to the Company's fellow subsidiaries. Revenue is measured as the consideration received from customers for trading commissions, funding revenue and service fee revenue. This is income received from any source other than revenue derived

Notes to consolidated financial statements

from taxation or by appropriation. Commissions are recognised post trade execution and billed on contractual basis, funding revenue is recognised on the close of trading day and is based on the customer's open positions and service fee revenues are recognised once due from the customers' accounts. Trading revenue comprises of income generated from market making activities.

The revenue is recognised on the close of the trading day and represents realised as well as the unrealised profit and loss made on its exposure to price and foreign currency risk in relation to its net trading book position. The Group accepts some residual market risk to facilitate instant execution of client trades but does not take proprietary positions for the purposes of speculative gain. The Group manages the market risk it faces in providing its services to clients by internalising client flow (allowing individual client trades to offset one another) and hedging when the residual exposures reach predefined limits. Trading revenue is accounted for in accordance with IFRS9 "Financial Instruments" and IFRS13 "Fair Value Measurement ". Interest revenue comprises of interest charged to customers on unsettled margins and credit lines. The income is recognised as it accrues, using the effective interest method.

Cost of sales

Commission and any transaction clearing fees paid relating to the customer trades is recorded within the cost of sales. Cost relating to introducing broker fees is recorded in the same period as the underlying trading commission and funding revenue.

Employee and other short-term benefits

The Group operates a defined contribution pension plan under which the fixed contributions are paid to a third party pension provider and there is no legal or constructive obligation to pay further amounts. Contributions are recognised as an expense in the periods during which services are rendered by employees. Short-term employee benefit obligations (i.e., leave pay) are measured on an undiscounted basis and are expensed as the related service is provided.

Foreign currencies

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in British Pounds ("GBP","£"), which is LMAX Exchange Group Ltd's functional and presentation currency.

Transactions in currencies are recorded using the rate of exchange ruling at transaction date. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the date of the Consolidated Statement of Financial Position. Non-monetary assets and liabilities denominated in foreign currencies are translated using the historic rate of exchange at the date of the transaction. Currency gains and losses are reported on a net basis and are included in the Consolidated Statement of Comprehensive Income.

Notes to consolidated financial statements

Leases

The Group as a lessee records its leases in accordance with IFRS16 which eliminates the classification of leases as either operating leases or finance leases and provides a single lease accounting model to recognise the Right to Use assets and lease liabilities for all applicable leases. The Group has adopted practical expedients of exempting leases with a short life (less than 12 months) or low value leases (less than US $5,000). As a result, the key leases to which the full requirement of IFRS 16 have been applied are – Lease of the Office Building, some computer equipment and furniture & fixtures. The lease liability on such leased assets is presented under Trade and Other payables as the present value of future lease payments for the full term of lease. The lease liability is initially measured as the present value of the future lease payments discounted at the rate implicit in the lease (where available) or our incremental cost of borrowing. Generally we use our deemed incremental cost of borrowing as the discount rate. Following initial recognition, the lease liability is measured using the effective interest method. For Right to Use asset calculation, the Company has elected the transitional option to set "Right to Use asset" equal to the related lease liability.

Finance expense

Finance expense comprise interest charges from financial institutions, suppliers and finance charges on leases. Finance charges are recognised using the effective interest method. There were no borrowing costs that are directly attributable to the acquisition, construction or production of an asset. Finance expenses also includes interest charges on loan commitments.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement. Current tax is the expected tax payable or receivable on the taxable profits or losses for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. The deferred tax asset arising from the initial recognition of goodwill shall be recognized as part of the accounting for a business combination to the extent that it is probable that taxable profit will be available against which the deductible temporary difference could be utilized. If the carrying amount of goodwill arising in a business combination is less than its tax base, the difference gives rise to a deferred tax asset. The deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Related party transactions

The Group has procedures to identify and monitor related party transactions. The Group, where possible, endeavours to transact with all related parties on an arm's length basis.

Notes to consolidated financial statements

2. Profit before tax

2.1. Revenue

	2023	2022
	£'000	£'000
Commissions	**25,087**	29,142
Net Funding revenue	**14,518**	11,788
Trading revenue	**6,905**	7,697
Service revenue	**5,116**	3,185
Realised fair value gains*	**10,568**	2,534
Total Revenue	**62,194**	54,346

2.2. Cost of sales:

	2023	2022
	£'000	£'000
Clearing and trading fees	**1,728**	1,897
Introducing broker fees	**974**	973
Expected credit loss	**249**	46
Other variable costs	**6,696**	6,303
Total cost of sales	**9,647**	9,219

2.3. Administrative expenses:

	Note	2023	2022
		£'000	£'000
Total salary expenses**		**33,014**	25,306
- of which capitalised as development software	5	**(11,177)**	(7,637)
Social security expenses		**3,607**	2,913
Other Pension costs		**746**	603
Depreciation of tangible assets	6	**4,556**	2,447
Amortisation of intangible assets	5	**5,317**	4,744
Office consumables and maintenance		**11,924**	9,421
Legal and Professional		**1,390**	1,278
Exchange (gains)/losses		**1,339**	(7,105)
Donations	2.5	**338**	348
Transaction expenses		**410**	5,188
Other costs***		**10,217**	8,410
Total administrative expenses		**61 ,681**	45,916

* 2023 balance includes £1.3m of unrealised gains on unsold digital assets held at fair value.

** Total salary expenses including all employee expenses e.g. wages, salaries , holiday pay, sick pay , bonus and non-monetary benefit including medical care. There is no post-employment benefit provided to all staff.

*** Other costs include travelling and marketing expenditure.

Notes to consolidated financial statements

2.4. The average monthly number of persons employed by the Group (including directors) analysed by category is as follows:

	2023	2022
	No.	No.
Corporate and administration	**65**	55
Product development	**97**	80
Operations	**50**	42
Sales and marketing	**47**	41
Total	**259**	218

2.5. Donations:

Over the last year, LMAX Exchange Group Limited has continued to grow as we remained focused on our mission of building fairer markets. With that mission central to our corporate strategy, in 2023 we launched our Corporate Sustainability function and have since invested heavily in our social and environmental objectives. As an organization, LMAX Exchange Group Limited donated £338k (2022: £348k) towards charity partnerships such as the Kensington & Chelsea Foundation, the Philippine Reef & Rainforest Conservation Foundation, Inc., and other grassroots charities working to address sustainability challenges such as inequality in the workplace, inequality in access to education and employment, and climate related issues.

2.6. Directors' emoluments

	2023	2022
	£'000	£'000
Total directors' emoluments included in salary expenses	**3,200**	1,878

The highest paid director received total emoluments for the year of £2.6m (2022: £1.4m) as a director of the Group. There is no further remuneration to key management personnel to be disclosed in addition to what has currently been included as part of note 2.6.

2.7. Remuneration paid to the auditors is as follows:

	2023	2022
	£'000	£'000
Fees payable to the Company's auditors:		
- the audit of the Company's annual financial statements	**892**	524
- of financial statements of subsidiaries' pursuant to legislation	**959**	102
- audit related assurance services	**695**	925
- non-audit related services	**402**	-
Total	**2,948**	1,551

Notes to consolidated financial statements

3. Taxation

	Note	2023	2022
Current tax:		£'000	£'000
Corporation tax charge on profits for the year		**290**	669
UK R&D tax credits		**(1,304)**	(741)
Total current tax		**(1,104)**	(72)
Deferred tax:			
Deferred tax - origination and reversal of timing differences		**308**	692
Prior year adjustments		**(13)**	2
Effect of tax rate changes		**-**	138
Total deferred tax	3.1	**295**	832
Tax per income statement	3.2	**(719)**	760

3.1. The deferred tax charge for the year has been recognised on all timing differences between the carrying value treatment of assets and liabilities and the associated tax allowances. Deferred tax was recorded using the substantively enacted rates of 25% which came into force from 01 April 2023. The deferred tax charge has been a result of:

	2023	2022
Deferred tax liabilities:	£'000	£'000
Provision at the start of the year	**2,530**	1,976
Charge to the profit and loss account	**1,052**	554
Total deferred tax liability	**3,582**	2,530

	2023	2022
Deferred tax assets:	£'000	£'000
Provision at the start of the year	**-**	283
Credit/(Charge) to the profit and loss account	**757**	(283)
Total deferred tax asset	**757**	-

3.2. The deferred tax assets and liabilities are based in the UK jurisdiction. The current tax charge for the year is lower (2022: lower) than the standard corporation tax in the UK of 23.25% (2022: 19%). The differences are explained below:

Notes to consolidated financial statements

Factors affecting total tax charge on the current period	**2023**	**2022**
	£'000	£'000
The charge for the year can be reconciled to the profit per the income statement as follows:		
Profit/(loss) before tax	**6,552**	(12,702)
At standard rate of corporation tax in the UK of 23.25% (2022: 19.00%)	**1,523**	(2,413)
Effects of:		
Non-taxable income	**(1,679)**	(1,813)
Enhanced R&D Expenditure	**(1,980)**	(1,671)
R&D tax credits rate differences	**1,457**	230
Expenses not deductible for tax purposes	**(22)**	6,342
Prior year adjustments	**(13)**	2
Super deduction on fixed assets permanent differences	**(5)**	(55)
Deferred tax - changes in taxes	**-**	138
Tax charge for the year	**(719)**	760

4. Investments in associates

On 11 December 2020 the company acquired 20% shareholding in T4B Holding Limited ("T4B") for €2m (£1.78m).

T4B is a business to business (B to B) technology provider focusing on software development for MetaTrader trading platforms. T4B Holding Limited is incorporated in Cyprus as a private limited liability company. The principal place of business is in Cyprus

	2023	**2022**
	£'000	£'000
Investment at cost	**1,795**	1,946
Share of profit/(Loss)	**30**	(151)
Investment at 31 December	**1,825**	1,795

Notes to consolidated financial statements

5. Intangible assets

	Digital assets investment*	Intellectual property	Purchased software	Developed software	Total intangible assets
Cost	£'000	£'000	£'000	£'000	£'000
Balance at 1 January, 2022	1.480	**360**	**1,823**	**30,803**	**34,466**
Additions	11,157	-	239	7,637	19,033
Balance at 31 December, 2022	**12,637**	**360**	**2,062**	**38,440**	**53,499**
Accumulated amortisation					
Balance at 1 January, 2022	**-**	**(290)**	**(1,151)**	**(21,745)**	**(23,186)**
Amortisation for the year	-	(70)	(375)	(4,299)	(4,744)
Impairment	(12,637)	-	-	-	(12,637)
Balance at 31 December, 2022	**(12,637)**	**(360)**	**(1,526)**	**(26,044)**	**(40,567)**
Cost					
Balance at 1 January, 2023	**12,637**	**360**	**2,062**	**38,440**	**53,499**
Additions	-	-	864	11,177	12,041
Derecognition of Digital assets	(12,637)	-	-	-	(12,637)
Reversal of Impairment [1]	13,353	-	-	-	13,353
Disposal of Digital assets [2]	(1,871)	-	-	-	(1,871)
Balance at 31 December, 2023	**11,482**	**360**	**2,926**	**49,617**	**64,385**
Accumulated amortisation					
Balance at 1 January, 2023	**(12,637)**	**(360)**	**(1,526)**	**(26,044)**	**(40,567)**
Amortisation for the year	-	-	(527)	(4,790)	(5,317)
Derecognition of Digital assets	12,637	-	-	-	12,637
Balance at 31 December, 2023	**-**	**(360)**	**(2,053)**	**(30,834)**	**(33,247)**
Carrying value					
at 31 December, 2022	-	-	536	12,396	12,932
at 31 December, 2023	**11,482**	**-**	**873**	**18,783**	**31,138**

During 2021, the Group received 250,000,000 PYTH cryptographic tokens issued by the PYTH Network (TMSI SEZC Limited), in consideration of software development services provided by LMAX Capital Markets Limited The transaction was recognised for £1.48m. On the 4 January 2022, LMAX Capital Market Limited acquired 250,000,000 Pyth cryptographic tokens for a consideration of £11.1m ($15m). For details on recognition and measurement of these digital assets refer to accounting policy for Intangibles. £12.6m of PYTH cryptographic tokens were held in a digital wallet with FTX Crypto Exchange, which collapsed in Q4 2022. As a result, the digital assets could not be verified for existence as at the year end. Furthermore, in the absence of an active market price as at year end, management did not expect the investment to be completely recovered. As a result, the investment was impaired in full as at the end of 2022.

[1] The crypto assets were subsequently reminted in Q4 2023, following approval from the FTX administrators. As a result, on 16th November 2023 the Group took custody of 251,170,318 unlocked reminted Pyth tokens, which included 1,170,318 tokens awarded in 2023 for participation in the Pyth Sponsorship Program (PSP). The remaining 250,225,000 restricted tokens (which vest over 6 years from 31 December 2021), which include 225,000 tokens awarded in 2023 Pyth Rewards Program (PRP) were received on 13th December 2023. Following the token launch on 20th November 2023, the PYTH token is now attainable on recognised exchanges, including LMAX Digital Broker Limited. Thus, the impairment recognised in 2022 has been reversed in 2023 as shown above with the assets derecognised at the original cost and the USD17m impairment reversed and converted to £13.4m.The gain on conversion of £0.7m has been posted to administrative expenses.

[2] Post reversal of the digital assets, £1.9m of PYTH token were transferred to a third-party venue to be sold. Gain on the disposal of the digital assets has been recognised within Revenue (note 2.1).

Notes to consolidated financial statements

6. Property, plant and equipment

Cost	Right to use office building £'000	Leasehold improvements £'000	Computer equipment £'000	Fixtures, furniture and fittings £'000	Total property, plant, and equipment £'000
Balance at 1 January 2022	**4,186**	**308**	**13,258**	**418**	**18,170**
Additions	1,825	68	1,706	-	3,599
Balance at 31 December 2022	**6,011**	**376**	**14,964**	**418**	**21,769**
Accumulated depreciation					
Balance at 1 January 2022	**(1,334)**	**(71)**	**(6,567)**	**(288)**	**(8,260)**
Depreciation for the year	(658)	(49)	(1,692)	(48)	(2,447)
Balance at 31 December 2022	**(1,992)**	**(120)**	**(8,259)**	**(336)**	**(10,707)**
Cost					
Balance at 1 January, 2023	**6,011**	**376**	**14,964**	**418**	**21,769**
Additions	3,726	3,802	1,511	120	9,159
Disposals	-	-	-	-	-
Balance at 31 December 2023	**9,737**	**4,178**	**16,475**	**538**	**30,928**
Accumulated depreciation					
Balance at 1 January, 2023	**(1,992)**	**(120)**	**(8,259)**	**(336)**	**(10,707)**
Depreciation for the year	(1,208)	(285)	(3,037)	(26)	(4,556)
Disposals	-	-	-	-	-
Balance at 31 December 2023	**(3,200)**	**(405)**	**(11,296)**	**(362)**	**(15,263)**
Carrying value					
at 31 December, 2022	4,019	256	6,705	82	11,062
at 31 December, 2023	**6,537**	**3,773**	**5,179**	**176**	**15,665**

Notes to consolidated financial statements

7. Trade and other receivables

		2022	2021
		£'000	£'000
Trade debtors	7.1	**4,532**	2,742
Other debtors	7.2	**5,114**	3,419
Collateral requirement for trade clearing	7.3	**49,101**	58,303
Derivative contract		**-**	157
Prepayments and accrued income		**9,733**	2,889
Total		**68,480**	67,520

Classification:		
Non-current	**552**	479
Current	**67,928**	67,041
Total	**68,480**	67,520

The derivative contract asset/liability are held under unhedged trading activity performed by Group subsidiary, LMAX Bullion Limited. The directive contract disclosed is nil (2022: £157k).

7.1 The aging of trade receivables at the year-end date is as follows:

31 December, 2023	Current	1-30 Days past due	31-60 Days past due	61-90 Days past due	90 Days past due or more	Total
Expected loss rate	0.17%	0.18%	0.25%	0.78%	3.52%	
Gross Carrying amount						
Trade receivables £'000	597	1,872	841	634	588	4,532
Loss allowance	**1**	**3**	**2**	**5**	**21**	**32**

31 December, 2022	Current	1-30 Days past due	31-60 Days past due	61-90 Days past due	90 Days past due or more	Total
Expected loss rate	0.04%	0.04%	0.05%	0.42%	6.10%	
Gross Carrying amount						
Trade receivables £'000	700	575	463	286	536	2,742
Loss allowance	**0**	**0**	**0**	**1**	**16**	**17**

The loss allowance as at 31 December 2023 was determined as above for trade receivables. The loss rates for the year have been derived based on estimates of average bad debts and invoiced sales for the year and prior years, with improved recovery for receivables below 90 days due and higher loss allowance being carried for receivables over 90 days due.

7.2. Other debtors have no fixed terms of repayment, are interest free and have no security provided.

7.3. Collateral comprises of balances held for trade clearing at the year end., of which £5.4m represents Right-to-Receive balances held at third party FAR venues

Notes to consolidated financial statements

8. Inventories

	2023	2022
	£'000	£'000
Fair value less cost to sell of digital assets held by the Group	**183,456**	72,402

Total digital assets balance held by the Group includes £99.9m (2022: £66.7m) held on behalf of clients of LMAX Digital Broker Limited. There were no digital assets held off the balance sheet.

9. Cash and cash equivalents

	2023	2022
	£'000	£'000
Cash and cash equivalents	**61,066**	236,934

Cash and cash equivalents comprise of bank balances held by the Group on a short-term basis with original maturity of three months or less. The carrying amount of these assets approximates their fair value.

The Group holds client funds in segregated client trust bank accounts. The Group does not recognise these bank accounts or the related client liability on the balance sheet. At the end of the year, total funds held in these accounts was £53.9m (2022: £50.53m.).

Movements in net funds is presented below:

	Cash and cash equivalents	Collateral*	Transfer of title funds	Net funds
	£'000	£'000	£'000	£'000
Opening balance at 1 January 2023	**236,934**	**130,705**	**(285,868)**	**81,771**
Net fund movement	(175,868)	101,852	28,677	(45,339)
Balance at 31 December 2023	**61,066**	**232,557**	**(257,191)**	**36,432**

	Cash and cash equivalents	Collateral*	Transfer of title funds	Net funds
	£'000	£'000	£'000	£'000
Opening balance at 1 January 2022	**228,115**	**371,741**	**(522,419)**	**77,437**
Net fund movement	8,819	(241,036)	236,551	4,334
Balance at 31 December 2022	**236,934**	**130,705**	**(285,868)**	**81,771**

*Collateral balance includes the balances held with the prime brokers and inventories.

Notes to consolidated financial statements

10. Trade and other payables

	Note	2023	2022
		£'000	£'000
Transfer of title funds	10.1	**257,191**	285,868
Loan	10.2	**39,518**	50,277
Accruals and deferred income	10.4	**10,649**	6,868
Lease liability	10.3	**7,088**	4,464
Trade creditors		**2,055**	3,021
Taxation and social security		**1,196**	1,094
Total		**317,697**	351,592
Classification:			
Non-current		**32,068**	40,515
Current		**285,629**	311,077
Total		**317,697**	351,592

10.1. Title transfer funds are held by the Group under a Title Transfer Collateral Arrangement, by which a client agrees that full ownership of such monies is unconditionally transferred to the Group. These funds would be immediately transferable back to the client on request. No interest is payable to the client for these funds. This balance reflects Group's payable balance to the clients which includes cash and inventory held on account together with any unrealised gain/loss on open trades.

10.2. The Group has an interest-bearing borrowing of £39.5m (2022: £50.3m). The borrowing reflects £37m (2022: £45.3) of retiree loans from retiring employees and a balance of £2.5m of term loan from an external bank (2022: £5m). The remaining term of the £2.5m debt is 9 months from the financial year end date. The retiree loans are unsecured with interest charged at 0.75% above SOFR (secured overnight financing rate). The term of the loans are five years, commencing 21 January 2022. The repayments are due on each anniversary of the date of commencement.

10.3. The Group recognises a lease liability in accordance with IFRS 16 which represents the present value of future rental obligations against the right to use assets for the office building worth £7.1m (2022: £4.3m), Computer equipment worth £25k (2022: £65k) and furniture, fixtures & fittings worth nil (2022: £128k).

10.4. The accruals and deferred income mainly include administrative expenses and employee bonus accruals.

Notes to consolidated financial statements

11. Leases

Right-to-use assets (Office Building and Leasehold improvements)	**2023**	**2022**
	£'000	£'000
Balance at 1 January	**6,387**	4,494
Additions	**7,528**	1,893
3,888,457 Balance at 31 December	**13,915**	6,387

Depreciation charge of right-of-use assets	**2023**	**2022**
	£'000	£'000
Balance at 1 January	**(2,112)**	(1,405)
Charge during the year	**(1,493)**	(707)
Balance at 31 December	**(3,605)**	(2,112)
Carrying value	**10,310**	4,275

Lease liabilities	**2023**	**2022**
	£'000	£'000
Balance at 1 January	**4,464**	3,508
Additions	**4,352**	1,642
Repayments	**(1,095)**	(686)
Accrued interest charges	**-**	197
Interest expense included in finance expense	**(633)**	(197)
Balance at 31 December	**7,088**	4,464

Undiscounted lease liabilities maturity analysis	**2023**	**2022**
	£'000	£'000
Less than 6 months	**772**	631
6-12 months	**849**	500
Between 1 and 2 years	**1,556**	863
Between 2 and 5 years	**4,563**	2,984
Balance at 31 December	**7,740**	4,978

Notes to consolidated financial statements

12. Related party transactions

Internal controls are in place to ensure that any related party transactions including directors or their connected persons are carried out on an arm's length basis and are properly recorded.

Identified related parties

Identified related parties include:

- Directors of the company.
- Directors of subsidiaries. These directors received no fees from their directorships, but were paid salaries for services rendered to the subsidiaries in accordance with their employment contracts (ref to note 2.6 for further details).
- Group companies including: subsidiaries listed in note 2 and associates in note 3 to the Company financial statements.

There are no other Key Management Personnel identified other than the Directors. Refer to note 11 of company only accounts for further details on intercompany payables and receivables.

13. Share capital and preference shares

	2023	2022
Allotted and called up and fully paid	£'000	£'000
77,769,136 (2022: 77,769,136) Ordinary shares of £0.01 each	**778**	778
33,329,630 (2022: 33,329,630) Preference shares of £0.01 each	**333**	333
3,888,457 (2022: Nil) A Ordinary share of £0.0001 each	**-**	-
3,888,457 (2022: Nil) B Ordinary shares of £0.0001 each	**-**	-

The number of 'A' ordinary shares issued between 01 January 2023 and 31 December 2023, were 2,850,000.

Special resolution:

On 02 February 2023 all the members of LMAX Exchange Group Limited (the "Company") passed a special resolution for the amendment of share capital structure to include A and B ordinary shares as stated above. The resolution agreed that the Articles of the Company be deleted in their entirety, and that the new articles of association be adopted, and that paragraph 6 of the Memorandum of Association of the Company be deleted, and the following paragraph be inserted in its place:

The share capital of the Company is £1,111,765.35 divided into:
a) 33,329,630 preference shares with limited liability of one penny (£0.01) each.
b) 77,769,136 ordinary shares with limited liability of one penny (£0.01) each.
c) 3,888,457 A ordinary shares with limited liability of one hundredth of a penny (£0.0001) each.
d) 3,888,457 B ordinary shares with limited liability of one hundredth of a penny (£0.0001) each.

Notes to consolidated financial statements

14. Goodwill

	2023	2022
	£'000	£'000
Acquisition of LMAX Broker Europe Limited	**318**	318
Acquisition of Curex	**12,111**	-
Total Goodwill	**12,429**	318

The goodwill balances of £0.3m relates to the acquisition of a regulated Cypriot entity, LMAX Broker Europe Limited (formerly known as CB Capital) in July 2019 and £12.1m relates to the acquisition of Cürex. In accordance with the provisions of IFRS 3 the capitalised Goodwill resulting from the Cürex assets acquisition have not been amortised but assessed for impairment which is considered nil for the accounting period ended 31st December 2023. The Group's total goodwill balance has been assessed for impairment and there has been no impairment recognised for the year. The inputs management considered in assessing the impairment included the going concern of the acquired entities and in the case of Cürex acquisition, the proximity of acquisition date to the reporting date, which is 2 months prior to reporting date, the business continuity assessment through clients' commitments assurance obtained in post-acquisition interviews with clients and the staff technical know-how retained.

15. Business acquisitions

On 27th October 2023 LMAX US Incorporated acquired the trades (clients' book) and some Intellectual Property of the assets of Cürex in an Asset Purchase Agreement. The total consideration of £12.7m (US$16m) paid was funded with a £2.4m (US$3m) capital injection into LMAX US Incorporated and the balance through an intercompany loan to LMAX US Incorporated from LMAX Exchange Group Limited ("LEG"). The £12.1m amount of Goodwill recognised for the Cürex Asset Purchase transaction represents the future economic benefits arising from the assets acquired that are not individually identified and separately recognised and calculated consideration minus the net assets. Cürex trades contributed £0.8m of revenue and £58k net loss to the consolidated profit of LMAX Exchange Group Limited for the period from 27 October 2023 to 31 December 2023.

Assets	**£'000**
Trade receivables	620
Prepayments	118
Other debtors	7
Total assets	**745**
Liabilities	-
Trade payables	179
Total liabilities	**179**
Fair value of identifiable net assets acquired (a)	566
Consideration transferred settled in cash	11,778
Other associated costs	899
Total consideration (b)	**12,677**
Goodwill recognised on acquisition (b-a)	**12,111**

Notes to consolidated financial statements

16. Post balance sheet event

LMAX Exchange Group Limited has a long-standing presence and solid track record in the vibrant Asia Pacific region. At the end of 2023, it received an RMO License from the Monetary Authority of Singapore (MAS) enabling it to build out the exchange offering in FX NDFs. LMAX Digital Broker (Singapore) PTE Limited, have been granted a broker dealer license by the MAS and with a digital license to be approved imminently, these will enable the company to continue to expand its cross-asset product offering in Asia Pacific.

Singapore is growing in importance as a hub for FX and digital assets, with a supportive and forward-looking regulatory environment. Hence, the decision has been taken to close the office in Hong Kong and consolidate the Asia Pacific operations through the core hub in Singapore, exchange infrastructure in Japan and development centre of excellence in Auckland. Chinese speaking sales support will continue to be offered in Singapore, Auckland and London.

The move will harness the resources, expertise, and knowledge to serve our clients effectively as drive continue to broaden market access for all participants and build a deeper pool of APAC liquidity in both FX and over time, digital assets. As at the reporting date, the trading book business transferred has not occurred yet and estimated transfer date is 31 August 2024. The capital markets activity continues to be serviced by the Singapore and UK teams.

Driven by the current business strategy to reinvest cash reserves to grow the business, enhanced by sales of PYTH tokens, a total of 132,707,464 PYTH tokens have been sold at an average price of $0.53 generating a net revenue, after mark to market adjustments , of $61m, since the close of the financial reporting date of 31 December 2023.

FlowBank Limited with which LMAX Digital Broker Limited, a subsidiary of LMAX Exchange Group Limited, held an account went into liquidation on 13 June 2024. LMAX Group has no material exposure to Flowbank as there were no material balances with the bank as at December 31, 2023, the financial reporting date nor at the liquidation date.

17. Contingent liabilities

Despite there being a low likelihood of any future liability arising, the directors have disclosed a potential taxation charge arising from the perceived existence of an overseas permanent establishment. A reasonable estimate of the potential liability is £1.1m (2022: £1.1m).

The appropriate advice has been undertaken and it is not considered that this is a case where additional tax will ultimately fall due.

Notes to consolidated financial statements

18. Financial instruments

18.1 Credit risk

As a provider of leveraged financial instruments, clients are only required to deposit sufficient margin on their accounts to enable them to trade on the platform, whilst still being fully exposed to the position in the market.

As a result, losses can exceed funds on account when there are sudden and unexpected price movements exposing the Group to the risk of potential expected credit loss where customers are unable to fund their losses. This risk is managed by setting appropriate margin levels and position limits per currency pair. Risks specifically around pegged instruments and emerging market currencies are monitored and have margin rates increased where it is deemed necessary. Clients' positions are actively monitored and are requested to adjust their positions when positions sizes expose the Group to too much risk. Clients are encouraged to hold a diversified portfolio thereby further reducing risk. Risk management procedures & policies and technology are designed to limit financial repercussions from such events.

The Group is also exposed to credit risk for financial assets included in trade and other receivables and cash and cash equivalents. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2023	**2022**
	£'000	£'000
Balance as at 01 January	**30**	148
Provision recognised during the year	**249**	46
Provision released during the year	**-**	(126)
Amounts written off	**(186)**	-
Other movements*	**(9)**	(38)
Balance as on 31 December	**84**	30

*Other movements include exchange movement on the provision held.

18.2 Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions and/or from other group companies to meet its liquidity requirements in the short and longer term.

Notes to consolidated financial statements

At 31 December, 2023	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Undiscounted contractual cash flows	Carrying amount liabilities
Non-derivatives	£'000	£'000	£'000	£'000		£'000	£'000
Trade payables	2,055	-	-	-	-	2,055	2,055
Taxation and social security	1,196		-	-	-	1,196	1,196
Transfer of title funds*	257,191	-	-	-	-	257,191	257,191
Lease liabilities	772	849	1,556	4,563	-	7,740	7,088
Loan and interest	12,620	546	8,784	17,606	-	39,556	39,518
Accruals and deferred income	10,649	-	–	–		10,649	10,649
Total	**284,483**	**1,395**	**10,340**	**22,169**	**-**	**318,387**	**317,697**
At 31 December, 2022							
Non-derivatives							
Trade payables	3,021	-	-	-		3,021	3,021
Taxation and social security	1,094	-	-	-	-	1,094	1,094
Transfer of title funds*	285,868	-	-	-	-	285,868	285,868
Lease liabilities	631	500	863	2,984	-	4,978	4,464
Loan and interest	12,804	5,115	17,226	27,435	-	62,580	50,277
Accruals and deferred income	6,868	-	-	-	-	6,868	6,868
Total	**310,286**	**5,615**	**18,089**	**30,419**	**-**	**364,409**	**351,592**

* The Transfer of title funds include £99.9m (2022: £66.7m) client liability in relation to digital assets held under Inventories on the Statement of Financial Position.

18.3 Interest rate risk

The Group has an interest-bearing borrowing of £39.5m (2022: £50.3m). The borrowing reflects £37m (2022: £45.3m) of retiree loan from retiring employees and a balance of £2.5m of term loan from an external bank (2022: £5m).

The weighted average rate of interest on the external loan is 0.97% (2022: 0.75%) and on the retiree loan 6 % (2022: 2%). The remaining term of the £2.5m debt is 9 months from the financial year end date, however this was repaid early in May 2024.

Sensitivity Analysis

The Group is exposed to interest rate risk on all interest rate sensitive instruments which includes financial assets and liabilities. The interest rate risk sensitive Group's financial assets and liabilities at the end of each year were as follows:

Notes to consolidated financial statements

Financial assets:	2023	2022
	£'000	£'000
Cash and cash equivalents	**61,066**	236,934
Collateral requirement for trade clearing*	**43,656**	58,303
Financial liabilities:		
Borrowings	**(39,518)**	(50,277)
Total	**65,204**	244,960

*£5.4m has been excluded from this amount which represents balances held at FAR venues are they are non-interest bearing.

Interest rate sensitivity analysis has been performed on the floating rate financial instruments by considering a 150 basis points (1.50%) (2022: 150 basis points) interest rate decrease on the financial assets and a 150 basis points increase (2022: 150 basis points) on the financial liabilities held at the year-end date.

The impact expressed below has been calculated considering no change in the value of assets and liabilities over the next 12 months.

	Cash and cash equivalents	Client collateral balances	Borrowings
2023	£'000	£'000	£'000
Increase in 150bp	**916**	**655**	**(593)**
Decrease in 150bp	**(916)**	**(655)**	**593**
Impact 2022	(3,554)	(875)	(1,508)

As shown in the table above, in the adverse circumstances of a decrease in interest rate on cash holdings and an increase in the interest rate on cash borrowings would result in a net cash outflow for the Group of £2,164k (2022: £5,937k).

18.4 Price risk

As at the end of the reporting year one of the Group's subsidiary, LMAX Bullion Limited held some open metal, indices and commodities contracts under its market making activities valued at fair value through the income statement. The Group is thus exposed to the risk that the fair value of these financial instruments will fluctuate due to the changes in market prices of the underlying instrument.

The sensitivity analysis below relates to open position on derivatives for metal, commodities and indices contracts based on a 10% increase and decrease in prices of these open contracts. The Group's price risk in currency contracts is presented in Note18.5. The Group's risk on digital asset CFD derivatives and digital asset coins is presented in Note 18.6.

Notes to consolidated financial statements

		2023	2022
Derivative Contracts	**Notional value long/(short)**	**Estimated (loss)/gain had the prices strengthened by 10%**	**Estimated (loss)/gain had the prices weakened by 10%**
	£'000	**£'000**	**£'000**
Gold	(1,006)	(100)	100
Indices	-	-	-
Brent	(30)	(3)	3
Natural Gas	-	-	-
Silver	(571)	(57)	57
Platinum	7	(0.7)	0.7

			2022
Derivative Contracts	**Notional value long/(short)**	**Estimated (loss)/gain had the prices strengthened by 10%**	**Estimated (loss)/gain had the prices weakened by 10%**
	£'000	**£'000**	**£'000**
Gold	43,985	4,398	(4,398)
Indices	(772)	(77)	77
Brent	3	0.3	(0.3)
Natural Gas	(4)	(0.3)	0.4
Silver	8,486	849	(849)
Platinum	-	-	-

18.5 Foreign currency risk

The financial assets and liabilities of the Group are held predominantly in British Pounds, US Dollars, Euros, Japanese Yen, Australian Dollars, Singapore Dollars and Hong Kong Dollars. Cash and collateral balances are actively monitored and converted so as to maintain as best as possible a net neural position in all non-British Pound currencies.

Where this cannot be achieved forward exchange contracts are entered into to limit currency risk. The currency exposures of financial assets and liabilities (including certain non-financial asset and liability items such as cryptocurrencies, prepayments, accruals and deferred income) are as follows.

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The currency exposures of financial assets and liabilities as at 31st December 2023 were as follows:

	TOTAL £'000	GBP £'000	USD £'000	EUR £'000	JPY £'000	AUD £'000	SGD £'000	HKD £'000	Other £'000
Cash and cash equivalents	61,066	12,627	12,585	23,470	15,726	(2,978)	(467)	779	(676)
Collateral requirement for trade clearing	49,101	106	37,327	11,669	-	(1)	-	-	-
Cryptocurrencies held by the Group	183,456	-	183,456	-	-	-	-	-	-
Trade debtors	4,532	1,694	2,885	72	-	-	(88)	6	(37)
Other debtors	5,114	2,416	2,258	273	-	(11)	76	23	78
Prepayments and accured income	9,733	2,163	7,543	52	-	9	47	18	7
Lease liability	(7,088)	(4,059)	(2,219)	(17)	-	-	(735)	(26)	(31)
Accurals and deferred income	(10,649)	(8,534)	(1,263)	(491)	(37)	(32)	(51)	(11)	(231)
Loan	(39,518)	(17,639)	(21,879)	-	-	-	-	-	-
Transfer of title funds	(257,191)	(3,126)	(214,555)	(32,505)	(16,781)	3,784	352	(179)	5,819
Trade creditors	2,055)	(2,030)	(29)	-	(1)	6	(8)	10	(3)
Net exposure	**(3,499)**	**(16,382)**	**6,109**	**2,419**	**(1,093)**	**777**	**(874)**	**620**	**4,925**
Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net exposure	**(3,499)**	**(16,382)**	**6,109**	**2,419**	**(1,093)**	**777**	**(874)**	**620**	**4,925**

*Included in Collateral requirement for trade clearing is £5.4m which represents Right-to-Receive balances held at third party FAR venues

The currency exposures of financial assets and liabilities as at 31st December 2022 were as follows:

	TOTAL £'000	GBP £'000	USD £'000	EUR £'000	JPY £'000	AUD £'000	SGD £'000	HKD £'000	Other £'000
Cash and cash equivalents	236,934	45,216	151,708	11,721	23,290	328	849	(954)	4,776
Collateral requirement for trade clearing	58,303	141	40,463	17,698	-	3	-	-	2
Cryptocurrencies held by the Group	72,402	-	72,402	-	-	-	-	-	-
Trade debtors	2,743	-	2,688	55	-	-	-	-	-
Other debtors	3,418	1,954	1,313	(26)	57	(4)	39	24	61
Prepayments and accured income	2,899	2,035	787	45	1	3	18	2	8
Lease liability	(4,463)	(4,248)	-	(69)	-	-	-	(23)	(123)
Accurals and deferred income	(6,870)	(5,923)	(479)	(236)	(28)	(31)	(42)	(5)	(126)
Loan	(50,277)	(23,000)	(27,277)	-	-	-	-	-	-
Transfer of title funds	(285,710)	(8,201)	(237,627)	(24,776)	(14,838)	134	872	1,408	(2,682)
Trade creditors	(3,021)	(356)	(2,641)	(22)	(1)	10	10	(3)	(18)
Net exposure	**26,358**	**7,618**	**1,337**	**4,390**	**8,481**	**443**	**1,746**	**449**	**1,894**
Derivatives	**157**	**-**	**(317)**	**474**	**-**	**-**	**-**	**-**	**-**
Net exposure	**26,515**	**7,618**	**1,020**	**4,864**	**8,481**	**443**	**1,746**	**449**	**1,894**

Notes to consolidated financial statements

Sensitivity analysis	Impact on post tax profit	
	2023	**2022**
	£'000	£'000
USD value appreciates 5%	**291**	1,262
USD value depreciates 5%	**(322)**	(1,396)
EUR value appreciates 5%	**115**	245
EUR value depreciates 5%	**(127)**	(271)
JPY value appreciates 5%	**(52)**	403
JPY value depreciates 5%	**58**	(445)

As shown in the table above, the Group is primarily exposed to changes in USD, EUR and JPY against GBP. The sensitivity of profit or loss to changes in the currencies arises mainly from cash and cash equivalents.

18.6 Fair value hierarchy

IFRS 13 uses a fair value hierarchy to categorise financial instruments according to inputs that are used in valuation techniques to measure fair value. Level 1 are observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets. Level 2 are internal models using observable market and Level 3 are internal models using unobservable inputs.

At the end of the reporting year the Group is exposed to fair value risk on financial instruments and inventory. The carrying value of financial instruments carried at amortised cost are not materially different from their fair value as at 31 December 2023 and therefore the Group's fair value risk is assessed on inventory and the financial instruments held at fair value through Statement of Comprehensive Income. The Group's financial instruments held at fair value and inventory held at fair value less cost to sell are shown below and are assessed to be level 1.

In prior year these assets and liabilities were presented as level 2 financial instruments, on further analysis management concluded that these instruments are level 1 in both current and prior periods. Hence, 2022 comparative have been restated accordingly.

	Level 1	**Level 2**	**Level 3**	**Total**
At 31 December, 2023	£'000	£'000	£'000	£'000
Assets				
Inventories 18.a	183,456	-	-	183,456
Liabilities				
Trade payable 18.b	(99,898)	-	-	(99,898)
Total	**83,558**	**-**	**-**	**83,558**

Notes to consolidated financial statements

At 31 December, 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Inventories 18.a	72,402	-	-	72,402
Liabilities				
Trade payable 18.b	(71,930)	-	-	(71,930)
Derivative contracts	157	-	-	157
Total	**629**	**-**	**-**	**629**

18.a shows the value of digital assets held by the Group which have been fair valued through the income statement.

The Inventories as also presented in Note 8 relates to the digital assets held by the Group's subsidiary LMAX Digital Broker Limited. These digital assets include £99.9m (2022: £66.7m) held on behalf of clients, £84m (2022: £2.3m) under economically hedged positions against digital asset CFDs.

18.b shows the total client liabilities due to clients in relation to the digital asset inventory held by LMAX Digital Broker Limited and the net unrealized losses on the Group's open finance derivatives positions which are economically hedged against the Group's inventory.

The trade payable presented as financial liabilities held at fair value through the income statement reflects the Group's payable balance with respect to clients' digital assets worth £99.9m (2022: £66.7m) and the net unrealised profit on open financial derivatives i.e. digital asset CFD trades worth £27m (2022: £5.23m losses).

The LMAX Digital Broker Limited balance forms the largest part of the Transfer of title funds as shown under Note 10 which includes:

- Trade payable of £99.9m (2022: £66.7m) related to clients' digital assets holdings valued at fair value.
- The £1.8m (2022: £3m) balance relates to margin held on clients' trading accounts denominated in fiat currencies and is therefore held at amortised cost.

The fair value is determined based on the end of day exit prices which are derived from the end of day executed trades on the LMAX Trading platform, an active platform where transactions take place with sufficient frequency and volume. A high number of the transactions on the platform are limit orders placed by market makers, thus quoted prices reflect only executed trades and are considered to be the exit prices.

According to IFRS 13, fair value measurement requires fair value to be price to sell the asset or transfer the liability that takes place in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market is the one with the greatest volume and level of activity for the asset or liability that can be accessed by the entity.

The Group performs regular internal benchmarking to ensure their end of day exist prices are maintained under the acceptance thresholds from the principal market price, where acceptable threshold is variation of up to 1% of the assets under management ("AUM") in USD or $3m whichever is higher.

Notes to consolidated financial statements

Fair value is derived based on observable market data and the balances are accordingly classified as Level 1 financial instruments under IFRS 13. The Group's exposure to the risk of fair value changes on the financial instruments held under economically hedged positions is evaluated as not material.

The Group's exposure to the risk of fair value changes on the financial instruments held from its market making trading activities is neutral.

18.7 Capital management

The Group pro-actively manages capital adequacy risk for the regulated entities of the Group through its regulatory reporting, ongoing internal monitoring, capital forecasting and stress testing. This includes holding sufficient capital to meet regulatory capital requirements for each regulated entity within the group.

The regulatory capital resources are a measure of equity, adjusted for goodwill and intangible assets and deferred tax assets. The highest capital requirements arise from the two UK regulated entities where minimum capital is determined in accordance with the Financial Conduct Authority through the requirements of Investment Firms Prudential Regime (IFPR), as well as the newly created entity in Gibraltar which is regulated as a full Distributed Ledger Technology ("DLT") license holder from the GFSC to operate the digital asset exchange from April 2019 and the CySec regulated entity acquired in July 2019 (see note 12 for details).

The Group operates a monitoring framework over the capital resources and minimum capital requirements monthly for its regulated entities, calculating the market and credit risk requirements arising from exposures including internal warning indicators as part of the risk dashboards. Regulated entities of the Group met all externally imposed capital requirements throughout the year ended 31 December 2023.

The Group's objectives when managing capital are to:

- Safeguard ability of Group entities to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

Total equity held within LMAX Exchange Group Limited at the end of 2023 was £58.5m (2022: £51.6m) and the minimum capital requirements of the regulated group entities at the end of the period are as follows:

	2023	**2022**
	£'000	£'000
LMAX Limited	**4,818**	3,962
LMAX Broker Limited	**22,805**	8,847
LMAX Broker Europe Limited	**280**	166
LMAX Digital Broker Limited	**2,890**	3,042
LMAX Broker Mauritius Limited	**16**	17
Total	**30,809**	**16,034**

Notes to consolidated financial statements

18.8 Liabilities from financing activities

	Borrowings (retiree loans) £'000	Borrowings (external bank loans) £'000	Leases £'000	Sub total £'000
As at 1 January 2022	-	25,875	3,508	29,383
Financing cash flows drawdowns	42,545	-	-	42,545
Financing cash flows repayments	-	(20,875)	-	(20,875)
Foreign exchange adjustments	2,732	-	-	2,732
New lease	-	-	1,642	1,642
Principal lease repayments	-	-	(686)	(686)
Accrued interest charges	1,032	1,300	197	2,529
Interest paid	-	(1,003)	(197)	(1,200)
As at 31 December 2022	**46,309**	**5,297**	**4,464**	**56,070**
As at 1 January 2023	46,309	5,297	4,464	56,070
Financing cash flows drawdowns	-	-	-	-
Financing cash flows repayments	(8,784)	(2,500)	-	(11,284)
Foreign exchange adjustments	(1,183)	-	-	(1,183)
New lease	–	-	4,352	4,352
Principal lease repayments	-	-	(1,095)	(1,095)
Accrued interest charges	2,092	70	-	2,162
Interest paid	(1,416)	(367)	(633)	(2,416)
As at 31 December 2023	**37,018**	**2,500**	**7,088**	**46,606**

19. Reorganisation reserve

The Group's Reorganisation Reserve is formed as a result of transactions between the minority shareholders of the subsidiaries and LMAX Exchange Group Limited ("LEG"). These transactions include a share buy back by LEG, completed in July 2021, and an equity swap with shareholders of LMAX Digital Group Limited in October 2021.

As a result, the Group has recognised a reorganisation reserve within the Statement of changes in Equity which includes any difference between the total consideration and net assets acquired.

Notes to consolidated financial statements

20. Developments in reporting standards and implementations

New accounting standards not adopted by the Group

The IASB has published a number of amendments to IFRSs as listed below that were effective for annual reporting periods beginning on or after 1 January 2023:

- IFRS 17 – Insurance Contracts.
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 - Making Materiality Judgments.
- Definition of Accounting Estimates – Amendments to IAS 8.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12; and
- International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

The group has assessed the impact of these amendments and noted that these did not have a material impact, when adopted, on the Group Financial Statements.

The group also did not elect to adopt the following amendments early

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 21; and
- Disclosure of Accounting Policies –Amendments to IAS 1 and IFRS Practice Statement 2.

Future new standard and interpretations

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the group.

These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods of foreseeable future transactions.

21. Registered address and country of domicile

LMAX Exchange Group Limited is a private company limited by shares, incorporated and domiciled in Jersey.

Registered office:

LMAX Exchange Group Limited
50 La Colomberie, St Helier,
Jersey, JE2 4QB

Principal place of business:

c/o LMAX Limited
Yellow Building, 1A Nicholas Road,
London, W11 4AN

Registered number:

125453

Company statement of comprehensive income

For the year ended 31 December, 2023	2023	2022
	£'000	£'000
Revenue	**5,002**	-
Cost of sale	**-**	**-**
Gross profit	**5,002**	-
Administrative expenses	**(1,905)**	(1,562)
Amounts written back/(off) due from receivable	**13,353**	(12,637)
Operating profit/(loss)	**16,450**	(14,199)
Finance expense	**(2,469)**	(2,310)
Share of profit/(loss) of associate	**30**	(151)
Profit/(loss) before tax	**14,011**	(16,660)
Taxation	**412**	-
Profit/(loss) for the year	**14,423**	(16,660)
Other comprehensive income/(expense)	**-**	-
Total comprehensive (expense) / income for the year	**14,423**	(16,660)

The results shown above are derived wholly from continuing operations. The balance of £13.4m written back (2022: £12.6ml written off) during the year relates to amount receivable from LMAX Capital Markets (Cayman) Limited.

Revenue has increased from prior year due to receipts of dividend income (2022: £nil) and interest income during the current year.

The accompanying notes are an integral part of these financial statements.

Company statement of financial position

As at 31 December, 2023	Note	2023	2022
		£'000	£'000
Non-current assets			
Investments in subsidiaries	3	**155,703**	145,204
Investment in associate	4	**1,825**	1,795
Property, plant and equipment	5	**7,663**	4,880
Intangibles	6	**2,506**	15
Trade and other receivables	7	**429**	435
Deferred tax assets		**754**	277
Current assets			
Trade and other receivables	7	**70,248**	49,664
Cash and cash equivalents	8	**3,899**	8,436
Total assets		**243,027**	210,706
Non-current liabilities			
Trade and other payables	9	**(29,762)**	(39,890)
Current liabilities			
Trade and other payables	9	**(61,080)**	(33,054)
Total liabilities		**(90,842)**	(72,944)
Net assets		**152,185**	137,762
Equity			
Share capital	10	**778**	778
Preference shares	10	**333**	333
Share premium		**74,433**	74,433
Retained earnings		**76,641**	62,218
Equity attributable to equity holders of the parent		**152,185**	137,762
Total equity		**152,185**	137,762

The accompanying notes are an integral part of financial statements .

These financial statements on 67-73 were approved by the Board on 25 July 2024 and signed on behalf of the Board by:

David Mercer, Director
25 July 2024

Company statement of changes in equity

For the year ended 31 December, 2023

	Share capital £'000	Preference shares £'000	Share premium £'000	Retained earnings £'000	Total parent equity £'000	Total equity £'000
Balance at 1 January 2023	**778**	**333**	**74,433**	**62,218**	**137,762**	**137,762**
Profit for the year	-	-	-	14,423	14,423	14,423
Total comprehensive expense for the year	**-**		**-**	**14,423**	**14,423**	**14,423**
Total distributions to owners	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2023	**778**	**333**	**74,433**	**76,641**	**152,185**	**152,185**

For the year ended 31 December, 2022	Share capital £'000	Preference shares £'000	Share premium £'000	Retained earnings £'000	Total parent equity £'000	Total equity £'000
Balance at 1 January 2022	**1,111**	**-**	**74,433**	**78,878**	**154,422**	**154,422**
Loss for the year	**-**	-	-	(16,660)	(16,660)	(16,660)
Total comprehensive income	**-**	-	-	(16,660)	(16,660)	(16,660)
Issue of preference shares	(333)	333	-	-	-	-
Total distributions to owners	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2022	**778**	**333**	**74,433**	**62,218**	**137,762**	**137,762**

Dividend expense during the year £0 (2022: £0).

The accompanying notes on pages 67-73 form an integral part of these financial statements.

Company statement of cash flows

For the year ended 31 December, 2023

	Note	2023	2022
Cash flows from operating activities		£'000	£'000
Operating profit/(loss)		**16,450**	(14,199)
Adjustments for:			
Depreciation	5	**1,345**	795
Amortisation	5	**308**	12
(Increase) in trade and other receivables		**(35,277)**	(12,213)
Increase in trade and other payables		**29,455**	9,788
Deferred tax charge		**412**	-
Net cash generated/(used in) from operating activities		**12,693**	(15,817)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(4,127)**	(2.142)
Acquisition of Intangibles		**(2,799)**	-
Loans to subsidiaries		**(7,500)**	(15,870)
Repayment from subsidiaries		**16,721**	10,335
Dividend Received		**5,000**	-
Investment in subsidiaries		**(10,499)**	(4,083)
Net cash (used in)/generated from investing activities		**(3,204)**	(11,760)
Cash flows from financing activities			
Borrowing		**-**	42,545
Repayment of borrowing		**(11,557)**	(20,875)
Finance expense		**(2,469)**	(981)
Net cash (used in) financing activities		**(14,026)**	20,689
Net (decrease)/increase in cash and cash equivalents		**(4,537)**	(6,888)
Cash and cash equivalents at beginning of year		**8,436**	15,324
Cash and cash equivalents at end of year		**3,899**	8,436

The accompanying notes are an integral part of these financial statements.

Refer to note 18.8 of the consolidated financial statements which is relevant for all the borrowings and materially all the leases at Company level.

Company notes to the financial statements

1. Accounting policies

The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and International Financial Reporting Committee (IFRIC) in conformity with the requirements of the Companies Jersey Law (1991).

The Company financial statement have been prepared under the historical cost modified by, for example, revaluation of the financial assets and financial liabilities held at fair value through profit and loss (as applicable). The accounting policies are consistent with the Group accounting policies set out on pages 29 - 55. Accounting policies specific to the company are as follows.

Investment in subsidiaries

Investments in subsidiaries have been accounted for at cost less impairment. The Directors of the Company carry out an annual assessment to determine if any indication of impairment exists. If such indicators are identified, then the amount of impairment is ascertained by comparing the carrying amount of the investment in each subsidiary to its recoverable amount. The recoverable amount of subsidiary calculations incorporates cash flow projections based on financial budgets approved by management.

2. Administrative expenses

	Note	**2023**	**2022**
		£'000	£'000
Total salary expenses**		**19,782**	14,310
- of which capitalised as development software	5	**(2,766)**	-
Social security expenses		**2,378**	1,993
Other Pension costs		**511**	393
Depreciation of tangible assets	5	**1,345**	795
Amortisation of intangible assets	5	**308**	13
Office consumables and maintenance		**3,502**	2,249
Legal and Professional		**613**	714
Exchange (gains)/losses		**1,729**	(3,758)
Donations		**325**	348
Transaction expenses		**-**	5,188
Other costs		**6,318**	4,092
Cost recharged to intercompany		**(32,140)**	(24,775)
Total administrative expenses		**1 ,905**	1,562

** Total salary expenses including all employee expenses e.g. wages, salaries , holiday pay, sick pay , bonus and non-monetary benefit including medical care. There is no post-employment benefit provided to all staff.

Company notes to the financial statements

3. Investments in subsidiaries

	2023	2022
	£'000	£'000
Investments	**155,703**	145,204

All the Group's subsidiaries for the year ended 31 December 2023 are shown below. The ordinary shares held % shown is the effective shareholding which the company holds in the underlying subsidiary.

Subsidiary	Country of incorporation	Principal activity	Ordinary shares held No.	Ordinary shares held %
LMAX Limited	England	Financial exchange platform	599,081	100
LMAX Broker Limited	England	FX brokerage	599,081	100
LMAX Bullion Limited	Hong Kong	Bullion broker	1,000	100
LMAX Hong Kong Limited	Hong Kong	Dormant	3,000,000	100
LMAX Japan Co. Limited	Japan	Sales presence	1	100
LMAX New Zealand Limited	New Zealand	FX brokerage	1,000	100
LMAX Pte. Limited	Singapore	Sales presence	4,250,000	100
LMAX USA Incorporated	Delaware, USA	Development of US market	1,500	100
LMAX Digital Group Limited	Jersey	Holding company	1,250,000	100
LMAX Digital Broker Limited	Gibraltar	Digital currency exchange broker	11,000,000	100
LMAX Broker Mauritius Limited	Mauritius	Sales presence	20,001	100
LMAX Broker Europe Limited	Cyprus	FX Brokerage	1,244,750	100
LMAX Capital Markets Limited	Cayman Islands	Investment	50,000	100
LMAX Digital Exchange U.K. Limited	England	Dormant	1	100
LMAX Digital Broker Singapore Pte. Limited	Singapore	Dormant	1	100

Company notes to the financial statements

All the Group's subsidiaries for the year ended 31 December 2022 are shown below. The ordinary shares held % shown is the effective shareholding which the company holds in the underlying subsidiary.

Subsidiary	Country of incorporation	Principal activity	Ordinary shares held No.	Ordinary shares held %
LMAX Limited	England	Financial exchange platform	599,079	100
LMAX Broker Limited	England	FX brokerage	599,077	100
LMAX Bullion Limited	Hong Kong	Bullion broker	1,000	100
LMAX Hong Kong Limited	Hong Kong	Dormant	3,000,000	100
LMAX Japan Co. Limited	Japan	Sales presence	1	100
LMAX New Zealand Limited	New Zealand	FX brokerage	1,000	100
LMAX Pte. Limited	Singapore	Sales presence	1	100
LMAX USA Incorporated	Delaware, USA	Development of US market	1,000	100
LMAX Digital Group Limited	Jersey	Holding company	1,000,000	100
LMAX Digital Broker Limited	Gibraltar	Digital currency exchange broker	1,000,000	100
LMAX Broker Mauritius Limited	Mauritius	Sales presence	20,001	100
LMAX Broker Europe Limited	Cyprus	FX Brokerage	1,244,750	100
LMAX Capital Markets Limited	Cayman Islands	Investment	50,000	100
LMAX Digital Exchange U.K. Limited	England	Dormant	1	100
LMAX Digital Broker Singapore Pte. Limited	Singapore	Dormant	1	100

4. Investment in associate

On 11 December 2020 the company acquired 20% shareholding in T4B Holdings Limited ("T4B") for £1.9m (€2m). T4B is a business to business (B to B) technology provider focusing on software development for Meta trader trading platforms. This investment is recorded as an investment in associate under equity method of accounting in accordance with IAS28. Under the equity method of accounting, the equity investment is initially recorded at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the associate.

	2023	**2022**
	£'000	£'000
Investment at 1 January	**1,795**	1,946
Share of profit/(loss) for the year	**30**	(151)
Investment at 31 December	**1,825**	1,795

Company notes to the financial statements

5. Property, plant and equipment

	Right to use office building	Leasehold improvements	Computer equipment	Furniture, fixtures & fittings	Total property, plant & equipment
Cost	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023	**5,198**	**352**	**1,056**	**152**	**6,758**
Additions	535	3,206	245	141	4,127
Balance at 31 December 2023	**5,733**	**3,558**	**1,301**	**293**	**10,885**
Accumulated depreciation					
Balance at 1 January 2023	**(1,367)**	**(115)**	**(305)**	**(91)**	**(1,878)**
Depreciation for the year	(688)	(212)	(409)	(35)	(1,344)
Balance at 31 December 2023	**(2,055)**	**(327)**	**(714)**	**(126)**	**(3,223)**
Carrying value					
at 31 December 2023	**3,678**	**3,231**	**587**	**167**	**7,663**

Cost	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2022	**3,629**	**359**	**476**	**152**	**4,616**
Additions	1,569	(7)	580	-	2,142
Balance at 31 December 2022	**5,198**	**352**	**1,056**	**152**	**6,758**
Accumulated depreciation					
Balance at 1 January 2022	**(854)**	**(71)**	**(98)**	**(60)**	**(1,083)**
Depreciation for the year	(513)	(44)	(207)	(31)	(795)
Balance at 31 December 2022	**(1,367)**	**(115)**	**(305)**	**(91)**	**(1,878)**
Carrying value					
at 31 December 2022	**3,831**	**237**	**751**	**61**	**4,880**

6. Intangible assets (software)

	2023	2022
Cost	£'000	£'000
Balance at 1 January 2022	**37**	37
Additions	**2,799**	-
Balance at 31 December	**2,836**	37
Accumulated amortisation		
Balance at 1 January	**(22)**	(10)
Amortisation for the year	**(308)**	(12)
Balance at 31 December	**(330)**	(22)
Carrying value		
at 31 December 2022	**2,506**	15

Company notes to the financial statements

7. Trade and other receivables

	2023	2022
	£'000	£'000
Amounts due from shareholders	**749**	967
Other debtors	**332**	77
Prepayments	**1,534**	1,346
Deposits	**264**	264
Intra-group receivables	**67,798**	47,445
Total	**70,667**	50,099
Classification:		
Non-current	**429**	435
Current	**70,248**	49,664
Total	**70,667**	50,099

Refer to note 18 for further details on risk management associated with credit, liquidity and capital.

8. Cash and cash equivalents

	2023	2022
	£'000	£'000
Cash and cash equivalents	**3,899**	8,436

9. Trade and other payables

	Note	2023	2022
		£'000	£'000
Loan	9.1	**39,506**	50,277
Lease liability	9.2	**4,059**	4,119
Social security liability		**776**	594
Trade creditors		**590**	(40)
Accruals and deferred income		**5,979**	3,968
Intra-group payables	9.3	**39,932**	14,026
Total		**90,842**	72,944
Classification:			
Non-current		**29,762**	39,890
Current		**61,080**	33,054
Total		**90,842**	72,944

9.1. The Company has an interest bearing borrowing of £39.5 (2022: £50.3m). The borrowing reflects £37m (2022: £45.3m) of retiree loans from retiring employees and a balance of £2.5m term loan from an external bank (2022: £5m). The remaining term of the £2.5m debt is 9 months from the financial year end date.

9.2. The lease liability represents the present value of future payments against the furniture, fixtures & fittings on lease and right to use office building. Refer note 4 for details on assets on lease.

9.3. The inter-group payable is due to the Group's subsidiaries and has no fixed terms of repayment, is interest free and no security has been provided.

Company notes to the financial statements

10. Share capital

Allotted and called up and fully paid	2023 £'000	2022 £'000
77,769,136 (2022: 77,769,136) Ordinary shares of £0.01 each	**778**	778
33,329,630 (2022: 33,329,630) Preference shares of £0.01 each	**333**	333
3,888,457 (2022: Nil) A Ordinary share of £0.0001 each	**-**	-
3,888,457 (2022: Nil) B Ordinary shares of £0.0001 each	**-**	-

On 02 February 2023 all the members of LMAX Exchange Group Limited (the "Company") passed a special resolution for the amendment of share capital structure to include A and B ordinary shares as stated above. See Group note 13 for details. The number of 'A' ordinary shares issued between 01 January 2023 and 31 December 2023, were 2,850,000.

11. Related parties

Related parties of the company are the same as those of the Group with LMAX Exchange Group Limited as the ultimate parent and controlling party. During the year there was a £10m investment in subsidiary (2022: £4m), refer to note 2 for further details. There were no inter-company transactions affecting profit or loss. Balances with related parties of the company are as follows:

	Note	2023 £'000	2022 £'000
Amounts due from shareholders		**749**	1,037
Amounts due from Group companies	11.1	**67,798**	47,445
Amounts due to Affinity Trust		**(559)**	(819)
Amounts due to Group companies	11.2	**(39,373)**	(13,192)

Related party balances have no fixed terms of repayments, are interest free and have no security provided.

11.1 Amounts due from Group companies

Balances	2023 £'000	2022 £'000
LMAX Bullion Limited	**25,349**	34,043
LMAX Digital Broker Limited	**1,611**	827
LMAX Exchange Limited	**5,248**	6,237
LMAX Digital Group Limited	**5,987**	1,790
LMAX Pte Limited	**2,131**	2,202
LMAX New Zealand Limited	**1,755**	850
LMAX Capital Markets Limited	**14,565**	1,390
LMAX Broker Europe Limited	**409**	48
LMAX Broker Mauritius Limited	**587**	33
LMAX Japan K.K	**19**	19
LMAX US Limited	**10,132**	6
LMAX Digital Broker (Singapore)	**5**	-
Total	**67,798**	47,445

Company notes to the financial statements

11.2 Amounts due to Group companies	2023	2022
Balances	£'000	£'000
Affinity Trust	(559)	(819)
LMAX Broker Limited	**(39,373)**	(13,192)
LMAX Digital Broker Limited	-	(15)
Total	**(39,932)**	(14,026)

12. Post balance sheet event

LMAX Exchange Group Limited has a long-standing presence and solid track record in the vibrant Asia Pacific region. At the end of 2023, it received an RMO License from the Monetary Authority of Singapore (MAS) enabling it to build out the exchange offering in FX NDFs. LMAX Digital Broker (Singapore) PTE Limited, have been granted a broker dealer license by the MAS and with a digital license to be approved imminently, these will enable the company to continue to expand its cross-asset product offering in Asia Pacific. Singapore is growing in importance as a hub for FX and digital assets, with a supportive and forward-looking regulatory environment.

Hence, the decision has been taken to close the office in Hong Kong and consolidate the Asia Pacific operations through the core hub in Singapore, exchange infrastructure in Japan and development centre of excellence in Auckland. Chinese speaking sales support will continue to be offered in Singapore, Auckland and London. The move will harness the resources, expertise, and knowledge to serve our clients effectively as drive continue to broaden market access for all participants and build a deeper pool of APAC liquidity in both FX and over time, digital assets.

As at the reporting date, the trading book business transferred has not occurred yet and estimated transfer date is 31 August 2024. The capital markets activity continues to be serviced by the Singapore and UK teams. Driven by the current business strategy to reinvest cash reserves to grow the business, enhanced by sales of PYTH tokens, a total of 132,707,464 PYTH tokens have been sold at an average price of $0.53 generating a net revenue, after mark to market adjustments, of $61m, since the close of the financial reporting date of 31 December 2023.

FlowBank Limited with which LMAX Digital Broker Limited, a fellow subsidiary of LMAX Exchange Group Limited, held an account went into liquidation on 13 June 2024. LMAX Exchange Group Limited has no exposure to Flowbank Limited as there were no material balances with the bank as at December 31, 2023, the financial reporting date nor at the liquidation date.

13. Registered address and country of domicile

Registered office: LMAX Exchange Group Limited 50 La Colomberie, St Helier, Jersey, JE2 4QB

Principal place of business c/o LMAX Limited, Yellow Building, 1a Nicholas Road, London, W11 4AN

Principal activity: A holding company which does not carry out any trading activity. The entity invests in underlying companies which provide exchange platforms for foreign currency and digital assets.

LMAX Exchange Group Limited - company registration number 125453

Annual report and consolidated financial statements - for the year ended 31 December, 2023

www.LMAX.com/annualreport

LMAX Exchange Group is the holding company of LMAX Limited, LMAX Broker Limited and LMAX Digital Broker Limited registered in Jersey (number 125453

LMAX Exchange is a trading name of LMAX Limited, which operates a multilateral trading facility, authorised and regulated by the Financial Conduct Authority (firm reference number 509778) and is a company registered in England and Wales (number 6505809)

LMAX Global is a trading name of LMAX Broker Limited which is authorised and regulated by the Financial Conduct Authority (firm reference number 783200) and is a company registered in England and Wales (number 10819525)

LMAX Digital is a trading name of LMAX Digital Broker Limited, authorised and regulated by the Gibraltar Financial Services Commission (license number FSC1342B) and is a company registered in Gibraltar (number 117528)

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