LMAX™ Group

2021 Annual Report

and Consolidated Financial Statements

Building the global
multi-asset marketplace

LMAX Exchange Group Limited (LMAX Group or the Company)
is the holding company of LMAX Exchange, LMAX Global and LMAX Digital.
50 La Colomberie, St. Helier, Jersey, JE2 4QB, Channel Islands

LMAX Exchange Group Limited, Yellow Building, 1A Nicholas Road, London W11 4AN

www.LMAX.com | info@LMAX.com | +44 20 3192 2555

Introduction: about LMAX Group

Delivering efficient market structure and transparent, precise execution to all participants

LMAX Group is a global financial technology company and the leading independent operator of multiple institutional execution venues for FX and crypto currency 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.

As one of the fastest growing financial technology companies in the UK, LMAX Group 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 Group portfolio includes LMAX Exchange, LMAX Global and LMAX Digital.

LMAX | Exchange

The institutional exchange for global FX

LMAX Exchange operates multiple global institutional FX exchanges and an FCA regulated MTF (Multilateral Trading Facility). A central limit order book (CLOB) execution model offers streaming firm limit order 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 brokers 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 access to deep institutional FX liquidity, tight spreads and transparent, precise execution with no 'last look' rejections.

LMAX | Digital

The institutional spot crypto currency exchange

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

Contents

Highlights ... 8

CEO's statement ... 9

Risk management ... 13

Statement of Directors' responsibilities in respect of the financial statements ... 17

Directors' report ... 19

Independent auditors' report to the members of LMAX Exchange Group Limited ... 20

Consolidated statement of comprehensive income ... 25

Consolidated statement of financial position ... 26

Consolidated statement of changes in equity ... 27

Consolidated statement of cash flows ... 28

Notes to consolidated financial statements ... 29

1. Accounting policies ... 29
2. Profit before tax ... 36
3. Taxation ... 38
4. Investments ... 40
5. Intangible assets ... 40
6. Property, plant and equipment ... 41
7. Trade and other receivables ... 42
8. Inventories ... 43
9. Cash and cash equivalents ... 43
10. Trade and other payables ... 44
11. Related party transactions ... 45
12. Reorganisation reserve ... 45
13. Goodwill ... 46
14. Post balance sheet event ... 46
15. Financial instruments ... 47
16. Developments in reporting standards and implementations ... 55
17. Registered address and country of domicile ... 55

Contents

Company statement of comprehensive income ... 56
Company statement of financial position ... 57
Company statement of changes in equity ... 58
Company statement of cash flows ... 59
Company notes to the financial statements ... 60
1. Accounting policies ... 60
2. Investments in subsidiaries ... 60
3. Investment in associate ... 62
4. Property, plant and equipment ... 63
5. Intangibles ... 64
6. Trade and other payables ... 64
7. Cash and cash equivalents ... 65
8. Trade and other payables ... 65
9. Share capital ... 65
10. Related parties ... 66
11. Post balance sheet event ... 66


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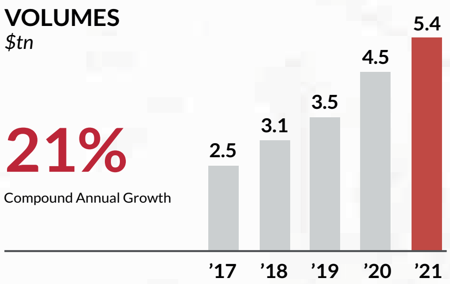
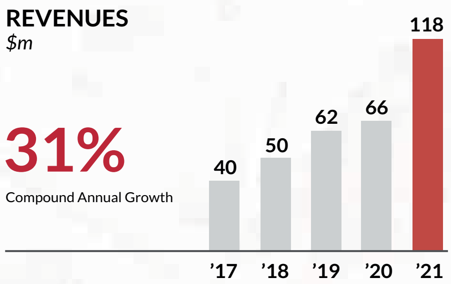
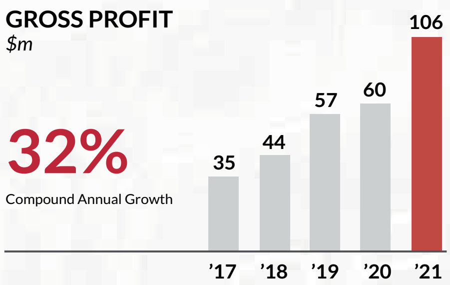
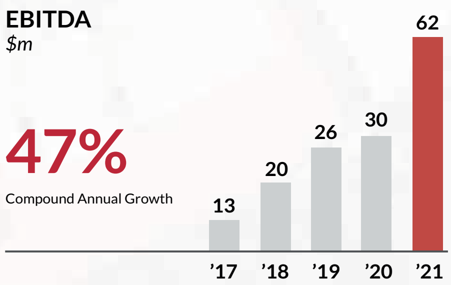
Highlights

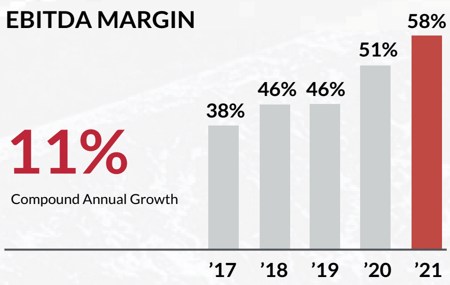
2021 financial highlights

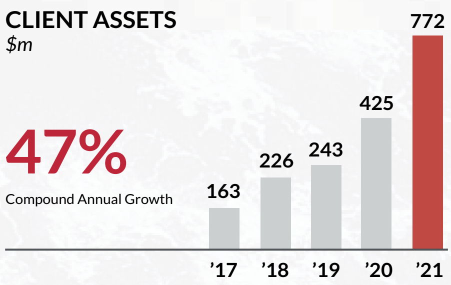












- **Trading volumes of US$5.4 trillion, 20% annual growth from 2020**
- **Gross revenues of US$118m, 80% annual growth from 2020**
- **Gross profit of US$106m, 78% annual growth from 2020**
- **Statutory EBITDA of US$62m, 103% annual growth from 2020**
- **EBITDA margin of 58%, 14% improved from 2020**
- **Profit for the year of US$41m, 130% annual growth from 2020**
- **Client assets held of US$772m, 82% annual growth from 2020**
- **Continued growth of exchanges around the world**

CEO's statement

Overview

David Mercer, CEO

2021 was a milestone year for LMAX Group as we navigated through challenging global macroeconomic conditions to achieve record volumes, revenues and EBITDA. This performance was the result of years of technology investment to diversify our product offering, leading to differentiated revenue streams and a wider geographic reach.

As we look ahead, the Group is well positioned to lead in both the FX and crypto markets, due to our unique and complementary triangulation of brands, enabling us to overcome industry infrastructure gaps and cross-sell to our global institutional client base.

During the year, our industry-leading business model and the prominent role we have to play in both foreign exchange and crypto currency markets was vindicated with a partial private equity sale, which valued the group at $1 billion. In J.C. Flowers & Co. LLC, we identified a like-minded partner that understands global capital markets and has strategic know-how and connectivity that we are able to leverage to accelerate the next phase of our growth and innovation across international markets, particularly in North America and Asia.

The evolution of LMAX Group has been organic and self-financed since 2011, broadly broken into two phases of i) proof of concept toward break-even (to 2015/16) and ii) diversification and profitability (to 2021). The next phase of expansion and growth (to 2027) should be the most exciting as we execute on our vision to deliver the future multi-asset marketplace.

We are committed to continued investment in product and trading functionality, notably with the aim of gaining further traction with top tier banks and established financial institutions.

A diversified revenue mix ensures the resilience of our financial performance in all market cycles and has seen us lead the way for growth and profitability metrics within the industry. We remain nimble, always with a keen eye on the horizon and a vision of where we can set the pace for the rest of the market.

In 2021, we grew our share of both the institutional FX and crypto market as we saw a meaningful increase in adoption of crypto assets by institutions. We remain confident that with the continued evolution of the markets in which we operate, combined with our commitment to invest in future growth, that we are on track to achieve our strategic objective of becoming the pre-eminent venue for all institutional FX and crypto currency trading.

Our focus remained on providing a best-in-class service to our clients and once again, we recorded annual growth across all KPIs.

LMAX KPIs (US$)	**2017**	**2018**	**2019**	**2020**	**2021**	**Growth**
Volumes (tn)	2.5	3.1	3.5	4.5	5.4	21%
Client assets (m)	163	226	243	425	772	47%
Revenue (m)	40	50	62	66	118	31%
Gross profit (m)	35	44	57	60	106	79%
EBITDA (m)	13	20	26	30	62	47%

CEO's statement

Along with the strong results achieved, we also pursued strategic initiatives.
Key business developments in 2021 include;

- The sale of a 30% stake in the company to J.C. Flowers & Co. LLC, which validated our corporate strategy.
- Investment in overseas expansion: The Group has strengthened its distribution capabilities and infrastructure globally by growing its presence in the EMEA and Asia Pacific regions.
- As the leading institutional spot crypto currency exchange, LMAX Digital has achieved significant market growth and is at the forefront of institutionalisation of the wider crypto ecosystem. In addition to substantial contribution to the Group's revenues, LMAX Digital is continuously onboarding new institutions and driving discussions with top banks and non-banks, looking to enter the digital assets market.
- The skills and technical insights of our people, alongside our institutional-grade technology, give us an industry edge. Our ongoing technology investment has ensured resilience, security and increased capacity of our exchanges. A combination of developing our staff alongside strategic senior appointments have strengthened our global institutional sales coverage and facilitated the rapid expansion of LMAX Digital.
- We continue to invest for future growth alongside increasing operational support across the Group. Planned organic investment is focused on the following 3 areas:
    - Scaling up existing exchange infrastructure as well as investing in delineation/modularisation of existing brands and products.
    - Diversification - adding new products and revenue streams through expanding our regional footprint and establishing new partnerships to leverage opportunities in the institutional crypto ecosystem.
    - Investment in corporate governance and organisational structure to facilitate growth and drive controlled expansion with the oversight from functional experts.

LMAX | Exchange

The Exchange business continues to be of core importance to the Group and, due to the scale of the attainable market, presents the biggest opportunity for future volume growth. We remain extremely bullish on the growth prospects, especially in Asia and North America. Total volumes grew 34% year on year, despite the challenges brought on by the global pandemic, whilst other market participants struggled to maintain prior year volume levels. Clients continue to respond positively to our offering and clearly value our independent status and distinctive business model.

LMAX | Global

With its global reach and multi-asset capabilities, LMAX Global continues to offer the benefits of exchange trading to a large segment of the market that is unable to access this directly and including broker-dealers, funds, and professional traders. The business has withstood restrictive regulatory measures in recent years and the risk-off market conditions that surfaced after volatile trading conditions as the Covid pandemic surfaced in March 2020. With clients in 100 different countries, we remain in expansion mode and have built out our multi-hub offering to maximise growth potential.

LMAX | Digital

Our most recent Exchange offering, which was launched in Q2 of 2018, has already achieved market leadership in Institutional spot crypto currency trading. LMAX Digital, has delivered 82%

CEO's statement

quarter-on-quarter volume growth since launch. It is the fastest growing exchange within the Group, breaking even within the first year and is well placed for further growth as the digital asset ecosystem institutionalises. We expect this to be driven through a combination of more robust institutional architecture and greater clarity around regulatory frameworks. LMAX Digital aims to play a crucial role in helping crypto currencies to become part of mainstream capital markets. LMAX Digital is the first of our businesses which is fully operational 24 hours a day, 7 days a week; something which we believe is the future of all capital markets. With the technology solution comes greater business opportunity.

Overview of Corporate Governance

LMAX Group 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 Company's executive management team
- Day-to-day decision-making relating to, and management of, the affairs of the firm
- Delivering financial performance in line with the Company's agreed budget
- Organisational design of the Company's operations
- Client management, marketing and global sales

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 and also leads the Operational Risk Committee which oversees the work of functional heads in the execution of their responsibilities.

CEO's statement

Future outlook

LMAX Group demonstrated record financial performance in 2021 with increases across all major KPIs. The business continued to grow share of the institutional FX market, investing in product as well as scaling up technology and operational capabilities to build a more diversified, sustainable institutional business. As a Group, we are entirely focused on our vision to deliver the future multi-asset marketplace.

We notably gained further traction with top tier banks, reflecting the increasing demand from the market for firm limit-order liquidity and transparent, precise, consistent execution. LMAX Digital has achieved significant market growth and is at the forefront of institutionalisation of the whole crypto ecosystem.

Another strategic growth area for us to capitalise on is the potential of our market data offering. Our ability to gather firm multi-asset limit order liquidity market data from all client segments, often not accessible through legacy venues, puts us in a differentiated and advantageous position compared to other players. This will be a key growth story for us over the next few years across our business lines.

The Group should maintain the flexibility and inter connectivity of the differentiated brands for as long as possible with the broker/exchange model now appearing prescient rather than problematical as larger institutions battle with the immature nature of credit access to crypto related products.

During the past couple of years, there have been a number of events which have caused an increase in volatility, from the Covid-19 pandemic to the conflict in Ukraine. These elevated levels of volatility tend to generate more opportunities in financial markets, which in turn attracts client trading activity and leads to greater commission revenue. In the wider financial markets, we are now seeing rising interest rates and increasing levels of inflation. Whilst this should provide further trading opportunities, it may also impact the level of collateral that our clients place with us for trading. The conflict in Ukraine has had minimal impact on the commercial operations of the Group and steps were taken in the early stages to minimise any prospective future exposure to sanctions on clients and suppliers.

We will continue to monitor industry developments and are mindful of the macroeconomic, technological and regulatory evolution. An exciting 5 year period lies ahead of LMAX Group as we invest for scale, diversification, and strategic partnerships built on established brands and continuation of a decade long ethos. Our strategy is simple, well defined with a clear route to further and continued success.

On behalf of the Board,

David Mercer, Director
31 October, 2022
Yellow Building, 1A Nicholas Road, London, W11 4AN

8. 2021 average rate of GBPUSD has been used within the Highlights and CEO Statement sections.
9. EBITDA of £45m (US$61.5m) is arrived at by adding back depreciation of £1.8m (US$2.5m), amortisation of £4.5m (US$6.1m), foreign exchange losses of £2.1m (US$2.8m), and other non-operational costs of £2.8m (US$3.9m) for the year to operating profit of £33.6m (US$46.2m).

Risk management

Risk profile

Risk management is central to the long-term success of the Group and to the resilience of our operations. LMAX Group 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.

The Group pro-actively manages its liquidity and capital adequacy risk through ongoing stress testing and more formally through its regulatory reporting.

The Operational Risk Committee assesses operational risks, including those arising through technology, people, process and external events.

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.

LMAX Group 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.

Capital management

The Group manages its capital resources with the objectives of facilitating business growth whilst complying with the regulated entities' capital resources requirement. Subsidiaries within the Group manage capital adequacy risk through their regulatory capital policies and ensure they hold sufficient capital to operate successfully and adhere to regulatory requirements.

As of 31 December 2021, LMAX Exchange and LMAX Global were regulated under the Capital Requirements Directive IV (CRD IV) which stipulates the requirements to hold sufficient regulatory capital to cover its risk exposures, valued according to applicable rules.

From 1 January 2022, those entities authorised in the UK have been regulated under the Investment Firm Prudential Regime, a new prudential regulatory framework introduced by the Financial Conduct Authority specifically for investment firms. 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 Exchange and LMAX Global undertake an annual Internal Capital Adequacy Assessment Process (ICAAP) through which it assesses its capital requirements, including the application of

Risk management

a series of stress-testing scenarios, to its base financial projections. The ICAAP document will be replaced by the Internal Capital Adequacy and Risk Assessment (ICARA) in 2022. LMAX Digital undertakes an annual Financial and Non-Financial Resources Assessment (FNRA), which also assess a firm's capital 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 Board annually.

Liquidity risk management

Liquidity risk is the risk that a firm is unable to meet its financial obligations as they fall due. 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.

LMAX Global manages this through the application of its Liquidity Risk Management Policy. As of 31 December 2021, LMAX Global was classified as an ILAS (Individual Liquidity Adequacy Standards) BIPRU firm and was held to the liquidity standards contained in BIPRU 12 of the FCA Handbook. From 1 January 2022, the liquidity requirements contained in the IFPR rules will apply to the Company.

LMAX Global carries out an Individual Liquidity Adequacy Assessment (ILAA) each year and uses a number of measures for managing day-to-day liquidity risk, including the level of total liquid assets of its prime broker margin requirement and of same-day available cash.

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

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 as a cost of its business model. Client credit risk principally arises when a client's total funds deposited with the Company are insufficient to cover any trading losses incurred. Concentration risk is monitored daily to ensure that pre-defined thresholds limits are not exceeded, with ongoing action taken to try to reduce concentration.

We ensure that commitment to our customers is embedded in our culture and strategic initiatives, and we regularly seek and review feedback from our clients. This enables us to develop our products and services specifically to meet the needs of a global client base.

In addition to dealing directly with clients, LMAX Global services clients introduced through third parties who do not have their own front-end offering and want to take advantage of our award-winning technology and expertise. They introduce their clients to us, and we provide execution services and back-end support. The introducer manages the client relationship. We carefully assess the risk and potential returns from introducers, and only partner with reputable institutions that are committed to the same rigorous standards of regulatory compliance as ourselves, and who fit our risk profile.

Information technology and cyber security

As an online business, the integrity, security, stability and operational robustness of IT systems are critical for ongoing performance. Technology failures may impact our clients and the orderly

Risk management

running of markets on our Exchanges, potentially leading to a loss of trading volumes. 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 cyber-crime is essential. Any failure in these measures could significantly impact the Group's reputation and hence financial performance. The Group 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 and is certified by a UKAS accredited audit body. External auditor assessments take place every 6 months. The group has introduced an internal security audit team to develop, test and maintain the controls required to support various compliance activities.

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.

Financial market volatility, measured by various indexes such as VIX, has been at historically low levels over the last five years. It is expected that an increase in the general level of financial market volatility would be beneficial to revenues, which are therefore partly dependent upon macroeconomic conditions. This was the case in Q1 of 2020 which saw unprecedented levels of market volatility as a result of macroeconomic uncertainty caused by the COVID-19 pandemic.

Crypto assets market downturn

The combination of challenging macroeconomic conditions, coupled with the steady decline in valuation of bitcoin and other major crypto currencies through 2022, has led to a downturn within the industry. This period of depressed prices has resulted in subdued market volumes, leading to many organisations having to restructure and reduce headcount.

The market impact was further compounded with the collapse of algorithmic stable coin, TerraUSD (TUSD). This collapse sent shockwaves through the industry, leading to the bankruptcy of one of the largest market participants and having a significant contagion effect on other providers in the lending and trading space. A knock-on effect of this was the immediate evaporation of the crypto credit markets, and a further decline in market volumes.

In the context of the overall market, LMAX Digital has maintained relative volume stability and resilience, maintaining a strong emphasis on future growth during this period by investing into new talent, products and working towards a more diversified offering, which will in turn lead to new revenue opportunities.

LMAX Digital is confident that the current stressed state of the market and the increasing regulatory scrutiny of less legitimate business models are likely to lead to a more credible, stable crypto marketplace that would encourage further institutional participation longer-term, and is well positioned to capitalise on this opportunity.

COVID-19

The continuity and evolution of COVID-19 pandemic together with its associated economic uncertainties followed in the year 2021. The Group's business continuity plan was put to the test at

Risk management

the beginning of 2020, with 95% of employees successfully transitioning to working from home. Post vaccination program in the U.K. the Group has returned to a hybrid working model which has continued to serve the business and no disruption to systems uptime and reliability.

The Directors anticipate the future effect of this pandemic to be not material, albeit there are no guarantees that further COVID-19 mutations would not cause disruption to financial markets in the future.

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 Group and subsidiaries have reacted immediately to all international sanctions and guidance.

There were no instances of sanctioned customers trading on LMAX Group 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.

Brexit

The UK left the European Union on 31 January, 2020. The transition period that was in place - during which nothing changed - ended on 31 December, 2020. The rules governing the new relationship between the EU and UK took effect on 1 January, 2021. Developments regarding the UK's exit were followed closely throughout. The Group has an established a regulated operational client facing subsidiary in Cyprus, which enabled LMAX Global to continue to offer regulated financial products in all EU member states following the UK's exit.

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 (appointed 03 March 2022)
- Alexander Mills (appointed 03 March 2022 and resigned 07 June 2022)
- Gregory Smith (appointed 06 September 2022)

Employees

The Group is committed to promoting and encouraging equal opportunities for all prospective and current employees, actively promoting good employee relations. Management aims 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 are members of the exchange and have signed up to a public rulebook with all members treated equally. LMAX Exchange 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 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 is an advocate of no last look trading and processes 100% of client trades automatically, never requoting prices. 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.

Directors' report

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.

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

The directors declared and paid a dividend of £5m (2020: nil) during the year.

On behalf of the Board,

David Mercer, Director
31 October, 2022
Yellow Building, 1A Nicholas Road, London, W11 4AN

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the 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 company and of the profit or loss of the 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 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 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 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 2021 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 (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the financial statements, included within the Annual Report, which comprise: the group and parent company statements of financial position as at 31 December 2021; group and parent company income statements and statements of comprehensive income, the group and parent company statements of cash flows, and the group and parent company statements of changes in equity 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.

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

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.

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.

5. Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, 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. 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.

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

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
London

31 October, 2022

Consolidated statement of comprehensive income

For the year ended 31 December, 2021	Note	2021	2020
		£'000	£'000
Revenue	2.1	**85,911**	50,939
Cost of sales	2.2	**(8,845)**	(4,917)
Gross profit		**77,066**	46,022
Administrative expenses	2.3	**(43,514)**	(30,576)
Operating profit		**33,552**	15,446
Financial expenses		**(832)**	(908)
Share of profits of associate		**86**	
Profit before tax		**32,806**	14,538
Taxation	3	**(3,120)**	(568)
Profit for the year		**29,686**	13,970
Other comprehensive expense			
Exchange differences on translation of foreign assets and liabilities		**398**	(32)
Profit and total comprehensive income for the year		**30,084**	13,938
Total comprehensive expense/income attributable to:			
Equity holders of the parent		**30,039**	13,896
Non-controlling interest		**45**	42

The results shown above are derived wholly from continuing operations.

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

Consolidated statement of financial position

As at 31 December, 2021	Note	**2021**	**2020**
Non-current assets		£'000	£'000
Investments	4	**1,946**	1,860
Intangible assets	5	**11,280**	6,946
Property, plant and equipment	6	**9,910**	5,189
Goodwill	13	**318**	318
Trade and other receivables	7	**501**	670
Current assets			
Cash and cash equivalents	9	**228,115**	119,925
Inventories	8	**315,419**	148,661
Trade and other receivables	7	**62,365**	42,637
Deferred tax asset	3	**283**	-
Current tax assets	3	**151**	647
Total assets		**630,288**	326,853
Non-current liabilities			
Trade and other payables	10	**(25,972)**	(19,024)
Deferred tax liabilities	3.1	**(1,976)**	(712)
Current liabilities			
Trade and other payables	10	**(537,940)**	(281,587)
Total liabilities		**(565,888)**	(301,323)
Net assets		**64,400**	25,530
Equity			
Share capital		**1,111**	1,000
Share premium		**74,433**	-
Reorganisation reserve	12	**(68,615)**	(8,615)
Other equity		**(452)**	(60)
Foreign currency translation reserve		**108**	(290)
Retained earnings		**57,815**	33,051
Equity attributable to equity holders of the parent		**64,400**	25,086
Non-controlling interest		**-**	444
Total equity		**64,400**	25,530

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

These consolidated financial statements on pages 29 - 55 were approved by the Board on 31 October, 2022 and were signed on behalf of the Board by:

David Mercer, Director
31 October, 2022

Consolidated statement of changes in equity

For the year ended 31 December, 2021

	Share capital	Share premium	Foreign currency translation reserve	Reorgan -isation reserve	Other equity	Retained earnings	Total parent equity	Non controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	**1,000**	**-**	**(290)**	**(8,615)**	**(60)**	**33,051**	**25,086**	**444**	**25,530**
Profit for the year	-	-	-	-	-	29,641	29,641	45	29,686
Other comprehensive income	-	-	398	-	-	-	398	-	398
Total comprehensive income	**-**	**-**	**398**	**-**	**-**	**29,641**	**30,039**	**45**	**30,084**
Issue of shares*	111	74,433	-	(59,274)	(392)	-	14,878	-	14,878
Acquisition of minority interest	-	-	-	(726)	-	-	(726)	(489)	(1,215)
Dividends	-	-	-	-	-	(4,877)	(4,877)	-	(4,877)
Balance at 31 December 2021	**1,111**	**74,433**	**108**	**(68,615)**	**(452)**	**57,815**	**64,400**	**-**	**64,400**

For the year ended 31 December, 2020

	Share capital	Share premium	Foreign currency translation reserve	Reorgan -isation reserve	Other equity	Retained earnings	Total parent equity	Non controlling interest	Total equity
Balance at 1 January 2020	**1,000**	**-**	**(258)**	**(8,615)**	**1,026**	**19,123**	**12,276**	**402**	**12,678**
Profit for the year	-	-	-	-	-	13,928	13,928	42	13,970
Other comprehensive expense	-	-	(32)	-	-	-	(32)	-	(32)
Total comprehensive income	**-**	**-**	**(32)**	**-**	**-**	**13,928**	**13,896**	**42**	**13,938**
Buyback of shares	-	-	-	-	(1,086)	-	(1,086)	-	(1,086)
Balance at 31 December 2020	**1,000**	**-**	**(290)**	**(8,615)**	**(60)**	**33,051**	**25,086**	**444**	**25,530**

*On 30 December 2021, the Group issued 1,654,322 new shares (nominal value £0.01 per share) along with an existing shares sale of 9,444,444 shares to J Digital 4 LLC (a Delaware limited liability company) for a consideration of £11.1m and £ 63.4m respectively.

For further details refer to note 12 - Reorganisation reserve.

The Group also paid a dividend during the year for £4.9m (2020: nil).

The accompanying notes on pages 29 - 55 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December, 2021	2021	2020
	£'000	£'000
Cash flows from operating activities		
Operating profit	**33,552**	15,446
Adjustments for:		
Depreciation	**1,804**	1,590
Amortisation	**4,459**	3,796
Decrease / (Increase) in trade and other receivables	**(20,523)**	10,313
Increase in inventories	**(166,758)**	(123,534)
Increase in trade and other payables	**256,426**	150,917
Tax paid	**(679)**	(1,004)
Net cash from operating activities	**108,281**	57,524
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(6,525)**	(1,008)
Acquisition of intangibles and capitalised expenses	**(8,793)**	(5,089)
Investment in associate	**-**	(1,860)
Net cash used in investing activities	**(15,318)**	(7,957)
Cash flows from financing activities		
Borrowings	**10,000**	19,000
Repayment of borrowings	**(3,125)**	(14,750)
Dividends	**(4,877)**	-
Finance expense	**(832)**	(908)
Issue of shares / (buyback)	**14,878**	(1,086)
Acquisition of minority interest	**(1,215)**	-
Net cash from financing activities	**14,829**	2,256
Net increase in cash and cash equivalents	**107,792**	51,823
Cash and cash equivalents at beginning of year	**119,925**	68,134
Effect of exchange rate fluctuations on cash held	**398**	(32)
Cash and cash equivalents at end of year	**228,115**	119,925

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

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) and International Financial Reporting Standards Interpretations Committee (IFRS IC) in conformity with the requirements of the Companies Act 2006.

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 at least 12 months following the date of the signing of these financial statements. These forecasts take into account future expected revenues, costs, liquidity and statutory capital requirements of the subsidiaries. The directors anticipate no significant impact of the novel strain of coronavirus (COVID-19) on the business, considering no material impact on the Group's results for the year and the further improving situation post developments in the vaccination program globally.

Despite the challenging conditions we have witnessed so far in 2022 within the crypto currency industry, the directors are confident that the current stressed state of the market and the increasing regulatory scrutiny of less legitimate business models will lead to a more credible, stable crypto marketplace that would encourage further institutional participation longer-term, and the group well positioned to capitalise on this opportunity. Despite the total crypto market capitalization falling from over USD 2 trillion at the beginning of 2022 to around USD 1 trillion currently, institutional investors have not wavered in their trading. Even after the turmoil surrounding crypto lending platforms and the collapse of the Terra LUNA ecosystem in May, everyone expected institutions to retract their engagement, but institutional engagement today is the same, if not better than last year.

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.
As a consequence, 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 accounting except where required otherwise by the adopted IFRS.

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

Notes to consolidated financial statements

periods if the revision affects both current and future periods. Judgement made by management in the application of the accounting standards that have significant effect on the financial statements and major sources of estimation uncertainty are disclosed where applicable. The areas involving significant estimates or judgement include:

- Estimated useful economic life of intangible asset: see accounting policy below and note 5
- Valuation of inventories - crypto currencies: see accounting policy on Inventory below

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December, 2021. The accounting policies of the Company and its subsidiaries are consistent with each other aside from the basis of preparation.

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 are stated using the transaction rate
- Current assets and all liabilities are translated using the rate of exchange as at the period 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 Other Comprehensive Income are included in the foreign currency translation reserve.

Intangible assets, amortisation, research and development

Intangible assets include software licences, developed software, intellectual property rights and some crypto assets. Acquired 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 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:

- 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.

The Group's investment in crypto assets (PYTH cryptographic tokens) is recognised as intangibles (IAS 38) where such asset is separately identifiable albeit with no definite useful value and is considered to bring probable future economic benefits to the Group. These tokens are not held

Notes to consolidated financial statements

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.

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

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, the asset's recoverable amount is estimated. In the event that the recoverable amount is below the carrying amount, an impairment loss is recognised.

The recoverable amount of an asset is the greater of their net realisable value 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 "Tools 4 Broker 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 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 through the use of a provision matrix, 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

Notes to consolidated financial statements

Income in accordance with IFRS 9 where the financial liabilities are not measured at amortised cost neither are measured at fair value through other comprehensive income, shall be classified and measured at fair value through the Statement of Comprehensive Income.

The client liability in relation to client's crypto assets on the crypto 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 per the guidance under IFRS9 where recognition of financial asset/ liability would eliminate or significantly reduce an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. 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.

Inventory - crypto currencies

Inventory represents crypto currencies controlled by the Group.

The Group operates a crypto currency exchange which provides a trading venue to its clients. For any crypto currency assets that the Company handles and controls in custody on behalf of its clients, the assets and the corresponding client liability are recognised on the Statement of Financial Position. Any assets held under explicit trust arrangement will remain off the Statement of Financial Position.

In the absence of guidance on how crypto currency assets should be recognised and disclosed in accordance with IFRS as adopted by the EU, the Group has recognised the crypto currencies as inventory as the economic nature is deemed to be in line with certain commodities under IAS 2.3(b). Crypto currencies are initially measured at cost and the fair value in crypto currencies held as inventories is reflected in the Statement of Comprehensive Income.

The inventories are valued based on the executed exit prices for crypto currencies as presented on the LMAX Digital trading platform prevalent at the end of the reporting period. The corresponding client liability for crypto currencies presented under trade and other payables is also measured at fair value at fair value through the Statement of Comprehensive Income. 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 and their gross presentation would not provide a meaningful disclosure for the users of the financial statements.

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, including deposits and withdrawals of crypto currencies is recorded on a net basis through the Statement of Comprehensive Income. The presentation on a gross basis would inflate the figures and not provide a true and fair representation of the Group's revenue. Thus, net basis presentation is deemed to be appropriate in reflecting the true nature and substance of the transactions.

Notes to consolidated financial statements

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 transfers 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 is measured as the consideration received from customers for trading commissions, funding revenue and service fee revenue. 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.

Proprietary trading revenue is recognised on the close of the trading day, and represents realised as well as the unrealised Profit and loss made on proprietary trading positions.

Interest income comprises of interest receivable on funds held in bank accounts. Finance 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.

Notes to consolidated financial statements

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

The financial statements are presented in British Pounds ("GBP", "£") which is the Group's functional currency.

Transactions in foreign 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 balance sheet date. Foreign currency gains and losses are reported on a net basis and are included in the Consolidated Statement of Comprehensive Income.

Leases

The Group 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 key judgement used in the lease liability calculation is the choice of discount rate which is reflection of the contractual interest rate applicable in case of non-payment or delayed payment of lease rentals, where such rate is unavailable Group uses the incremental borrowing rate. 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.

Financial expense

Financing expenses comprise interest charges from financial institutions, suppliers and financing 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 except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in the Statement of Other Comprehensive Income.

Notes to consolidated financial statements

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 goodwill; 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.

A 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. The disclosures of identified related party transactions are included in note 11.

Notes to consolidated financial statements

2. Profit before tax

2.1. Revenue

	2021	2020
	£'000	£'000
Commissions	**47,784**	27,732
Net Funding revenue	**17,007**	10,578
Others	**21,120**	12,629
Total Revenue	**85,911**	50,939

Other revenue includes Trading revenue of £15.9m (2020: £8.4m), Service revenue of £4.3m (2020:£2.3m), Interest and other revenue of £1.0m (2020: £1.9m).

2.2. Cost of sales:

	2021	2020
	£'000	£'000
Clearing and trading fees	**1,618**	1,824
Introducing broker fees	**1,488**	988
Expected credit loss	**760**	(176)
Other variable costs	**4,979**	2,281
Total cost of sales	**8,845**	4,917

2.3. Administrative expenses:

	Note	2021	2019
		£'000	£'000
Total salary expenses	2.4	**22,432**	15,326
- of which capitalised as development software		**(6,755)**	(4,765)
Social security expenses		**2,318**	1,673
Other Pension costs		**447**	339
Depreciation of tangible assets		**1,804**	1,590
Amortisation of intangible assets		**4,459**	3,796
Office consumables and maintenance		**6,742**	5,949
Legal and Professional		**868**	355
Foreign exchange losses		**2,063**	1,127
Donations	2.5	**432**	297
Other costs		**8,704**	4,890
Total administrative expenses		**43,514**	30,576

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:

	2021	2020
	No.	No.
Corporate and administration	**43**	37
Product development	**64**	51
Operations	**37**	29
Sales and marketing	**35**	32
Total	**179**	149

2.5. Donations:

On 01 July, 2021 the Group donated £350k to the Kensington and Chelsea Foundation for COVID SOS projects to help support the vulnerable people and community during these unprecedented times. The donation has also supported Harrow Youth Club aiding the institution that makes the lives of local children and young people better through a range of activities aimed at developing valuable life skills and SPEAR employment programme supporting the challenged young unemployed and providing tailored mentorship for employment transformation. The Group further donated £55k and £27k for similar causes to support the local community projects near the London office, including sports, employment support programmes and Christmas events.

2.6. The highest paid director received total emoluments for the year of £1.6m (2020: £0.8m) as a director of Group.

	2021	2020
	£'000	£'000
Total directors' emoluments included in salary expenses	**2,078**	1,082

2.7. Remuneration paid to the auditors is as follows:

	2021	2020
	£'000	£'000
Fees payable to the Company's auditors for the audit:		
- the audit of the Company's annual financial statements	**550**	500
- of financial statements of subsidiaries' pursuant to legislation	**368**	250
Total	**918**	750

Notes to consolidated financial statements

3. Taxation

	Note	2021	2020
Current tax:		£'000	£'000
Corporation tax charge on profits for the year		**3,098**	276
UK R&D tax credits		**(964)**	-
Prior year adjustments		**5**	(54)
Total current tax		**2,139**	222
Deferred tax:			
Deferred tax - origination and reversal of timing differences		**887**	305
Prior year adjustments		**(277)**	(5)
Effect of tax rate changes		**371**	46
Total deferred tax	3.1	**981**	346
Tax per income statement	3.2	**3,120**	568

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 comes into force from 01 April 2023. The deferred tax charge has been a result of:

	2021	2020
Deferred tax liabilities:	£'000	£'000
Provision at the start of the year	**712**	366
Charge to the profit and loss account	**1,264**	346
Total deferred tax charge	**1,976**	712

	2021	2020
Deferred tax assets:	£'000	£'000
Provision at the start of the year	**-**	-
Charge to the profit and loss account	**(283)**	-
Total deferred tax credit	**(283)**	-

Notes to consolidated financial statements

3.2. The deferred tax assets and liabilities are based in the UK jurisdiction. The current tax charge for the year is lower (2020: lower) than the standard corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

Factors affecting total tax charge on the current period	**2021**	**2020**
	£'000	£'000
The charge for the year can be reconciled to the profit per the income statement as follows:		
Profit before tax	**32,806**	14,538
At standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	**6,233**	2,762
Effects of:		
Non-taxable income	**(3,252)**	(1,909)
Enhanced R&D Expenditure	**(1,486)**	(1,224)
R&D tax credits rate differences	**299**	-
Expenses not deductible for tax purposes	**1,395**	951
Prior year adjustments	**(272)**	(59)
Super deduction on fixed assets permanent differences	**(168)**	-
Deferred tax - changes in taxes	**371**	46
Tax charge for the year	**3,120**	567

Notes to consolidated financial statements

4. Investments in associate

On 11 December, 2020 the company acquired 20% shareholding in T4B Holdings Limited ("T4B") for € 2m. T4B is a business to business (B to B) technology provider focusing on software development for MetaTrader trading platforms. This investment is recorded as 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.

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, 2020	-	**360**	**941**	**19,283**	**20,584**
Additions	-	-	324	4,765	5,089
Balance at 31 December, 2020	**-**	**360**	**1,265**	**24,048**	**25,673**
Accumulated amortisation					
Balance at 1 January, 2020	**-**	**(50)**	**(465)**	**(14,416)**	**(14,931)**
Amortisation for the year	*	(120)	(298)	(3,378)	(3,796)
Balance at 31 December, 2020	**-**	**(170)**	**(763)**	**(17,794)**	**(18,727)**
Cost					
Balance at 1 January, 2021	**-**	**360**	**1,265**	**24,048**	**25,673**
Additions	1,480	-	558	6,755	8,793
Balance at 31 December, 2021	**1,480**	**360**	**1,823**	**30,803**	**34,466**
Accumulated amortisation					
Balance at 1 January, 2021	**-**	**(170)**	**(763)**	**(17,794)**	**(18,727)**
Amortisation for the year	-	(120)	(388)	(3,951)	(4,459)
Balance at 31 December, 2021	**-**	**(290)**	**(1,151)**	**(21,745)**	**(23,186)**
Carrying value					
at 31 December, 2020	-	190	502	6,254	6,946
at 31 December, 2021	**1,480**	**70**	**672**	**9,058**	**11,280**

The Group has conducted sensitivity analysis around the estimated useful economic life of the developed software and assuming no significant change in nature and usage of the asset, if the current useful economic life was reduced or increased by 1 year, then the amortisation expense would increase by £1.8m (FY2020: £1.7m) or reduce by £1.8m (FY2020: £1.2m) respectively.

*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 Ltd. The transaction has been recognised for £1.48m. For details on recognition and measurement of these crypto assets refer to accounting policy for Intangibles.

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 2020	**3,942**	**682**	**6,202**	**258**	**11,084**
Additions	78	29	746	155	1,008
Disposals	-	(423)	-	-	(423)
Balance at 31 December 2020	**4,020**	**288**	**6,948**	**413**	**11,669**
Accumulated depreciation					
Balance at 1 January 2020	**(187)**	**(427)**	**(4,523)**	**(176)**	**(5,313)**
Depreciation for the year	(581)	(32)	(920)	(57)	(1,590)
Disposals	-	423	-	-	423
Balance at 31 December 2020	**(768)**	**(36)**	**(5,443)**	**(233)**	**(6,480)**
Cost					
Balance at 1 January, 2021	**4,020**	**288**	**6,948**	**413**	**11,669**
Additions	166	20	6,310	5	6,501
Balance at 31 December 2021	**4,186**	**308**	**13,258**	**418**	**18,170**
Accumulated depreciation					
Balance at 1 January, 2021	**(768)**	**(36)**	**(5,443)**	**(233)**	**(6,480)**
Depreciation for the year	(590)	(35)	(1,124)	(55)	(1,804)
Write off	24	-	-	-	24
Balance at 31 December 2021	**(1,334)**	**(71)**	**(6,567)**	**(288)**	**(8,260)**
Carrying value					
at 31 December, 2020	3,252	252	1,505	180	5,189
at 31 December, 2021	**2,852**	**237**	**6,691**	**130**	**9,910**

The computer equipment above for £6.7m includes assets worth £5m held as work in progress and during the prior year the Group had £0.4m worth IT equipment on financing arrangements which have been fully depreciated during the year.

Notes to consolidated financial statements

7. Trade and other receivables

		2021	2020
		£'000	£'000
Trade debtors	7.1	**2,608**	1,679
Other debtors	7.2	**1,982**	2,424
Collateral requirement for trade clearing	7.3	**56,322**	37,297
Derivative contracts		**-**	236
Prepayments and accrued income		**1,954**	1,671
Total		**62,866**	43,307
Classification:			
Non-current		**501**	670
Current		**62,365**	42,637
Total		**62,866**	43,307

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

31 December, 2021	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	0.05%	0.06%	0.15%	1.02%	14.01%	
Gross Carrying amount - trade receivables (£'000)	1,520	525	300	65	198	2,608
Loss allowance	**0**	**0**	**0**	**1**	**28**	**29**

31 December, 2020	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	0.3%	1.6%	3.6%	6.6%	10.6%	
Gross Carrying amount - trade receivables (£'000)	1,090	399	99	78	13	1,679
Loss allowance	**3**	**6**	**4**	**5**	**1**	**19**

The loss allowance as at 31 December, 2021 was determined as above for both 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 with the prime brokers at the year end.

Notes to consolidated financial statements

8. Inventories

	2021	2020
	£'000	£'000
Fair value less cost to sell of crypto currencies held by the Group	**315,419**	148,661

Total crypto currencies balance held by the Group includes £199m (2020: £128.4m) held on behalf of clients of LMAX Digital Broker Limited.

9. Cash and cash equivalents

	2021	2020
	£'000	£'000
Cash and cash equivalents	**228,115**	119,925

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 £46.4m (2020: £45m).

Below is an analysis of the change in net funds as per management:

	Cash and cash equivalents	Collateral*	Transfer of title funds	Net funds
	£'000	£'000	£'000	£'000
Opening balance at 1 January 2021	119,925	185,958	(271,992)	33,891
Net fund movement	108,190	185,783	(250,427)	43,546
Balance at 31 December 2021	**228,115**	**371,741**	**(522,419)**	**77,437**

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

Notes to consolidated financial statements

10. Trade and other payables	Note	2021	2020
		£'000	£'000
Transfer of title funds	10.1	**522,419**	271,992
Loan	10.2	**25,875**	19,000
Accruals and deferred income	10.4	**11,158**	4,241
Lease liability	10.3	**3,508**	3,986
Trade creditors		**242**	940
Taxation and social security		**705**	452
Derivative contracts	10.5	**5**	-
Total		**563,912**	300,611
Classification:			
Non-current		**25,972**	19,024
Current		**537,940**	281,587
Total		**563,912**	300,611

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 a credit arrangement which provides the Company with a revolving credit facility of £25m and a term debt of £10m. Of the revolving credit facility an additional £10m was drawn during May 2021 thereby balance as at the end of reported year is £19m (2020: £9m) and following the term debt quarterly repayments, the outstanding term loan balance is £6.9m (2020: £10m). The loan liability is thus recognized at £25.9m (2020: £19m) for term of the year 3 years from the reporting date.

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 £3.1m (2020: 3.6m), Computer equipment worth £282k (2020: £293k) and furniture and fixtures worth £93k (2020: £112k). The discount rate used to determine the financing charges on leases relating to office building is based on the interest rate for non-repayment implicit in the lease contract. The financing arrangements on other leased assets have terms of three to four years and are repayable on a quarterly basis, having effective interest rates of 0.8% to 4.8%.

10.4. The accruals and deferred income majorly include administrative expenses and employee bonus accruals. The Group also reported deferred income representing contract liability accounted under IFRS 15, "Revenue from Contracts with Customers" arisen on account of services due to customers for development and support of mobile trading applications worth Nil (FY2020: £29k).

10.5. The derivative contract liability disclosed above £5k (2020: £60k derivative contract asset under note 7) are held under unhedged trading activity performed by Group subsidiary, LMAX Bullion Limited.

Notes to consolidated financial statements

11. 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.
- Group companies including: subsidiaries listed in note 2 to the Company financial statements.

	2021	2020
Key management personal compensation	£'000	£'000
Short-term employee benefits	**2,062**	1,075
Post-employment benefits	**16**	7
Total	**2,078**	1,082

Balances		
Amounts due from shareholders of LMAX Exchange Group Limited	**2,078**	1,037

12. 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 and an equity swap with shareholders of LMAX Digital Group Ltd.

Minority shares buy back

On 01 February 2018, the Company acquired the 31.35% minority shareholding of the LMAX Group from The Sporting Exchange Limited (part of the Betfair Group) making LEG the 95% majority shareholder of the LMAX Group. Later, on 01 July 2019 the Company further acquired 4.5% shareholding and during the reported year on 12 July 2021 the Company completed the buy back for the remaining 0.5% holding of LMAX Limited and LMAX Broker Limited from minority shareholder, Directa S.I.M.p.A for a consideration of £1.2m thereby making LMAX Exchange Group Limited the 100% (2020- 99.5%) sole shareholder of the LMAX Group at that time.

As a result of the above transactions 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. This reserve was named as Demerger reserve in the comparatives, however for the reported year this reserve has been renamed as Reorganisation Reserve to ensure its presentation corresponds more to the nature of transactions and facilitates better readability for the users of the financial statements. There is no other change to the balance except the title of the reserve.

Notes to consolidated financial statements

Equity swap

On 12 October 2021, the Group's subsidiary, LMAX Digital Group Limited issued 250,000 shares (i.e 20% shareholding of the Digital Group) for an exercise price of £3.8m to J Digital 4 LLC (a Delaware limited liability company) following their exercise of the equity option granted in 2018. The Share Option Price of £0.4m paid on 12 October 2018 has now been reclassified from Other Equity reserve ("Share Option") to Reorganisation reserve as the option has now been exercised.

Subsequently, on 30 December 2021 LEG entered into an equity swap agreement where 20% shareholding of J Digital 4 LLC in LMAX Digital Group Limited was swapped for 9,444,444 shares i.e. 8.49% shareholding of LEG at a consideration (derived based on the fair value of LMAX Group's equity as at 31 December 2021) of £63.4m.

In accordance with IFRS10 Consolidated Financial Statements, when a change in parent's ownership interest in a subsidiary does not result in a loss of control, then parent shall account for such transaction as equity transaction and therefore any difference between the amount by which non-controlling interest is adjusted (£3.8m) and the fair value of the consideration received (£63.4m) for change in ownership interest, is accounted by the Group through Reorganisation Reserve. This, alongside the £0.4m Share Option Price constitutes the £59.3m movement through Reorganisation Reserve based on market value of the investment. Refer to the Statement of Changes in Equity for details.

In addition to the equity swap J Digital 4 LLC also acquired additional 1,654,322 shares i.e. 1.5% shareholding of LMAX Group for consideration in cash worth £11.1m. As a result, J Digital 4 LLC is a 9.99% shareholder with voting rights of LMAX Group.

13. Goodwill

The Group owns a regulated Cypriot entity, LMAX Broker Europe Limited (formerly known as CB Capital) since July 2019. The goodwill balance for £0.3m relates to the acquisition of this entity. The Group's goodwill balance has been assessed for impairment and there has been no impairment recognised for the year.

14. Post balance sheet event

Acquisition of PYTH cryptographic coins

On 4 January 2022, LMAX Capital Markets Limited acquired 250,000,000 PYTH cryptographic tokens for a consideration of £11.1m ($15m), this was executed as a part of the forward contract of the additional shares issued to J Digital 4 LLC (see note 12. Reorganisation reserve).

Share Exchange transaction with J.C. Flowers & Co.:

On 15 July 2021, the shareholders of the Group agreed to a deal for a secondary share sale and equity dilution to sell their 30% stake for a consideration of $300m to JCF LMAX Acquisition Ltd, part of a leading private equity firm "J.C. Flowers & Co.". This is considered a significant milestone for the Group marking it to a valuation of $1bn. On 21 January 2022, after the necessary regulatory approvals the share exchange transaction was executed between the shareholders and J.C. Flowers, thereby making them a 30% stakeholder in the Group. As part of the transaction and on behalf of the existing shareholders, the Group converted 33,329,630 existing ordinary shares to preference shares (nominal value £0.1) allotted to JCF LMAX Acquisition Ltd.

Notes to consolidated financial statements

Debt facility

On 21 January 2022, the Group entered a subordinate debt facility for £18m and £24.5m with two of LMAX Group's retiring employees and participants to the share sale to J.C Flowers & Co. The facility bears interest at a rate per annum equal to SONIA plus a fixed margin, the effective interest rate for the facility ranges between 1% and 1.5%.

On 19 January 2022, the Group extended the existing revolving credit facility by another £5m thereby increasing the facility up to £30m. As at the period end, the drawn down balance of the revolving credit facility was £19m and on 30 June 2022, the Group repaid £10m of the balance.

15. Financial instruments

15.1 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 Group's cash and collateral is held across four separate financial institutions with Moody's credit ratings indicating they are low credit risk.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2021	2020
	£'000	£'000
Balance as at 01 January	**18**	351
Provision recognised during the year	**925**	19
Provision released during the year	**-**	(176)
Amounts written off	**(760)**	(164)
Other movements*	**(35)**	(12)
Balance as on 31 December	**148**	18

*Other movements include foreign exchange movement on the provision held.

Notes to consolidated financial statements

15.2 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.

At 31 December, 2021	Less than 6 months £'000	6-12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Undiscounted contractual cash flows £'000	Carrying amount liabilities £'000
Non-derivatives						
Trade payables	242	-	-	-	242	242
Taxation and social security	705	-	-	-	705	705
Transfer of title funds*	522,419	-	-	-	522,419	522,419
Lease liabilities	450	395	521	2,587	3,953	3,508
Loan	11,250	1,250	2,500	10,875	25,875	25,875
Accruals and deferred income	11,158	-	-	-	11,158	11,158
Derivative contracts	5	-	-	-	5	5
Total	**546,229**	**1,645**	**3,021**	**13,462**	**564,357**	**563,912**

At 31 December, 2020						
Non-derivatives						
Trade payables	940	-	-	-	940	940
Taxation and social security	452	-	-	-	452	452
Transfer of title funds*	271,992	-	-	-	271,992	271,992
Lease liabilities	557	384	570	2,904	4,415	3,986
Loan	1,875	1,250	2,500	13,375	19,000	19,000
Accruals and deferred income	4,241	-	-	-	4,241	4,241
Total	**280,057**	**1,634**	**3,070**	**16,279**	**301,040**	**300,611**

* The Transfer of title funds include £276m (2020: £128.4m) client liability in relation to crypto assets held under Inventories on the Statement of Financial Position.

Notes to consolidated financial statements

15.3 Interest rate risk

The Group has an interest-bearing borrowing of £25.9m (2020: £19m). This includes a revolving credit facility of £19m (2020: £9m) and term debt of £6.875m (2020: £10m). The weighted average rate of interest is 2.38%. The remaining term of the debt is 3 years from the financial year end date.

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:

Financial assets:	**2021**	2020
	£'000	£'000
Cash and cash equivalents	**228,115**	119,925
Collateral balances held at Prime Brokers	**56,322**	37,297
Financial liabilities:		
Borrowings	**(25,875)**	(19,000)
Total	**258,562**	138,222

Interest rate sensitivity analysis has been performed on the floating rate financial instruments by considering a 50 basis points (0.50%) (FY2020: 25 basis points) interest rate decrease on the financial assets and a 50 basis points increase (2020: 25 basis points) on the financial liabilities held at the period 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**
	£'000	£'000	£'000
Impact 2021	**(1,141)**	**(282)**	**(159)**
Impact 2020	(300)	(93)	(63)

As shown in the table above, in the adverse circumstance of interest rate decrease on the cash holdings and an increase in the interest rate on interest bearing borrowings the Group would have the net outflow of £1,582k (2020: £456k).

Notes to consolidated financial statements

15.4 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 proprietary trading business 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% decrease in prices of these open contracts. The Group's price risk in currency contracts is presented in Note15.5. The Group's risk on crypto CFD derivatives and crypto coins is presented in Note 15.6

		2021
Derivative contracts	**Notional value long/(short)**	**Estimated (loss)/gain had the prices weakened by 10%**
	£'000	£'000
Gold	(83)	8
Indices	37,668	(3,766)
Brent	67	(7)
Natural Gas	(112)	11
Silver	8	(1)
Platinum	92	(9)

		2020
Derivative Contracts	**Notional value long/(short)**	**Estimated (loss)/gain had the prices weakened by 10%**
	£'000	**£'000**
Gold	(1,084)	108
Indices	4,621	(462)
Silver	11	(1)
Platinum	11	(1)

Notes to consolidated financial statements

15.5 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 foreign currency risk. The currency exposures of financial assets and liabilities are as follows.

	TOTAL £'000	**GBP** £'000	**USD** £'000	**EUR** £'000	**JPY** £'000	**AUD** £'000	**SGD** £'000	**HKD** £'000	**Other** £'000
Cash and cash equivalents	228,115	20,306	144,064	21,997	35,117	968	365	403	4,895
Crypto currencies held	315,419	-	315,419	-	-	-	-	-	-
Collateral requirement for trade clearing	56,322	137	35,682	20,503	-	-	-	-	-
Trade debtors	2,608	0	2,570	38	-	-	-	-	-
Transfer of title funds	(522,419)	(4,016)	(471,705)	(29,824)	(24,054)	(243)	5,416	418	1,589
Trade creditors	(242)	54	(293)	(42)	-	8	7	27	(3)
Net exposure	**79,803**	**16,481**	**25,737**	**12,672**	**11,063**	**733**	**5,788**	**848**	**6,481**
Derivatives	**(5)**	**-**	**(479)**	**474**	**-**	**-**	**-**	**-**	**-**
Net exposure	**79,798**	**16,481**	**25,258**	**13,146**	**11,063**	**733**	**5,788**	**848**	**6,481**

The currency exposures of financial assets and liabilities as at 31st December, 2020 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	119,925	7,494	81,973	10,694	17,959	688	168	165	784
Crypto currencies held	148,661	-	148,661	-	-	-	-	-	
Collateral requirement for trade clearing	37,297	6,868	16,455	13,974	-	-	-	-	-
Trade debtors	1,679	44	1,617	18	-	-	-	-	-
Transfer of title funds	(271,992)	(2,876)	(235,336)	(17,749)	(17,074)	(512)	558	(65)	(1,062)
Trade creditors	(940)	(324)	(631)	(21)	(2)	10	12	19	(3)
Net exposure	**34,630**	**11,206**	**12,739**	**6,916**	**883**	**186**	**738**	**119**	**1,843**
Derivatives	**236**	**144**	**3,694**	**234**	**(2,249)**	**2**	**(456)**	**-**	**(1,124)**
Net exposure	**34,866**	**11,350**	**16,433**	**7,150**	**(1,366)**	**188**	**273**	**119**	**719**

Notes to consolidated financial statements

15.5 Foreign currency risk (continued)

Sensitivity analysis	Impact on post tax profit	
	2021	**2020**
	£'000	£'000
USD value appreciates 5%	**1,202**	782
USD value depreciates 5%	**(1,329)**	(865)
EUR value appreciates 5%	**627**	340
EUR value depreciates 5%	**(692)**	(377)
JPY value appreciates 5%	**527**	(66)
JPY value depreciates 5%	**(583)**	71

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.

15.6 Fair value

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, 2021 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 based on the fair value hierarchy levels 1 to 3 on the degree to which fair value is observable.

Notes to consolidated financial statements

	Level 1	Level 2	Level 3	Total
At 31 December, 2021	£'000	£'000	£'000	£'000
Assets				
Inventories 15.6a (i)	-	315,419	-	315,419
Liabilities				
Trade payable 15.6a (ii)	-	(287,072)	-	(287,072)
Derivative contracts	-	(5)	-	(5)
Total	**-**	**28,342**	**-**	**28,342**

At 31 December, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000	£'000	£'000	£'000
Assets				
Inventories 15.6a (i)	-	148,661	-	148,661
Derivative contracts	-	236	-	236
Liabilities				
Trade payable 15.6a (ii)	-	(133,742)	-	(133, 742)
Total	**-**	**15,155**	**-**	**15,155**

15.6a(i) shows the value of crypto currency 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 crypto assets held by the Group's subsidiary LMAX Digital Broker Limited. These crypto assets include £275.9m (2020: £128.4m) held on behalf of clients, £33.7m (2020: £19.2m) under economically hedged positions against crypto CFDs and £5.3m (2020: £1.0m) on account of proprietary trading.

15.6a(ii) shows the total client liabilities due to clients in relation to the crypto currency inventory held by LMAX Digital Broker Ltd and the net unrealised losses on the Group's open financial derivatives positions which are economically hedged against the Group's inventory as stated in 15.6a(i).

Notes to consolidated financial statements

The trade payable presented as financial liabilities held at fair value through income statement reflects the Group's payable balance with respect to clients' crypto assets worth £275.9m (2020: £128.4m) and the net unrealised losses on open financial derivatives i.e crypto CFD trades worth £11.2m (2020: £5.3m).

This balance forms part of the Transfer of title funds as shown under Note 10 which includes £375.1m (2020: £189m) due to LMAX Digital Broker Limited's clients; of which trade payable of £275.9m (2020: £128.4m) presented above relates to clients' crypto assets holdings valued at fair value. The remaining £99.2m (2020: £60.6m) balance relates to margin held on clients' trading accounts denominated in fiat currencies and is therefore held at amortised cost.

The balances are stated at fair value with any movement posted through the Statement of Comprehensive Income.

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.

Fair value is derived based on observable market data; however, these are adjusted where relevant to reflect a sufficient level of activity and volume in the calculation of the closing price. These balances are accordingly classified as Level 2 financial instruments under IFRS, however as these adjustments are not significant to the entire measurement, they are not classified as level 3 in the fair value hierarchy.

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 under proprietary trading is measured in light of the recent market performance and thus a sensitivity analysis of 25% decrease (2020: 20% increase) in the prices of crypto assets held and open crypto CFD positions is presented below:

Sensitivity analysis on proprietary trading:

	Year ended 31 Dec, 2021 (£'000)	**Year ended 31 Dec, 2020 (£'000)**
Impact:	**1,326**	**210**

Notes to consolidated financial statements

15.7 Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern. In addition, the Group is required to maintain regulatory capital at subsidiary level which depends on the jurisdiction in which it is incorporated and operates. In each case the approach is to hold an appropriate surplus over the local minimum.

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 CRD IV, as well as the newly created entity in Gibraltar which was regulated as a full Distributed Ledger Technology ("DLT") licence from the GFSC to operate the crypto currency exchange in April 2019 and the CySec regulated entity acquired in July 2019 (see note 12 for details).

The Group's capital structure is regularly reviewed and managed with due regard to overall capital requirements and the requirements of each subsidiary. Adjustments are made to the capital structure in light of changes in conditions affecting each subsidiary, to the extent that these do not conflict with any of the directors' fiduciary duties.

16. Developments in reporting standards and implementations

Standards and interpretations affecting the reported results or the financial position

There are no new accounting standards adopted by the Group during the year.

Future new standard and interpretations

There are no known changes in accounting standards to be implemented that would materially impact the Group.

17. 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

Principle place of business:

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

Company statement of comprehensive income

For the year ended 31 December, 2021	**2021**	**2020**
	£'000	£'000
Revenue	**39,980**	-
Cost of sales	**-**	-
Gross profit	**39,980**	-
Administrative expenses	**(3,439)**	(864)
Operating profit / (loss)	**36,541**	(864)
Share of profits in associate	**86**	-
Financial expenses	**(808)**	(873)
Profit / (loss) before tax	**35,819**	(1,737)
Taxation	**-**	-
Profit / (loss) for the year	**35,819**	(1,737)
Other comprehensive income/(expense)	**-**	-
Total comprehensive income / (expense) for the year	**35,819**	(1,737)

The results shown above are derived wholly from continuing operations.

The notes on pages 60 - 66 form an integral part of these financial statements.

Company statement of financial position

As at 31 December, 2021	Note	2021	2020
		£'000	£'000
Non-current assets			
Investments in subsidiaries	2	**141,121**	76,431
Investment in associate	3	**1,946**	1,860
Property, plant and equipment	4	**3,533**	3,642
Intangibles	5	**27**	36
Trade and other receivables	6	**460**	612
Deferred tax assets		**277**	-
Current assets			
Trade and other receivables	6	**33,220**	6,000
Cash and cash equivalents	7	**15,324**	761
Total assets		**195,908**	89,342
Non-current liabilities			
Trade and other payables	8	**(25,972)**	(19,024)
Current liabilities			
Trade and other payables	8	**(15,514)**	(21,382)
Total liabilities		**(41,486)**	(40,406)
Net assets		**154,422**	48,936
Equity			
Share capital	9	**1,111**	1,000
Share premium		**74,433**	-
Retained earnings		**78,878**	47,936
Equity attributable to equity holders of the parent		**154,422**	48,936
Total equity		**154,422**	48,936

The notes on pages 60 - 66 form an integral part of these financial statements.

These financial statements on 60 - 66 were approved by the Board on 31 October, 2022 and signed on behalf of the Board by:

David Mercer, Director
31 October, 2022

Company statement of changes in equity

For the year ended 31 December, 2021	**Share capital** £'000	**Share premium** £'000	**Retained earnings** £'000	**Total parent equity** £'000	**Total equity** £'000
Balance at 1 January 2021	**1,000**	**-**	**47,936**	**48,936**	**48,936**
Profit for the year	-	-	35,819	35,819	35,819
Total comprehensive income for the year	**-**	**-**	**35,819**	**35,819**	**35,819**
Dividend paid	-	-	(4,877)	(4,877)	(4,877)
Capital injection	111	74,433	-	74,544	74,544
Total distributions to owners	**111**	**74,433**	**(4,877)**	**69,667**	**69,667**
Balance at 31 December 2021	**1,111**	**74,433**	**78,878**	**154,422**	**154,422**

For the year ended 31 December 2020	**Share capital** £'000	**Share premium** £'000	**Retained earnings** £'000	**Total parent equity** £'000	**Total equity** £'000
Balance at 1 January 2020	**1,000**	**-**	**49,673**	**50,673**	**50,673**
Profit for the year	-	-	(1,737)	(1,737)	(1,737)
Total comprehensive expense for the year	**-**	**-**	**(1,737)**	**(1,737)**	**(1,737)**
Balance at 31 December 2020	**1,000**	**-**	**47,936**	**48,936**	**48,936**

Dividend expense during the year £4.9m (2020: £NIL).

Company statement of cash flows

For the year ended 31 December, 2021	**2021**	**2020**
Cash flows from operating activities	£'000	£'000
Operating profit /(loss)	**36,541**	(864)
Depreciation	**547**	491
Amortisation	**9**	1
Non Cash Finance expense	**(132)**	(151)
Increase in trade and other receivables	**(3,729)**	(4,915)
Increase in trade and other payables	**13,955**	4,378
Net cash generated / (used) from operating activities	**47,191**	(1,060)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(438)**	(291)
Acquisition of intangibles	**-**	(37)
Capital injection	**74,544**	-
Investment in associate	**-**	(1,860)
Investment in subsidiaries	**(64,690)**	(15)
Net cash generated / (used) in investing activities	**9,416**	(2,203)
Cash flows from financing activities		
Borrowing	**(10,375)**	19,000
Repayment of borrowing	**(2,500)**	(14,750)
Loans to subsidiaries	**(23,616)**	-
Dividend paid	**(4,877)**	-
Finance expense	**(676)**	(722)
Net cash (used) / generated from financing activities	**(42,044)**	3,528
Net increase in cash and cash equivalents	**14,563**	265
Cash and cash equivalents at beginning of year	**761**	496
Cash and cash equivalents at end of year	**15,324**	761

The notes on pages 60 - 66 form an integral part of these financial statements.

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) and International Financial Reporting Committee (IFRIC) Interpretations as adopted by the European Union (EU) (together "adopted IFRS").

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.

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, "Tools 4 Broker Ltd" and thus this investment is considered as investment in associate in accordance with IAS 28. The investment is accounted for using equity method of accounting where the equity investment is initially recorded at cost and is subsequently adjusted to reflect the Company's share of net profit/(loss) in the associate.

2. Investments in subsidiaries

	2021	2020
	£'000	£'000
Investments	**141,121**	**76,431**

On 8 January 2021, LMAX Digital Exchange UK limited was incorporated with a share capital of £1 for one ordinary share. On 17 September 2021, LMAX Digital Broker (Singapore) Pte Limited was incorporated with Singapore $1 for one ordinary share. As at the period end, both new entities are subsidiaries of LMAX Digital Group Limited and as a result part of the wider Group.

On 28 May 2021, the Company invested £37k ($50k) i.e., 50,000 shares for nominal value $1 in newly incorporated subsidiary, LMAX Capital Markets Limited.

On 12 July 2021, the Company did a minority buyback of 0.5% shareholding in the subsidiaries, LMAX Limited and LMAX Broker Limited for £1.2m.

Further on 30 December 2021 the Company made an equity swap for the shares of LMAX Digital Group Limited for a consideration of £63.4m. For details on Equity swap see notes to accounts on Consolidated Financial Statements for Reorganisation Reserve.

All the Group's subsidiaries for the year ended 31 December 2021 are shown below. The ordinary shares held % shown is the effective shareholding which the company holds in the underlying subsidiary.

Company notes to the financial statements

Subsidiary	Country of incorporation	Principal activity	Ordinary shares held No.	Ordinary shares held %
LMAX Limited	England	Financial exchange platform	599,078	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	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 are shown below as at year ended 31 December, 2020.
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	596,083	99.5
LMAX Broker Limited	England	FX brokerage	596,082	95.5
LMAX Bullion Limited	Hong Kong	Bullion broker	1,000	100
LMAX Hong Kong Limited	Hong Kong	Dormant	3,000,000	95.5
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

3. 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 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.

Company notes to the financial statements

4. Property, plant and equipment

	RTU lease	Furniture & fixtures	Computers	Leasehold improvements	Total property, plant & equip.
Cost	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2021	**3,629**	**150**	**112**	**287**	**4,178**
Additions	**-**	**2**	**364**	**72**	438
Balance at 31 December 2021	**3,629**	**152**	**476**	**359**	**4,616**
Accumulated depreciation					
Balance at 1 January 2021	**(447)**	**(30)**	**(23)**	**(36)**	**(536)**
Depreciation for the year	(407)	(30)	(75)	(35)	(547)
Balance at 31 December 2021	**(854)**	**(60)**	**(98)**	**(71)**	**(1,083)**
Carrying value					
at 31 December 2021	**2,775**	**92**	**378**	**288**	**3,533**

	RTU lease	Furniture & fixtures	Computers	Leasehold improvements	Total property, plant & equip.
Cost	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020	**3,629**	**-**	**-**	**258**	**3,887**
Additions	-	150	112	29	291
Balance at 31 December 2020	**3,629**	**150**	**112**	**287**	**4,178**
Accumulated depreciation					
Balance at 1 January 2020	**(41)**	**-**	**-**	**(4)**	**(45)**
Depreciation for the year	(406)	(30)	(23)	(32)	(491)
Balance at 31 December 2020	**(447)**	**(30)**	**(23)**	**(36)**	**(536)**
Carrying value					
at 31 December 2020	**3,182**	**120**	**89**	**251**	**3,642**

Company notes to the financial statements

5. Intangibles

	Software	Total intangibles
Cost	£'000	£'000
Balance at 1 January 2021	**37**	**37**
Additions	**-**	-
Balance at 31 December 2021	**37**	37
Accumulated amortisation		
Balance at 1 January, 2021	**(1)**	(1)
Amortisation for the year	**(9)**	(9)
Balance at 31 December, 2021	**(10)**	(10)
Carrying value		
at 31 December 2021	**27**	**27**

6. Trade and other receivables

	2021	2020
	£'000	£'000
Amounts due from shareholders	**1,037**	1,037
Other debtors	**49**	27
Prepayments	**886**	826
Deposits	**264**	264
Inter-group receivables	**31,444**	4,458
Total	**33,680**	6,612
Classification:		
Non-current	**460**	612
Current	**33,220**	6,000
Total	**33,680**	6,612

Company notes to the financial statements

7. Cash and cash equivalents

	2021	2020
	£'000	£'000
Cash and cash equivalents	**15,324**	**761**

8. Trade and other payables

	Note	2021	2020
		£'000	£'000
Loan	8.1	**25,875**	19,000
Lease liability	8.2	**3,146**	3,620
Social security liability		**377**	247
Trade creditors		**174**	398
Accruals and deferred income		**4,378**	1,594
Inter-group payables	8.3	**7,536**	15,547
Total		**41,486**	40,406

	2021	2020
Classification:		
Non-current	**25,972**	19,024
Current	**15,514**	21,382
Total	**41,486**	40,406

8.1. The Company has credit arrangement which provides with a revolving credit facility of £25m and a term debt of £10m. Of the revolving credit facility an additional £10m was drawn during May 2021 thereby balance as at the end of reported year is £19m (2020: £9m) and following the term debt quarterly repayments, the outstanding term loan balance is £6.9m (2020: £10m). The loan liability is thus recognized at £25.9m (2020: 19m) for term of the year 3 years from the reporting date.

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

8.3. 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.

9. Share capital

	2021	2020
	£'000	£'000
Allotted and called up and fully paid		
111,098,766 (2020: 100,000,000) Ordinary shares of £0.01 each	**1,111**	1,000

100% ordinary shares are held by management team and directors.

Company notes to the financial statements

10. Related parties

Related parties of the company are the same as those of the Group.

There were no inter-company transactions affecting profit or loss. Balances with related parties of the company are as follows:

	Note	2021	2020
		£'000	£'000
Amounts due from shareholders		**1,037**	1,037
Amounts due from/(to) Affinity Trust		**207**	317
Amounts due to Group companies	10.1	**23,701**	(11,406)

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

10.1 Amounts due from/(to) Group companies	**2021**	**2020**
	£'000	£'000
Balances		
Amounts due to group companies:		
LMAX Bullion Limited	**14,779**	3
LMAX Broker Limited	**(4,450)**	(15,547)
LMAX Digital Broker Limited	**8,875**	-
LMAX Exchange Limited	**4,099**	2,267
LMAX Digital Group Limited	**(2,430)**	1,550
LMAX Pte Limited	**1,970**	5
LMAX New Zealand Limited	**(638)**	269
LMAX Capital Markets	**1,447**	-
LMAX Broker Europe Limited	**45**	37
LMAX Broker Mauritius Limited	**(18)**	-
LMAX Japan K.K	**16**	6
LMAX US Limited	**6**	4
Total	**23,701**	(11,406)

11. Post balance sheet event

On 25 February 2022, the parent LMAX Exchange Group Limited invested £4m in LMAX Limited for 1 ordinary share (nominal value £1) of the subsidiary.

Refer to note 14 for Post balance sheet events for the Group.

LMAX Exchange Group Limited - company registration number 125453

Annual report and consolidated financial statements - for the year ended 31 December, 2021

www.LMAX.com/annualreport

LMAX Exchange Group is the holding company of LMAX Limited, LMAX Broker Limited and LMAX Digital Broker Limited

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)

LMAX Exchange Group, Yellow Building, 1A Nicholas Road, London W11 4AN

www.LMAX.com | info@LMAX.com | +44 20 3192 2555