(Registered Number: 2128666)

The London Metal Exchange

Annual report and financial statements

31 December 2024

The London Metal Exchange

Directors and independent auditors

Directors

The Directors of The London Metal Exchange (the Company or LME) who were in office during the year and up to the date of signing the financial statements were:

<u>Current Directors</u>

J M M Williamson (Chair)	
N C Allen	
M J Chamberlain	
B Y Chan	Appointed 21 March 2024
N K Dentoom	
H A R Hunnable[1]	Appointed 7 February 2025
V Lau	Appointed 25 April 2024
R C K Leung	
A J Stuart[1]	
P Vareille[1]	
R A Wise	

<u>Resigned Directors</u>

A N Aguzin	Resigned 29 February 2024
L M L Cha	Resigned 24 April 2024
M E Fraenkel[1]	Resigned 30 January 2025

Registered office

10 Finsbury Square, London EC2A 1AJ

Independent auditors

PricewaterhouseCoopers LLP
7 More London Riverside, London, SE1 2RT

[1] Denotes Independent Non-Executive Director

The London Metal Exchange

Strategic report

The Directors present their Strategic report on the Company for the year ended 31 December 2024. This report should be read in conjunction with the Directors' report on pages 11 to 18.

Overview

The Company is incorporated in the United Kingdom and is an indirect subsidiary of Hong Kong Exchanges and Clearing Limited (HKEX), a leading global financial market operator.

Principal activities

The Company is the world centre for industrial metals trading. The main activity of the Company is the provision of a marketplace to facilitate pricing and trading, administrative and other services to its members (hereinafter referred to as Exchange Members) including the operation of a global physical warehouse network. The Company is a Recognised Investment Exchange under the terms of the Financial Services and Markets Act 2000 and is regulated by the Financial Conduct Authority (FCA). The Company is required to maintain proper standards in accordance with its rules and with regulations made under the Financial Services and Markets Act 2000.

Review of the business

The Directors are pleased to report that the Company has recorded a strong financial performance. Profit after tax for the year was $99,404,000, an increase of 71% from 2023; primarily driven by growth in trading revenue, higher other income and higher finance income.

The Company generated trading fee revenue of $180,678,000 (2023: $135,828,000), a 33% increase on the prior year attributable to continued growth in trading volumes. The Company's average daily volume (ADV), representing chargeable volume excluding administrative trades, was 664k lots (2023: 562k lots), an 18% year-on-year increase (2023: 11% increase). Higher volumes were driven by a number of factors, including volatility in the second quarter of 2024 following the introduction of sanctions on Russian metal, high prices - including record highs for LME Copper, and healthy open interest throughout the year. Good take-up of the electronic volume incentive programme and the proprietary liquidity programme has also supported volume.

The Company also saw an increase in options trading which contributed to higher futures volumes as Exchange Members hedged their options position-related exposure. This activity was broadly in line with the macroeconomic environment for metal markets, as predicted market downturns were slower to materialise than anticipated.

In terms of the Company's traded contracts, the Company alongside LME Clear Limited (LME Clear) continued to deliver against its published Action Plan, a multi-year programme of change to strengthen and enhance its markets following the events in the nickel market in 2022 and in line with recommendations from Oliver Wyman. The Company has made significant progress in implementing recommended measures which have included enhancements to the physical market such as fast-track nickel brand listings. Under the fast-track nickel brand listing process, which operated from March 2023 until December 2024, the Company listed six new nickel brands. Such listings further facilitated the building of liquidity in the LME Nickel contract which continued to show positive growth, with ADV rising above 50k lots for the first time since March 2022.

The Company continued its programme of work to enhance some of its core technology, including the development of a new commodity derivative platform, developed in conjunction with HKEX. The new platform will be known as LMEselect v10 and will replace LMEselect v9 (a third-party platform). The launch of the new platform and associated technologies is being deployed in a phased approach between late 2024 and early 2025. This programme will strengthen the underlying technology of the Company, ensuring it remains robust and fit for the future.

Similarly, the Company has invested significant time into ensuring that its market structure evolves to meet market needs. During the first quarter of 2024, the Company implemented a new Closing Price methodology for five major contracts, bringing greater determinism, transparency, and standardisation to the process. Following the change, volumes during the closing price window remained robust with increased participation. This was followed in September by the publication of the Company's White Paper on 'Enhancing Liquidity', which outlined a package of measures designed to boost transparency and increase price competition for the benefit of all market participants.

Strategic report (continued)

Review of the business (continued)

The package of measures includes industry standard block rules, a liquidity provider programme, new trading functionality and additional rules to support market data transparency. Since its publication, the Company has engaged extensively with its market participants to gather feedback on the proposals, as well as running a series of working groups with members. A formal consultation is planned for 2025.

Effective 1 April 2024, the Company introduced a new derived data licensing framework to ensure all its market data licensing policies are aligned with industry best practices. The new framework supports the Company's broader strategic aims of growing participation from the financial investment community and expands the scope of third-party products and services that become licensable.

On 12 April 2024, the UK and US Governments announced sanctions which imposed restrictions on the acquisition of Russian metals produced on or after 13 April 2024. In response to this, the Company imposed an immediate suspension on the warranting of the relevant sanctioned metals. The Company also set out restrictions relating to the ability of its members and clients to cancel Russian warrants and withdraw the underlying relevant metals from LME-listed warehouses, if such activity was in contravention of a relevant sanction.

The Company continued work to support its physical market, with the launch of a new warehouse location Delivery Point in Jeddah, Saudi Arabia in January 2025 and the approval of Hong Kong as a new Delivery Point. During the year, there was a total of 11 new metal brand listings which included listings from new locations such as the Democratic Republic of Congo. In October, all LME-listed aluminium brands started to upload electronic Certificates of Analysis (COAs) into the Company's centralised electronic COA and digital credentials register, LMEpassport, marking an important step towards greater digitalisation of the physical market. All metals other than copper are due to follow in October 2025. To further improve the resilience of the Company's warehouse network, the Company increased the minimum capital adequacy requirements for LME-listed warehouse companies to £5,000,000 and increased the minimum level of insurance indemnity required for warehouse companies to £1,000,000, effective from 18 September 2024.

LMEpassport has continued to gain traction since its launch in 2021, with 5.4 million records registered in the system (2023: 2.7 million). The system is also displaying 692 distinct sustainability credentials relating to 59% of LME-listed brands as of December 2024.

31 December 2023 marked the end of the first full cycle of responsible sourcing compliance, and the Company published an update notice in January 2024, confirming that those brands not complying would be suspended or delisted. During 2024, a total of 83 brands were suspended, albeit not all for reasons relating to responsible sourcing, and a number were able to re-list once they had achieved full compliance with the Company's requirements. The programme aims to ensure that supply chains of brands traded on the LME respect human rights and do not contribute to conflict financing or corruption. Following a market-wide consultation, the Company has also introduced mandatory emissions reporting for its aluminium brands in line with the EU's Carbon Border Adjustment Mechanism to start in June 2025.

On 5 March 2024, the Company set out its position on 'green' nickel, and its proposed solution for establishing sustainability-related pricing differentials. The Company also outlined its broader efforts in driving improvement in sustainability practices across the industry and encouraged its market participants to share their views on the topic.

On 6 March 2024, the Company announced a new organisation design, which incorporates three focused business lines including Market Data, Sustainability and Physical Markets, and Trading. These changes aim to enhance the Company's transparency accountability, operational resilience, and effectiveness.

Strategic report (continued)

Review of the business (continued)

Performance measurement and key performance indicators (KPIs)

Management employs commercial KPIs including transaction volume, Exchange Member satisfaction, the size of open interest in contracts traded and critical system availability.

In respect of capital, the key performance indicator is compliance with regulatory capital requirements set in accordance with the rules of the FCA. The Company held sufficient capital to meet its requirements throughout the year. Further detail on capital requirements is presented in the Directors' report.

Financial KPIs	**2024** **$ 000's**	**2023** **$ 000's**	**Increase / (decrease)**
Revenue and other income	255,932	202,068	53,864
Operating expenses	131,213	130,955	258
Earnings before interest, tax, depreciation and amortisation	139,423	87,511	51,912
Profit before tax	134,603	77,327	57,276
Profit after tax	99,404	58,084	41,320
Net assets	405,333	310,958	94,375
Related non-financial KPIs			
ADV (000's; chargeable, excluding administrative trades)	664	562	102
Futures market open interest (lots)	1,786,686	1,793,375	(6,689)

Higher revenue is predominantly due to the higher ADV experienced in 2024 and higher other revenue. Finance income increased as a result of higher interest earned.

As a result profits have increased compared to 2023.

No final dividend is proposed in respect of 2024 (2023: $nil). The Company did not pay an interim dividend during the year (2023: $nil).

Strategy

The Company's strategy is to operate the world's leading metals marketplace. During the year, its priority areas focused on modernising the Company's market structure, expanding its distribution and product and service offering, reinforcing its physical market relevance, and leveraging its China strength, all of which deliver on the Company's strategic principles of maximising trading efficiency, serving the physical market, increasing user choice, and ensuring fairness.

The Company continues to work on its major technology programme, launching initial delivery phases of a new trading platform during the year, with further market releases to continue into 2025. The Company also continues to work with HKEX, with an integrated sales and marketing approach driving progress across a number of initiatives in order to capitalise on new opportunities arising from the further development of China's financial markets.

The Company remains focused on its work to modernise and enhance its market structure, with changes to its closing price methodology introduced in January 2024 and the publication of a white paper on enhancing liquidity published in September 2024, with a view to building more electronic liquidity in its markets.

The Company also continues to deliver against its regulatory and other obligations, with significant work on operational resilience and sanctions compliance during the year.

Review of the business (continued)

Business environment

The Company operates in a competitive and ever-evolving market environment and has maintained its position as the world centre for industrial metals trading. The prices discovered on the Company's trading platforms continue to be used as global reference prices.

2024 saw a continuation of some of the challenges that characterised 2023, including weak manufacturing demand - in particular in Europe. Cuts and disruptions to raw materials have fed through to refined metal, particularly for zinc, copper, and aluminium. Nickel, in contrast, remains in a sizeable surplus due to increased production from Indonesia. Following the election of Donald Trump the US dollar strengthened to a two-year high. Shortly thereafter China removed export rebates for aluminium and copper products leading to aluminium prices rising almost nine per cent day-on-day.

The year was also characterised by several elections globally, including in the UK where a Labour government took power for the first time in 14 years, and in the United States where President Trump was inaugurated in January 2025. These changes, particularly in the United States, have the potential to impact the Company's operating environment, especially in respect of (a) the global impetus for sustainability, and (b) the sanctions relating to the ongoing Ukraine-Russia environment. The Company will continue to monitor this carefully to ensure it continues to take appropriate action in response to tariffs and sanctions to maintain physical market stability and the orderly functioning of its market.

Principal risks and uncertainties

The Company's activities as an exchange operating in the United Kingdom expose it to a number of financial risks, including credit risk, liquidity risk and foreign exchange risk. The Company manages these risks through various control mechanisms which are discussed in note 22. Non-financial principal risks and uncertainties, such as litigation, compliance and sanctions are set out below.

Litigation

The Company and LME Clear were named as defendants in two judicial review claims filed in the English High Court in 2022 (the JR Proceedings) and three related claims filed in the English High Court in 2023 (HRA Claims). These sought to challenge the Company's decision to ensure that no trading activity that had taken place on the LME's nickel market after 00:00 UK time on 8 March 2022 until 08:15 when the market was suspended should result in a binding contract under the LME's rules.

On 29 November 2023, the Court gave judgment in the JR Proceedings in the LME's favour on all grounds and ordered the claimants to pay the Company's and LME Clear's costs of the Proceedings.

One of the claimants (Elliott Associates L.P. and Elliott International L.P., together referred to as Elliott) sought and was granted permission to appeal to the Court of Appeal (the Appeal). The Appeal was heard by the Court of Appeal in July 2024. Judgment in respect of the Appeal was handed down by the Court of Appeal on 7 October 2024, in which the Court of Appeal found in the Company and LME Clear's favour and dismissed the Appeal. On 29 January 2025 the Supreme Court refused permission for Elliott to appeal the Appeal outcome further. This effectively brings an end to the JR proceedings; full details are provided in the financial statements including information on the current status of the JR Proceedings and HRA Claims.

On 6 February 2024, the London Mining Network and Global Legal Action Network issued a claim for judicial review which sought to challenge the LME's approach to monitoring the production of metal traded on the Exchange, particularly in the context of alleged environmental damage by mining companies. The claimants did not seek any monetary damages by way of relief. On 11 April 2024 the Court refused permission for the claims to proceed.

Strategic report (continued)

Principal risks and uncertainties (continued)

Competition

The global exchange landscape continues to evolve with a risk that other exchanges and new market entrants will seek to attract liquidity away from the LME. One of the Company's key competitive advantages is that the LME Official Prices are embedded in global supply contracts which brings physical users to the Exchange to hedge their demand or supply. Servicing both physical and financial market participants effectively continues to be a major priority for the Company. In September 2024, the Company launched a white paper on enhancing liquidity as part of its work to ensure that the LME continues to increase price competition, enhance transparency, support the physical market, and ensure fairness. As the Company continues to modernise its market and enhance its product and service offering, it will continue to work closely with the full breadth of its users to understand and meet their evolving needs with a particular focus on removing barriers to access and attracting new users to the market.

Operational and system resilience

With continued reliance placed on technology, the Company is aware of the need to maintain high degrees of operational and system resilience. Cyber risk remains a heightened area of focus with financial services companies among the most heavily targeted. In order to mitigate the risks, the Company continues to invest in controls and focus on its people, processes, data, third parties and technology. The Company maintains robust risk management processes, assesses risks on an ongoing basis and seeks to continually improve processes and technology to mitigate identified risks. The Company has a well-defined operational incident process to manage incidents and to ensure required improvements are identified which may then result in changes to our processes or technology.

The Company continues to make significant cyber-security investment underpinned by a number of capabilities such as Threat Intelligence, regular penetration testing, maturity reviews against the National Institute of Standards and Technology framework, provision of training to employees in cyber techniques that could be used to compromise the Company. The Company's information security team liaise with key government and other bodies to keep up-to-date on the latest cyber threat information.

The Company continues to make technology investments in line with strategic initiatives to drive improvements in operational effectiveness and resilience.

The Company's critical system availability is measured and monitored on a monthly basis. The Company achieved 100% uptime throughout 2024 for 33 out of 36 critical systems (2023: 100% uptime for 29 of 32 critical systems). Incidents were rapidly remediated and subject to detailed root cause analysis and implementation of preventative measures. All incidents were remediated within the impact tolerance thresholds applicable for the relevant important business services.

The FCA published guidance on operational resilience for Financial Market Infrastructures and its expectations with a date for full implementation across the Company by March 2025. The Company has undertaken significant work over the past 12 months to ensure it will have met these expectations. Work will continue to further embed and enhance the operational resilience framework post March 2025 and the Company continues to invest heavily in this area.

Regulation and compliance

The Company places a high emphasis on regulatory compliance in all jurisdictions in which it operates, seeks to promote active and co-operative relationships with its lead regulator, the FCA, and maintains an active interest and involvement where appropriate in regulatory matters arising in the UK and other global locations. The Company engages directly with UK legislators and policy makers as the UK considers its regulatory structure and environment. The implementation of a demanding and still-evolving regulatory agenda and other market developments means that regulatory and compliance risks remain key risks.

In March 2023, the FCA announced that, following its review surrounding the events in the nickel market in March 2022, it had opened an enforcement investigation into some of the LME's conduct and systems and controls in place in the period between 1 January 2022 and the time of the suspension on 8 March 2022. This investigation is ongoing, however the Company anticipates that it may conclude during 2025.

Strategic report (continued)

Emerging risks

Geopolitical and macroeconomic environment

The overall geopolitical and macroeconomic environment remains turbulent. While metal prices have generally been driven by fundamental physical demand, which continues to be moderate, there haves also been concerns around the slowdown in growth of the Chinese economy and the impact of a new US Government on trade flows. A major risk to the Company is the greater bifurcation of world trade and a global slowdown.

Climate risk

The Company considers climate risk to be an emerging risk that may have an impact on its operations, market, Exchange Members, and clients in the medium to long term. The Company has assessed that climate risk does not have any significant impact regarding its financial position as of the reporting date or on its outlook for the near-term. The Company will continue to monitor this risk, especially in respect of impacts on supply chains (for example, the closure of the Panama Canal due to drought) and key stakeholders such as listed warehouse companies.

The LME is drafting a transition pathway, following guidance published by the International Sustainability Standards Board, to ensure that it has accurately mapped relevant risks and opportunities in this area. This will also inform the LME’s work to deliver against its net-zero target of 2040.

Physical market risks

Linked to climate risk, the Company is cognisant that the physical market is evolving rapidly. The LME will need to maintain robust processes and rules to regulate this market. The Company will also need to continue to meet developing expectations in respect of topics such as critical minerals, and in standards related to Environmental, Social and Governance – for example the European Union’s Carbon Border Adjustment Mechanism.

Section 172 (1) Companies Act 2006

All Directors are collectively responsible for the success of the Company and take their duties and responsibilities, including those set out in Section 172(1) of the Companies Act 2006, seriously. Whilst the duty of each Director is to promote the success of the Company for the benefit of its shareholder, in doing so the Board considers as part of its discussions and decision-making process the interests of all key stakeholder groups as identified below.

The Board therefore recognises the importance of effective stakeholder engagement in driving the Company’s strategic focus of sustaining its premier status in price discovery for base metals futures and options. Effective stakeholder engagement enables the Board to identify key emerging themes and trends in the markets that are served by the Company.

The Company identifies its key stakeholders as Company employees, Exchange Members and their clients, producers of LME-listed brands and LME-approved warehouse operators, regulators, service providers/suppliers and its ultimate parent, HKEX.

The Company uses a variety of approaches to engage with its stakeholders throughout the year, including scheduled meetings, consultations, discussion papers, townhalls and LME notices. Thematic results from these interactions with stakeholders are periodically presented to the Directors, primarily by senior management who lead such engagements.

Exchange Member satisfaction, the delivery of cost-effective services and critical system availability are important measures of performance for the Company.

Strategic report (continued)

Stakeholder engagement and business relationships

Exchange Members and clients

Ongoing Exchange Member and client engagement is integral to the Company's governance framework. The Company has established a number of advisory committees which meet throughout the year and are an important part of how the Company operates. For example, the LME User Committee represents the interests and views of the Exchange Members and clients. During 2024, feedback from these committees provided valued input and advice to the Board and senior management.

Physical market participants

Ongoing engagement with stakeholders in the physical market is similarly important to the Company's governance framework. It has established as one of its advisory committees the LME Physical Market and Warehousing Committees to enable the Exchange to stay in regular contact with core stakeholders in the physical market and facilitate ongoing two-way communication. The Exchange also operates metal-specific committees for its core and new metals contracts to ensure it can stay focused on topics of key importance to its market, as well as elicit views on its own initiatives.

Suppliers and service providers

The Board takes the Company's relationships with its suppliers seriously.

The Board has reaffirmed the Company's commitment to ensuring that there is no modern slavery in its organisation or supply chains. A Board-approved Modern Slavery Policy is in place, and this reflects the Company's commitment to acting ethically and with integrity.

Regulators

The Company maintains a regular dialogue with the FCA and its other regulators, engaging on relevant matters such as Board and management changes, capital requirements and proposed new products or services.

HKEX

The Company maintains close links with its ultimate parent company. A number of the Company's Directors hold directorships of HKEX or sit on the HKEX Management Committee. In addition, certain key management personnel represent the Company at the HKEX Management Committee and there is regular contact and interaction between HKEX management and staff and the Company's employees at all levels across the business.

Employee engagement

The Board recognises that engagement with Company employees is fundamental to the Company's success. Engagement with employees is undertaken by senior management, through townhalls, a variety of employee forums and regular staff surveys.

The Company has continued to be active in implementing measures to maintain and drive engagement. Regular communication of the Company's strategy and performance has been shared with employees, promoting greater understanding of how individual activities contribute to achieving the Company's goals. There has also been significant focus on the development of employees, with the launch of a new learning and development curriculum in February 2024 offering a range of courses aligned to identified organisational needs and skills gaps.

Strategic report (continued)

Employee engagement (continued)

In addition, the Company has provided several new programmes to deepen management and leadership capability throughout the organisation. The Company has also continued to provide employees with increased opportunities to have exposure to, and interact with, the Board and senior management, including through round table discussions with the Chair, Chief Executive and Executive Committee members.

The Company operates a discretionary bonus scheme which remunerates employees based on their performance together with the Company and HKEX Group’s performance. Employees set annual objectives aligned to the Company’s corporate scorecard and discretionary incentives are awarded taking into account their performance against those objectives. The bonus scheme therefore encourages employees to contribute to the Company’s overall objectives and performance.

The Company continued to support employee wellbeing this year through the provision of wellness weeks focusing on mental, physical, and financial wellbeing. Healthy breakfast options continue to be provided as well as complimentary access to an on-site gym at the London office.

From a people and culture perspective, diversity and inclusion has remained a focus in 2024. The Company has thriving employee networks raising awareness and engagement on this topic and continues to celebrate diversity through events such as International Women’s Day, Pride Month and Black History Month.

The Company remains committed to the Women in Finance Charter, reinforcing its aim to increase gender diversity. The target is to increase female management representation to 40% by September 2025. The Company’s gender diversity strategy consists of five key pillars: attraction, governance, benchmarking, retention and education. Internal initiatives within each of these pillars will support the Company in working towards its five-year target of growing its female representation in senior management positions. Annual progress updates are also published on the Company’s website on a combined basis with LME Clear, reporting as the ‘LME Group’. The latest report was published in in September 2024 showing that 35% of senior management roles at LME Group were filled by women.

The Board believes that transparency around gender pay gap reporting continues to play an important role in understanding and addressing the gender-based inequality that persists in the wider society in which the Company operates. The LME’s gender pay gap report for 2023 was published in 2024 showing a reduction of 0.6% compared to the prior year, with the mean gender pay gap standing at 9.9%. The Company is pleased that progress has been made but acknowledges that there is still more to do.

Throughout 2025, the Board will continue to review and challenge how the Company can improve engagement with its employees and other stakeholders.

Equal opportunities

The Company is an active equal opportunities employer, which promotes an environment free from discrimination, and where everyone receives equitable treatment and career development regardless of age, disability, sex, gender, gender reassignment, pregnancy, race (which includes colour, nationality and ethnic or national origins), sexual orientation, religion or belief, or because someone is married or in a civil partnership, among other diverse attributes. All decisions relating to employment practices are objective, free from bias and based on merit. The Company continues to build on its diversity and inclusion strategy and, as part of this, is committed to further enhancing its equal opportunities monitoring.

The Company gives full and fair consideration to applications for employment made by disabled people, and encourages and assists the recruitment, training, career development and promotion of disabled people. The Company also endeavours to retain employees who become disabled during the course of their employment. This includes a commitment to making reasonable adjustments to the employee's working environment where a physical feature or a provision, criterion or practice puts a disabled person at a substantial comparative disadvantage.

The arrangements outlined above are set out in a Company policy, which is subject to periodic review.

Strategic report (continued)

Charitable activities

The Company is committed to its charitable initiatives and engages with a variety of charitable causes at both a corporate and individual employee level. The Company's approach, priorities, and objectives in respect of charitable activities are primarily led by the joint LME and LME Clear Charity Committee, which is chaired jointly by the Chairs of the Company and LME Clear Boards.

Since 2022, employees have participated in volunteering programmes organised by the Company's corporate charity partner Inspire, an education business partnership. Inspire works with organisations and individuals across London to make a positive impact on local schools and young people's lives. Employees have volunteered in a number of ways – from assisting with basic numeracy and literacy skills in primary schools, to helping arm senior school students with the key skills required to enter the world of work.

In 2023, the Company set up an endowment fund for the provision of two scholarships per year for Masters students at the Camborne School of Mines, to help them on their journey to forging a successful mining career. The first two scholarships were awarded in 2024.

In 2021, the LME committed to donate US$2,000,000 to charitable causes related to responsible sourcing over a three-year period. The Company has supported two organisations, Pact and The Impact Facility, with the aim of reducing the worst forms of child labour and protecting children's rights in mining communities in Zambia and the Democratic Republic of the Congo respectively. A total of $2,000,000 has been donated under this commitment to date, of which $300,000 was donated in 2024.

The Company's work in Zambia with Pact concluded in 2023 with final reporting about the project completed in 2024. The Company did not provide funds to Pact in the current year (2023: $273,000).

The Impact Facility has continued construction and rehabilitation of three schools near artisanal mining sites in the DRC, including completing the fencing to protect the buildings. The Company provided $300,000 to The Impact Facility in 2024 (2023: $100,000).

During the year, the Company also made other charitable donations amounting to $84,000 (2023: $104,000).

The Strategic report was approved by the Board of Directors on 21 February 2025.

Signed by order of the Board of Directors by:

D.R. Hennessy
Company Secretary
21 February 2025
The London Metal Exchange
Registration number 2128666

The London Metal Exchange

Directors' report

The Directors submit their annual report to the sole shareholder together with the audited financial statements for the year ended 31 December 2024.

Incorporation

The Company is a private unlimited company domiciled in the UK. It was originally registered in England and Wales as a private company limited by guarantee. On 13 December 2012 it was re-registered as an unlimited company.

Results

The profit before tax for the year ended 31 December 2024 was $134,603,000 (2023: $77,327,000) and profit after tax was $99,404,000 (2023: $58,084,000).

No final dividend is proposed in respect of 2024 (2023: $nil). The Company did not pay an interim dividend during the year (2023: $nil).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are listed on page 1.

Directors' indemnity and insurance

The Company's Articles of Association provide an indemnity (the Indemnity) for each Director of the Company. The Indemnity, which constitutes a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, was in force during the 2024 financial year and remains in force at the date of signing the financial statements. Directors' and officers' insurance cover is also maintained for Directors of the Company.

Anti-bribery and corruption policy

The Company supports a culture of integrity, ethical conduct, fairness, honesty and openness when doing business, and zero tolerance of bribery. Accordingly, the Company's policy expressly states that all staff are strictly prohibited from engaging in bribery and corruption

The Modern Slavery Act 2015

The Modern Slavery Act requires companies to prepare a slavery and human trafficking statement for each financial year of the organisation. Modern slavery is a serious global issue and represents one of the worst forms of human rights violation. The Company takes this very seriously and considers that its Directors, management and staff all have a responsibility to be alert to the risks, however small, in the LME's operations and in the wider supply chain. Staff at the Company are expected to report concerns and management are expected to act upon them.

Directors' report (continued)

Future developments

In 2025, the Company will focus on the delivery and launch of its new trading platform, LMEselect v10, as well as ongoing modernisation of its market structure designed to increase resilience and lower barriers to entry. Consultations on this are due in 2025.

The Company will continue to prioritise its physical market, with new warehouse delivery points, including Jeddah in Saudi Arabia and Hong Kong, as well as further developments to promote digitalisation, transparency and sustainability in the physical market.

The Company will also continue to work with HKEX to build a leading global multi asset class exchange and capitalise on new opportunities arising from the further development of China's financial markets.

Financial risk management

Information in respect of the Company's objectives, approach and exposure in respect of foreign exchange risk, price risk, cash flow and fair value interest rate risk, credit risk and liquidity risk management is provided in note 22 to the financial statements.

Capital risk management

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern in order to provide returns for the sole shareholder and benefits for other stakeholders;
- To maintain an optimal capital structure; and
- To meet its regulatory capital obligations.

The Company is a Recognised Investment Exchange under the terms of The Financial Services and Markets Act 2000. The FCA's capital rules require that the Company must maintain liquid financial resources and net capital in excess of its financial resources requirement (FRR). The FRR comprises the cost of orderly closure plus a risk-based capital charge. Liquid financial resources are represented by the Company's cash and cash equivalents, and net capital comprises total equity less share capital, intangible assets, and intercompany receivables.

These requirements are closely monitored, and the status is reported on a regular basis to the Board and the FCA. In 2024 the FRR was reset to £78,700,000 (2023: £83,275,000) which, as at 31 December 2024, equates to $98,511,000 (2023: $106,159,000). The Company's liquid financial resources and net capital measures exceeded the FRR throughout the year.

Employee engagement

Disclosures regarding action taken by the Company to engage with its employees have been included in the Employee engagement section of the Strategic report.

Disabled persons disclosures

A statement describing the Company's policy on the hiring, continuing employment and career development of disabled persons has been included in the equal opportunities section of the Strategic report.

Charitable activities

Disclosures regarding the Company's charitable activities have been included in the Charitable activities section of the Strategic report.

Directors' report (continued)

Streamlined energy and carbon reporting

In October 2022, the Company and LME Clear publicly announced their net-zero target (2040) and their intention to publish a further reduction roadmap in the future. The Company is referencing two initiatives to inform its commitments, impact, and progression reporting against this target – the Science-Based Targets initiative (SBTi) and the Task Force on Climate-Related Financial Disclosures (TCFD). Both the Company and its ultimate parent, HKEX, have committed to follow the principles of SBTi and will deliver reporting and validation on a combined basis, with work ongoing throughout 2025. The Company is not required to report under the TCFD however it has opted to voluntarily disclose its adherence to the relevant provisions in the following sections.

The TCFD framework for disclosing climate-related financial information is designed to guide clear, comparable and consistent reporting about the risks and opportunities presented by climate change; with a focus on four pillars: governance, strategy, risk management, and metrics and targets.

The Company’s emissions data, including the streamlined energy and carbon reporting, is included within the metrics and targets section.

Governance

The Board actively oversees the Company’s sustainability strategy, including climate-related risks and opportunities. This oversight is integrated into regular Board governance processes, such as reviewing strategies, major action plans, risk management policies, business plans, and budgets. This topic is reported to the Board when notable updates occur, or at least on an annual basis ensuring alignment with the Company’s long-term sustainability goals.

The Corporate Sustainability team, led by the Chief Sustainability Officer, is responsible for identifying climate-related risks, agreeing strategy and targets, implementing plans and monitoring and communicating progress against key ESG performance indicators. This includes setting climate strategies and goals, such as the net-zero carbon emissions target by 2040, and maintaining alignment with the Company’s overall strategy. This structure facilitates the continuous monitoring and assessment of climate-related risks, enabling the Company to identify issues and adapt its strategy effectively.

Within the broader organisation, the Corporate Sustainability team runs an internal, cross-departmental group called the Green Working Group, that meets on a quarterly basis to review trends, updates, and progress on the Company’s net-zero plan, focusing on driving sustainability initiatives and engagement across the organisation.

The Company is in the process of implementing and embedding a comprehensive climate strategy guided by the TCFD framework to address climate-related risks and opportunities. The Company’s analysis centres on two major categories of risk: physical and transitional. Physical risks consider the potential operational impacts from acute climate events such as severe weather, while transitional risks focus on shifts in market demand as the global economy increasingly prioritises sustainability.

To navigate these risks, the Company has employed scenario analysis based on three distinct climate pathways: a 1.5°C scenario aligned with global net-zero targets; a below 2°C scenario; and a ‘business as usual’ (BAU) scenario. These scenarios are informed by data from various sources, including the International Energy Agency and the Network for Greening the Financial System. By evaluating potential economic and regulatory changes under each scenario, the Company can better understand and prepare for the financial implications of different climate trajectories.

Directors' report (continued)

Streamlined energy and carbon reporting (continued)

Strategy (continued)

In the broader sense and outside of the Company's internal sustainability agenda, the Company's strategic focus is to enhance the sustainability of the global base metals market by improving transparency and implementing robust industry standards. This includes initiatives like LMEpassport, which facilitates access to sustainability data, and the integration of mandatory responsible sourcing requirements into the LME brand listing criteria. The strategy is also geared towards leveraging the growing demand for sustainable metal products and developing innovative financing solutions to facilitate this shift. It aims to offer products that appeal to climate-conscious market participants, such as futures contracts for metals integral to green technologies, including electric vehicle batteries and renewable energy systems.

The Company is also carefully evaluating potential cost implications from climate-related factors, such as carbon pricing, stricter regulatory compliance, and operational risks due to climate impacts. This dual approach not only aims to minimise financial risks but also positions the Company to capitalise on increasing market preferences for low-carbon and sustainably sourced products.

To achieve net-zero emissions by 2040, the Company's roadmap targets several critical areas. First, it is prioritising the adoption of 100% renewable energy across its operations to reduce scope two emissions. This transition is aligned with broader global sustainability goals and reflects the Company's commitment to minimising its direct carbon footprint. The Company also aims to decarbonise its supplier base, with a particular focus on reducing scope three emissions, which account for a significant proportion of its total emissions. Engaging suppliers - especially those with science-based targets - ensures that the Company will align its operations with decarbonisation efforts across its entire value chain.

Business travel - a notable source of emissions - is another focus area. The Company plans to reduce travel-related emissions where possible by promoting virtual meetings and prioritising lower-carbon travel options, such as rail or flights using sustainable aviation fuel.

Data centres - the Company is enhancing the energy efficiency of its data centres by optimising energy usage, leveraging renewable energy sources, and reducing waste, water usage, and refrigerant emissions.

Carbon neutrality - in 2023, HKEX (LME's ultimate parent company) announced its commitment to carbon neutrality by the end of 2024. In addition to this, the Company is exploring various carbon offsetting strategies as a complementary measure to address residual emissions. This approach is in line with SBTi guidelines, which allows for offsetting up to 10% of total emissions. The Company's commitment to a structured and transparent offsetting strategy will help mitigate the remaining carbon footprint as it progresses towards its net-zero goal.

Risk management

The Company has integrated climate-related risks into its broader Enterprise Risk Management (ERM) framework. This integration allows climate risks to be assessed alongside other business risks, supporting a comprehensive risk management approach. As part of this process, the Company employs scenario analysis to evaluate potential impacts over short, medium, and long-term horizons, considering both physical risks (such as extreme weather events) and transition risks (including market shifts towards sustainable products).

As part of the Company's longer-term net-zero planning it plans to utilise the insights gained from scenario analysis to inform strategic decisions related to product development and overall business strategy. This ensures that potential risks are factored into long-term planning, allowing the Company to adjust proactively. Additionally, there is ongoing monitoring and reporting of climate-related key performance indicators by the Sustainability team, the Green Working Group and the Executive Risk Committee. Updates are provided to the Boards and Executive Committee, establishing a feedback loop that enables timely responses to emerging climate risks.

Directors' report (continued)

Streamlined energy and carbon reporting (continued)

Risk management (continued)

The Company's assessments also cover key financial impacts of climate-related risks. These include potential revenue shifts driven by increasing demand for sustainable financial products and services, expected rises in operational costs from carbon pricing and regulatory compliance, and the risk of asset impairments. The latter involves analysing assets, and those closely associated with the LME ecosystem, that could be at risk due to changing regulations or a market shift toward low-carbon alternatives. Through this holistic approach, the Company ensures that climate considerations are fully embedded within its risk management strategy, allowing for informed decision-making and enhancing the organisation's resilience against climate-related challenges.

Metrics and targets

The Company has calculated its annual carbon footprint in line with the Greenhouse Gas (GHG) Protocol Corporate Standard. The total emissions included a range of the Company's operations that included (but was not limited to):

- The Company's offices and apportioned facilities in London;
- Business travel by employees;
- Employee commuting and working from home; and
- Data centres and capital goods.

The three largest contributors to the Company's GHG emissions (by operational areas) in the 2024 base year were all within scope three and included goods and services (70% of total emissions), business travel (11%) and data centres (7%).

UK greenhouse gas emissions and energy use	**2024**	**2023**
Total emissions in metric tonnes (carbon dioxide equivalent)	**7,813**	**7,479**
Emissions breakdown in metric tonnes (carbon dioxide equivalent)		
Scope one (direct combustion of fuels)	27	214
Scope two (emissions from electricity purchased for own use)	4	218
Scope three (indirect emissions from goods and services, business travel and data centres)	7,782	7,047

In 2024, the Company emitted 2.3453 metric tonnes of carbon dioxide equivalent per metre squared of office space (2023: 2.2483 metric tonnes per metre squared).

Scope one emissions in 2023 were driven primarily by a refrigerant leak from an air conditioning unit and accordingly these reduced significantly in 2024.

Scope two emissions are based on a market-based calculation that tracks scope two emissions based on the specific emissions intensity of the electricity provider, rather than that of the local grid offering (also known as location-based).

Scope three emissions increased as a result of higher expenditure within the goods and services category

Directors' report (continued)

Corporate governance

The Board affirms its commitment to high standard of corporate governance. As a Recognised Investment Exchange, the Company is required to meet certain statutory requirements.

The corporate governance structure adopted by the Company is summarised below.

The Board and Board composition

The Articles of Association of the Company prescribe the composition of the Board and the procedures for appointment to it. The Articles provide that the maximum number of Directors shall be twelve, of whom up to four individuals shall be appointed by the Board as independent Directors. Independent Directors are identified on page 1.

Governance structure

The Board is the main decision-making body for the Company. To assist the Board to effectively discharge its roles and responsibilities, day-to-day management of the Company is delegated to the Chief Executive Officer. The scope of the Chief Executive Officer's role is set out in his or her remit of responsibility.

The UK's Senior Managers Regime (SMR) does not apply to the Company other than in respect of its role as a benchmark administrator. The Board fully supports the SMR's aim of embedding a culture of personal responsibility and accountability at the heart of financial services which, in turn, should raise governance standards, increase individual accountability, and support consumer confidence. The Board therefore made the decision in 2021 to amend its governance structure so that it would be similar to that which would operate under the SMR for all of its regulated operations. A key aspect of these changes was a shift towards clear individual accountability. The Board is aware of the legislative proposals to introduce a Senior Manager Certification Regime for exchanges and looks forward to working with policy makers to define the detail.

The remit of responsibility for the Chief Executive Officer permits the Chief Executive Officer to sub-delegate his or her responsibilities to accountable executives, and states that ultimate responsibility for any areas of responsibility delegated by the Chief Executive Officer will remain with the Chief Executive Officer, while ultimate oversight of any sub-delegated responsibilities will remain with the Board.

The Executive Committee is the primary committee which assists and advises the Chief Executive Officer in the discharge of the duties delegated to them by the Board in his or her remit of responsibility. The Executive Committee represents all key roles and functions, representing the key functional areas of the organisation.

The Board is supported by sub-committees to which specific responsibilities are delegated, and advisory committees. During the year, these included the Audit Committee; Board Risk Committee; Nomination Committee; Remuneration Committee; Charity Committee; and User Committee.

Gender metrics

As at 31 December 2024, the Board consisted of two females and nine males (18% female representation).

As at 31 December 2023, the Board consisted of one female and eleven males (9% female representation).

The Company's Board Diversity and Recruitment Policy governs director recruitment and sets targets for Board diversity.

Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report (continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed to the shareholder.

Going concern

In determining the going concern basis for preparing the financial statements, the Directors consider the Company's objectives and strategy, its principal risks, and uncertainties in achieving its objectives and its review of business performance and financial position, which are all set out in the Strategic report (see pages 2 to 10).

The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company holds capital in excess of regulatory requirements and is forecast to be profitable and cash generating for the foreseeable future. Accordingly, the going concern basis for preparing the financial statements is considered appropriate.

The Directors' report was approved by the Board of Directors on 21 February 2025.

Signed by order of the Board:

D.R. Hennessy
Company Secretary
21 February 2025
The London Metal Exchange
Registration number 2128666

Independent auditors' report to the members of The London Metal Exchange

Report on the audit of the financial statements

Opinion

In our opinion, The London Metal Exchange's financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its profit and cash flows for the year then ended;
- Have been properly prepared in accordance with UK-adopted international accounting standards; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the annual report and financial statements (the Annual Report), which comprise: the Statement of financial position as at 31 December 2024; the Statement of profit or loss and other comprehensive income, the Statement of changes in equity and the Statement of cash flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 Company 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.

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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the 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.

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, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of The London Metal Exchange (continued)

Report on the audit of the financial statements (continued)

Reporting on other information (continued)

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.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements
As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

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.

Independent auditors' report to the members of The London Metal Exchange (continued)

Report on the audit of the financial statements (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)
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 Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Financial Conduct Authority's regulations, 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 the Companies Act 2006 and UK 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 posting inappropriate journals to manipulate financial performance and management bias in the determination of accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with management, including internal audit and those charged with governance, in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of internal audit reports and minutes of meetings of the Board and other committees;
- Review of correspondence with, and reports to regulators;
- Identifying and testing journal entries meeting specific fraud criteria including those posted to unusual account combinations, journals containing unusual words and those posted by unexpected users;
- Challenging assumptions and judgements made by management in their accounting estimates, in particular in relation to the capitalisation of software and impairment assessments of intangible assets;
- Testing of information security controls relating to system access and change management; and
- Incorporating unpredictability into the nature, timing and extent of audit procedures performed.

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.

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 Chapter 3 of Part 16 of the Companies Act 2006 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 The London Metal Exchange (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 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
- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- The financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Claire Sandford

Claire Sandford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 February 2025

The London Metal Exchange

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

	Note	2024 $ 000's	2023 $ 000's
Trading fees		180,678	135,828
Market data fees		34,269	33,411
Other revenue		40,985	32,829
Revenue and other income	3	**255,932**	**202,068**
Operating expenses	4	(131,213)	(130,955)
Operating profit		**124,719**	**71,113**
Finance income	6	10,102	6,382
Finance costs	6	(484)	(554)
Other gains	6	266	386
Profit before tax		**134,603**	**77,327**
Taxation	7	(35,199)	(19,243)
Profit for the year		**99,404**	**58,084**
Other comprehensive expense, net of tax[1]		**(5,101)**	**(708)**
Total comprehensive income		**94,303**	**57,376**

[1] Other comprehensive expense comprises only items that have been or subsequently will be reclassified to profit and loss

No final dividend is proposed in respect of 2024 (2023: $nil). The Company paid an interim dividend of $nil in the year (2023: $nil).

The notes on pages 27 to 55 are an integral part of these financial statements.

All of the profits and total comprehensive income included above are derived from continuing operations in the current year and the prior year.

The London Metal Exchange

Statement of financial position
As at 31 December 2024

	Note	2024 $ 000's	2023 $ 000's
Assets			
Non-current assets			
Intangible assets	8	214,225	158,643
Property, plant and equipment	9	16,393	17,281
Right-of-use assets	10	10,179	11,522
Deferred tax asset	11	-	907
		240,797	**188,353**
Current assets			
Trade and other receivables	12	37,089	33,863
Cash and cash equivalents	13	198,615	138,390
Derivative financial assets	14	-	433
Current tax receivable		7,286	-
Amounts due from group undertakings	23	8,835	9,059
		251,825	**181,745**
Liabilities			
Current liabilities			
Trade and other payables	15	48,009	35,728
Current tax liabilities		-	1,337
Derivative financial liabilities	14	6,368	-
Amounts due to group undertakings	23	65	53
Lease liabilities	16	2,089	2,037
		56,531	**39,155**
Net current assets		**195,294**	**142,590**
Non-current liabilities			
Lease liabilities	16	11,126	14,161
Provisions	17	2,419	1,268
Deferred tax liability	11	17,213	4,556
		30,758	**19,985**
Net assets		**405,333**	**310,958**
Equity			
Share capital	19	-	-
Capital reserve		34,726	34,726
Retained earnings		380,275	280,799
Foreign currency translation reserve		(4,892)	(4,892)
Hedging reserve	14	(4,776)	325
Total equity		**405,333**	**310,958**

The notes on pages 27 to 55 are an integral part of these financial statements.

These financial statements on pages 23 to 55 were approved by the Board of Directors and signed on its behalf by:

M J Chamberlain
Director
21 February 2025

The London Metal Exchange

Statement of changes in equity
For the year ended 31 December 2024

	Note	Share capital	Capital reserve	Foreign currency translation reserve	Retained earnings	Hedging reserve	Total equity
		$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
At 1 January 2024		**-**	**34,726**	**(4,892)**	**280,799**	**325**	**310,958**
Profit for the financial year		-	-	-	99,404	-	**99,404**
Other comprehensive expense – cash flow hedge and tax credit		-	-	-	-	(5,101)	**(5,101)**
Total comprehensive income		**-**	**-**	**-**	**99,404**	**(5,101)**	**94,303**
Tax credit to equity reserves	7	-	-	-	72	-	**72**
At 31 December 2024		**-**	**34,726**	**(4,892)**	**380,275**	**(4,776)**	**405,333**

For the year ended 31 December 2023

	Note	Share capital	Capital reserve	Foreign currency translation reserve	Retained earnings	Hedging reserve	Total equity
		$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
At 1 January 2023		**-**	**34,726**	**(4,892)**	**222,715**	**1,033**	**253,582**
Profit for the financial year		**-**	-	-	58,084	-	**58,084**
Other comprehensive income expense – cash flow hedge and tax credit		-	-	-	-	(708)	**(708)**
Total comprehensive income		**-**	**-**	**-**	**58,084**	**(708)**	**57,376**
At 31 December 2023		**-**	**34,726**	**(4,892)**	**280,799**	**325**	**310,958**

The notes on pages 27 to 55 are an integral part of these financial statements.

The London Metal Exchange

Statement of cash flows
For the year ended 31 December 2024

	Note	2024 $ 000's	2023 $ 000's
Cash flows from operating activities			
Cash inflow from operating activities	20	145,571	77,113
Effects of foreign exchange movements		731	2,627
Tax paid		(23,803)	(13,421)
Net cash inflow from operating activities		**122,499**	**66,319**
Cash flows from investing activities			
Interest received		8,904	5,880
Purchase of intangible assets	8	(63,920)	(55,319)
Purchase of property, plant and equipment	9	(4,027)	(4,815)
Net cash outflow from investing activities		**(59,043)**	**(54,254)**
Cash flows from financing activities			
Lease payments - principal portion		(2,747)	(2,606)
Lease payments - interest element	16	(484)	(560)
Net cash outflow from financing activities		**(3,231)**	**(3,166)**
Net increase in cash and cash equivalents		60,225	8,899
Cash and cash equivalents at 1 January		138,390	129,491
Cash and cash equivalents at 31 December	13	**198,615**	**138,390**

The notes on pages 27 to 55 are an integral part of these financial statements.

1 Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the periods presented, unless otherwise stated. There have been no significant changes in accounting policies during the year.

1.1 Basis of preparation

The Company's financial statements have been prepared on a going concern basis in accordance with UK-adopted international accounting standards (IAS) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Company's financial statements are prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value, and on the basis of the principal accounting policies set out below.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. The areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

1.2 New and amended standards adopted by the Company

In 2024, the Company adopted the following new/revised international accounting standards which were effective for accounting periods beginning on or after 1 January 2024. These amendments were adopted with effect from 1 January 2024 and have had no financial impact on the Company and no impact on the disclosures.

i) Amendment to IAS 1 – 'Presentation of financial statements': Classification of liabilities as current or non-current and non-current liabilities with covenants

ii) Amendments to IFRS 16 – 'Leases': Lease liability in sale and leaseback

1.3 New standards, amendments and interpretations issued but not effective for the financial years beginning 1 January 2024 and not adopted early

The following standards, amendments and interpretations have been issued but are not yet effective for the financial year beginning 1 January 2024 and therefore have not been applied in preparing these financial statements.

i) IFRS 18 – 'Presentation and disclosure in financial statements' effective for annual periods beginning on or after 1 January 2027.

ii) Amendments to IAS 21 – 'The effects of changes in foreign exchange rates': Lack of exchangeability, effective for annual periods beginning on or after 1 January 2025.

iii) Amendments to IFRS 9 – 'Financial instruments' and IFRS 7 – 'Financial instruments: disclosures', effective for annual periods beginning on or after 1 January 2026.

iv) Annual improvements to IFRS accounting standards – volume 11, effective for annual periods beginning on or after 1 January 2026.

The adoption of the amendments to IAS 21, IFRS 9 and IFRS 7 and the annual improvements to IFRS accounting standards volume 11 are not expected to have any significant impact on the Company.

1 Material accounting policies (continued)

1.3 New standards, amendments and interpretations issued but not effective for the financial years beginning 1 January 2024 and not adopted early (continued)

IFRS 18 will replace IAS 1 – 'Presentation of financial statements'. Many aspects of financial statement presentation and disclosure will be affected, particularly the income statement. The Company is still in the process of assessing the impact of IFRS 18, particularly with respect to the categorisation of income and expenses in the Company's income statement, and statement of cash flows, and the additional disclosure required for management-defined performance measures (MPMs).

Key new requirements in IFRS 18:

i) Income and expenses in the income statement to be classified into three new defined categories, namely, operating, investing, and financing. It also requires two new subtotal which are 'Operating profit or loss' and 'Profit or loss before financing and income tax'.

ii) Disclosures about MPMs in the financial statements. MPMs are subtotals of income and expenses used in public communications to communicate management's view of the company's financial performance.

iii) Disclosure of information based on enhanced general requirements on aggregation and disaggregation. In addition, specific requirements to disaggregate certain expenses, in the notes, will be required for companies that present operating expenses by function in the income statement.

iv) Operating profit subtotal is required to use as the starting point for the statement of cash flows statement when presenting operating cash flows under the indirect method.

1.4 Revenue

Revenue excludes value added tax and other sales taxes, and is recognised in the Statement of profit or loss and other comprehensive income on the following basis:

i) Trading fees are recognised on a trade date basis, net of any applicable discounts or rebates.

ii) Market data fees are recognised when the related services are rendered.

iii) Other revenue comprises:

- Subscription and registration fees; recognised on a straight-line basis over time as the performance obligation is satisfied;
- Intercompany cost recharges in connection with expenditures incurred on behalf of group companies. These recharges are recognised when the related expenditures are incurred; and
- All other fees are recognised when the related services are rendered.

Deferred revenue (the terminology 'contract liability' under IFRS 15 – 'Revenue from contracts with customers' is presented as deferred revenue) is recognised when the customers pay considerations before the Company transfers control of the goods or satisfies a performance obligation. This represents the unsatisfied performance obligations at year end resulting from long-term contracts.

Accrued revenue (the terminology 'contract asset' under IFRS 15 – 'Revenue from contracts with customers' is presented as accrued income) is recognised when the Company transfers control of goods or satisfies a performance obligation to a customer and has a right to consideration arising therefrom.

1 Material accounting policies (continued)

1.5 Staff costs and other expenses

The Company awards shares under the HKEX Group Share Award Scheme (Share Award Scheme), under which the Company receives services from employees as consideration for share awards granted under the Share Award Scheme (Awarded Shares). The fair value of the employee services received in exchange for the Awarded Shares is recognised as employee share-based compensation expense.

The total amount to be expensed is determined by reference to the fair value of the Awarded Shares granted, taking into account all non-vesting conditions associated with the grants. The total expense is recognised over the vesting periods, with a corresponding credit to equity.

The corresponding credit is recorded as a capital contribution in the Company's financial statements and an increase to investment in subsidiaries in HKEX's financial statements, with a corresponding credit to employee share-based compensation reserve. Any reimbursement by the Company to HKEX is offset against the capital contribution.

The cost of accumulating compensated absences is recognised as an expense and measured based on the additional amount the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Other expenses are charged to the Statement of profit or loss and other comprehensive income as incurred.

1.6 Intangible assets

Intangible assets consist of software-related projects capitalised when the development stage of the project is completed and the asset can be put into use. Development costs that are directly attributable to the design and testing of identifiable and unique systems controlled by the Company are recognised as intangible assets when the following criteria are met:

i) it is technically feasible to complete the system so that it will be available for use;

ii) management intends to complete the system and use or sell it;

iii) there is an ability to use or sell the system;

iv) it can be demonstrated how the system will generate probable future economic benefits;

v) adequate technical, financial and other resources to complete the development and to use or sell the system are available; and

vi) The expenditure attributable to the system during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as expenses as incurred. Costs incurred in configuring or customising software in a cloud computing arrangement can only be recognised as intangible assets if the activities create an intangible asset that the Company controls and the intangible asset meets the recognition criteria. Those costs that do not result in intangible assets are expensed as incurred, or, in certain circumstances, over the expected renewable terms of the cloud computing arrangement. Costs associated with maintaining computer systems are recognised as expenses incurred. System development costs recognised as assets are amortised on a straight-line basis over the estimated useful lives, which do not exceed ten years.

In 2024, the estimated useful lives of software systems were revised from 'three to five years' to 'three to ten years' to better reflect the useful lives of these assets. This change only affected software assets placed in use during the year. The effect of the change in accounting estimate during the year was a decrease in amortisation charge of $512,000.

Assuming the assets are held until the end of their estimated useful lives, amortisation in the future years in relation to these assets will be decreased by $3,074,000 in 2025 to 2028 and $2,049,000 in 2029 and increased by $3,074,000 in 2030 to 2033 and $2,561,000 in 2034. There will be no impact on the total amortisation charge of those assets during the assets' lives.

1 Material accounting policies (continued)

1.6 Intangible assets (continued)

The Company selects its amortisation rates based on expected economic lives, taking into account the expected rate of technological developments, market requirements, obsolescence and expected use of the assets. The selected rates are regularly reviewed to ensure they remain appropriate to the Company's circumstances. Residual values and economic lives are reviewed at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Capitalised assets under development which are not yet ready for use are not amortised but are reviewed for impairment at each balance sheet date.

1.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. They are depreciated when they are available for use at rates sufficient to write off their costs net of expected residual values over their estimated useful lives on a straight line basis. The residual values and useful lives are reviewed at the balance sheet date.

Computer hardware - three to five years

Leasehold improvements - over the remaining lives of the leases but not exceeding ten years

Furniture and equipment - three to five years

1.8 Right-of-use assets

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability (note 1.12) at the lease commencement date. The right-of-use asset is initially measured at cost (which comprises the initial measurement of lease liabilities, initial direct costs, reinstatement costs, any payments made at or before the commencement date less any lease incentives received), and subsequently at cost less any accumulated depreciation and impairment losses. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Payments associated with short-term leases (i.e. leases with a lease term of 12 months or less) and low value leases are recognised on a straight-line basis as an expense in the Statement of profit or loss and other comprehensive income.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and other short-term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value (mainly time deposits), with maturities of three months or less.

1 Material accounting policies (continued)

1.10 Hedge accounting

The Company designates certain financial instruments as cash flow hedges in respect of highly probable forecast transactions, principally payroll costs and technology costs.

From 1 January 2023 the Company has adopted IFRS 9 hedge accounting. At the point of designation of each hedge, the Company documents the relationship between the hedging instrument and hedged item(s) as well as its risk management objectives and strategy for undertaking hedge accounting. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instrument is highly effective in offsetting changes in the cash flows of hedged items.

The instruments used for hedging purposes are set out in note 14. Movements on the hedging reserve are shown in note 14 and the Statement of changes in equity. All hedged items will be settled within 12 months and therefore hedged instruments are recorded as current assets.

The effective portion of changes in the fair value of financial instruments that are designated as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of profit or loss and other comprehensive income within other gains / (losses).

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss and are recognised in the Statement of profit or loss and other comprehensive income within the relevant cost category or the Statement of financial position when the hedge item is a prepayment (trade and other receivables) or the purchase of intangible assets.

When a hedging instrument no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of profit or loss and other comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Statement of profit or loss and other comprehensive income within other gains / (losses).

1.11 Financial assets

Assets are classified under financial assets measured at amortised cost if they satisfy both of the following conditions:

i) the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

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

Trade and other receivables and amounts due from group undertakings are classified under this category.

Financial assets measured at amortised cost are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method. The amortised cost is reduced by a loss allowance for expected credit losses. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of profit or loss and other comprehensive income. Any gains and losses on derecognition are recognised in the Statement of profit or loss and other comprehensive income.

Impairment
The Company assesses on a forward looking basis the expected credit losses associated with its financial assets measured at amortised cost. For receivables due from customers, the Company applies the simplified approach permitted by IFRS 9 – ‘Financial instruments’, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Expected credit losses of receivables are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

1 Material accounting policies (continued)

1.11 Financial assets (continued)

For other financial assets measured at amortised cost, the Company recognises a provision for impairment losses equal to 12-month expected credit losses unless there has been a significant increase in credit risk of the financial assets since initial recognition, in which case the provision for impairment losses is measured at an amount equal to lifetime expected credit losses.

Expected credit losses are remeasured at each reporting date to reflect changes in the financial assets credit risk since initial recognition. Any change in the expected credit loss amount is recognised as an impairment loss or reversal of impairment loss in the Statement of profit or loss and other comprehensive income, with a corresponding adjustment to the carrying amount.

The gross carrying amount of a financial asset is written off (partially or in full) to the extent that there is no realistic prospect of recovery. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in the Statement of profit or loss and other comprehensive income in the period in which the recovery occurs.

1.12 Derivative financial assets and liabilities

Derivative financial assets and liabilities are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company designates its derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions and changes in the fair value of the derivatives are recognised in other comprehensive income to the extent that the hedges are effective.

1.13 Lease liabilities

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset (note 1.8) and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Each lease payment is allocated between the lease liability and interest expense. The interest expense is charged to the Statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period.

1.14 Trade and other payables

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

Trade payables are initially recognised at fair value, and subsequently measured at amortised cost.

1 Material accounting policies (continued)

1.15 Current and deferred tax

The tax charge for the year comprises current and deferred tax. Tax is recognised in the Statement of profit or loss and other comprehensive income.

i) Current tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the United Kingdom. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax assets and liabilities.

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

The Company has made a determination that recognised deferred tax asset will be recoverable using the estimated future taxable income based on the Company's approved budget which forecasts continued taxable income.

1.16 Foreign currencies

The financial statements are presented in US dollar (USD), which is the Company's presentational currency. The functional currency of the Company is USD.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into USD at the rates of exchange ruling on the Statement of financial position date. Transactions in foreign currencies are recorded at the prevailing foreign exchange rates at the date of the transaction. Exchange differences are recorded in other gains / (losses) in the Statement of profit or loss and other comprehensive income.

1.17 Provisions and contingencies

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is more likely than not that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the financial statements but are disclosed, if material, unless the possibility of an outflow of economic resources is considered remote.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only future events not wholly within the control of the Company. Contingent assets are not recognised in the financial statements but are disclosed only when an inflow of economic benefits is probable. A contingent asset is not recognised until the future event occurs and confirms the asset's existence, or when it becomes virtually certain that the future event will occur and the asset will be realised.

1 Material accounting policies (continued)

1.18 Pension costs

The Company operates a defined contribution pension scheme. The expense of the scheme is charged to the Statement of profit or loss and other comprehensive income as incurred.

1.19 Equity

i) Share capital

Ordinary shares are classified as equity.

ii) Capital reserve

The capital reserve represents capital contributions from the Company's immediate parent, LME Holdings Limited.

iii) Retained earnings

Retained earnings includes all current and prior period retained profits, taxation recognised directly in equity and transactions with the Company's shareholder, such as dividends paid.

iv) Foreign currency translation reserve

The Company changed its presentation currency from British pounds sterling to US dollars in 2014. In doing so, the 2013 comparative financial results were restated in US dollars, resulting in the recognition of a foreign currency translation reserve.

v) Hedging reserve

The hedging reserve arises from the effective portion of fair value gains and losses on hedging instruments prior to the recognition of the related hedged item, and the associated deferred taxation. Further details of hedging are set out in note 1.10.

1.20 Dividends

The dividend distribution to the Company's sole shareholder is recognised as a liability in the Company's financial statements in the period in which the dividend is approved by the Company's shareholder.

2 Critical accounting estimates and judgements

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events.

In connection with the preparation of the financial statements, management has made assumptions and estimates about future events and applied judgements that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. The assumptions, estimates and judgements are based on historical experience and other factors that management believe to be relevant at the time the financial statements are prepared. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgements to ensure that the financial statements are presented fairly and in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Intangible assets

As described in notes 1.6 and 8, the Company incurs significant expenditure on the development of software and implementation of systems. The judgements regarding capitalisation and impairment, and the estimation of the useful life of the assets have a material impact on these financial statements.

2 Critical accounting estimates and judgements (continued)

Intangible assets (continued)

The Company follows the accounting policy described in note 1.6.

The Company has carefully considered the following judgements:

i) whether costs meet the capitalisation criteria under IAS 38 'Intangible Assets'; and
ii) whether the asset is impaired.

The Company estimates the useful life of its software to be five to ten years for trading systems and three to five years for non-trading systems based on the expected technical obsolescence of the asset. However the actual useful life may be shorter or longer. If the actual useful life is determined to be shorter, the amortisation charged to the Statement of profit or loss and other comprehensive income will be adjusted.

Contingent liabilities

As described in note 17, the Company has been named as a defendant in two judicial review claims filed in the English High Court.

The Company follows the accounting policy described in note 1.17.

The Company has carefully considered the following judgements:

i) whether there is present obligation, whether legal or constructive, as a result of a past event for which it is more likely than not that a transfer of economic benefits will be required to settle the obligation; and
ii) if a present obligation exists, whether a reliable estimate can be made of the amount of the obligation.

On 29 November 2023, the Court gave judgment in the LME and LME Clear's favour on all grounds and ordered the claimants to pay the LME and LME Clear's costs of the JR Proceedings, which are to be assessed by the Court if not agreed with the claimants.

One of the claimants (Elliott) sought and was granted permission to appeal to the Court of Appeal (the Appeal). The Appeal was heard by the Court of Appeal in July 2024, and judgment in respect of the Appeal was handed down by the Court of Appeal on 7 October 2024, in which the Court of Appeal found in the LME and LME Clear's favour and dismissed the Appeal. The Court of Appeal further ordered Elliott to pay the LME and LME Clear's costs of the Appeal, which are to be assessed by the Court if not agreed between the parties. Elliott has made an interim payment of £1,060,000 in respect of the Appeal costs.

On 29 January 2025, the Supreme Court refused permission for Elliott to appeal the Appeal outcome to the Supreme Court and ordered Elliott to pay the LME and LME Clear's costs of opposing Elliott's permission application. This effectively brings an end to the JR proceedings, aside from dealing with consequential matters in relation to costs.

In light of the judgments of the High Court and the Court of Appeal, and now that all rights of appeal are exhausted, no liability will arise for the LME or LME Clear in relation to the JR Proceedings, the Company is of the view that a present obligation does not exist. Accordingly no provision has been made in these financial statements but a contingent liability has been disclosed as set out in note 17.

Notes to the financial statements (continued)

3 Revenue and other income

Timing of revenue recognition	2024 $ 000's	2023 $ 000's
At a point in time	209,585	158,174
Over time	46,347	43,894
	255,932	**202,068**

4 Operating expenses

Operating expenses comprise the following:

	Note	2024 $ 000's	2023 $ 000's
Employee costs	5	72,102	62,870
Amortisation	8	8,338	10,920
Depreciation	9, 10	6,100	5,092
Technology costs		27,354	24,425
Other costs		17,324	27,578
Bad debt charge		(5)	70
		131,213	**130,955**

During the year the Company obtained the following services from the Company's external auditors at costs as detailed below:

	2024 $ 000's	2023 $ 000's
Statutory audit of the Company's financial statements	228	204
Statutory audit of the Company's related entities	32	46
Audit related assurance services	9	24
Other services	2	2
	271	**276**

Audit of the Company's related entities is the statutory audit fee incurred by the Company on behalf of HKEX Global Commodities Limited (previously HKEX Investment (UK) Limited).

The Directors have agreed with the Company's auditors that the auditors' liability to damages for breach of duty in relation to the audit of the Company's financial statements for the year ended 31 December 2024 should be limited to the greater of £5,000,000 or five times the auditors' fees, and that in any event the auditors' liability for damages should be limited to that part of any loss suffered by the Company as is just and equitable having regard to the extent to which the auditors, the Company and any third parties are responsible for the loss in question. The shareholder waived the need for approval of this limited liability agreement, as required by the Companies Act 2006, by a resolution dated 6 September 2024.

Notes to the financial statements (continued)

5 Employee costs

Employee costs (including directors) comprise the following:

	Note	2024 $ 000's	2023 $ 000's
Wages and salaries		55,608	48,236
Social security costs		8,718	7,445
Other pension costs	18	4,062	3,542
Employee share-based compensation benefits of share award scheme	26	3,714	3,647
Total		**72,102**	**62,870**

The number of employees (excluding directors) was:

	2024	2023
At 31 December	355	350
Monthly average for the year	356	339

6 Finance income, finance costs and other gains

	2024 $ 000's	2023 $ 000's
Finance income		
Interest income on bank accounts and short-term bank deposits	8,852	6,382
Interest income on tax receivable	1,250	-
Finance costs		
Interest on lease liabilities	(484)	(554)
Other gains		
Gain on foreign exchange	266	386
	9,884	**6,214**

Notes to the financial statements (continued)

7 Taxation

	Note	2024 $ 000's	2023 $ 000's
Income tax			
Current year		33,737	17,401
Adjustments in respect of prior years		(14,091)	(2,669)
Foreign exchange		218	137
Total current tax		**19,864**	**14,869**
Deferred tax			
Deferred tax for the current year	11	179	1,356
Change in tax rate	11	-	147
Adjustments in respect of prior years	11	15,156	2,871
Total deferred tax		**15,335**	**4,374**
Taxation charge		**35,199**	**19,243**

Factors affecting the tax charge for the year

The reconciling items between the standard rate of corporation tax in the UK of 25% (2023: 23.52%) and the taxation charge for the year are explained below:

	2024 $ 000's	2023 $ 000's
Profit before taxation	**134,603**	**77,327**
Profit before tax multiplied by the standard rate of corporation tax in the UK of 25% (2023: 23.52%)	33,651	18,187
Expense not deductible	254	132
Adjustments in respect of prior years	1,065	202
Change in tax rate	-	147
Tax in respect of share schemes	11	438
Foreign exchange	218	137
Taxation charge	**35,199**	**19,243**

Tax credit to equity:	2024 $ 000's	2023 $ 000's
Current tax - share options	-	-
Deferred tax - share options	(72)	-
Taxation credit	**(72)**	**-**

8 Intangible assets

For the year ended 31 December 2024	Capitalised software in use $ 000's	Capitalised software under development $ 000's	Total $ 000's
Costs			
At 1 January 2024	**153,929**	**144,959**	**298,888**
Additions	-	63,920	**63,920**
Disposals	(1,966)	-	**(1,966)**
Transfers	40,453	(40,453)	**-**
At 31 December 2024	**192,416**	**168,426**	**360,842**
Accumulated amortisation			
At 1 January 2024	**140,245**	**-**	**140,245**
Charge for the year	8,338	-	**8,338**
Disposals	(1,966)	-	**(1,966)**
At 31 December 2024	**146,617**	**-**	**146,617**
For the year ended 31 December 2023			
Costs			
At 1 January 2023	**147,100**	**98,177**	**245,277**
Additions	-	55,319	**55,319**
Disposals	(1,708)	-	**(1,708)**
Transfers	8,537	(8,537)	**-**
At 31 December 2023	**153,929**	**144,959**	**298,888**
Accumulated amortisation			
At 1 January 2023	**131,033**	**-**	**131,033**
Charge for the year	10,920	-	**10,920**
Disposals	(1,708)	-	**(1,708)**
At 31 December 2023	**140,245**	**-**	**140,245**
Net book values			
At 31 December 2024	**45,799**	**168,426**	**214,225**
At 31 December 2023	13,684	144,959	158,643

Amortisation of intangibles is recognised in operating expenses in the Statement of profit or loss and other comprehensive income.

9 Property, plant and equipment

For the year ended 31 December 2024	Computer hardware in use	Computer hardware under development	Leasehold improvement, furniture and equipment	Total
	$ 000's	$ 000's	$ 000's	$ 000's
Costs				
At 1 January 2024	40,548	10,197	9,362	60,107
Additions	-	2,600	238	2,838
Transfer	4,958	(4,958)	-	-
Disposals	(26,477)	-	(116)	(26,593)
At 31 December 2024	**19,029**	**7,839**	**9,484**	**36,352**
Accumulated depreciation				
At 1 January 2024	35,400	-	7,426	42,826
Charge for the year	2,600	-	968	3,568
Written back on disposal	(26,318)	-	(117)	(26,435)
At 31 December 2024	**11,682**	**-**	**8,277**	**19,959**
For the year ended 31 December 2023				
Costs				
At 1 January 2023	37,382	8,839	9,338	55,559
Additions	-	4,791	24	4,815
Transfer	3,433	(3,433)	-	-
Disposals	(267)	-	-	(267)
At 31 December 2023	**40,548**	**10,197**	**9,362**	**60,107**
Accumulated depreciation				
At 1 January 2023	33,764	-	6,474	40,238
Charge for the year	1,815	-	952	2,767
Written back on disposal	(179)	-	-	(179)
At 31 December 2023	**35,400**	-	**7,426**	**42,826**
Net book values				
At 31 December 2024	**7,347**	**7,839**	**1,207**	**16,393**
At 31 December 2023	5,148	10,197	1,936	17,281

Depreciation of property, plant and equipment is recognised in operating expenses in the Statement of profit or loss and other comprehensive income.

10 Right-of-use assets

For the year ended 31 December 2024

	2024 $ 000's	2023 $ 000's
Costs and net book value		
At 1 January	11,522	13,847
Additions	1,189	-
Depreciation	(2,532)	(2,325)
At 31 December	**10,179**	**11,522**

11 Deferred tax asset and liability

The movements in deferred tax during the year are shown below:

	Fixed and intangible assets $ 000's	Cash flow hedge $ 000's	R&D $ 000's	Employee benefits $ 000's	Share options $ 000's	IFRS 16 adoption $ 000's	Total $ 000's
At 1 January 2023	**40**	**(344)**	**-**	**-**	**672**	**122**	**490**
Adjustments in respect of prior years credited / (charged)							
- to profit or loss	(3,116)	-	245	-	-	-	**(2,871)**
Effects of changes in tax rates credited / (charged)							
- to profit or loss	(169)	-	-	-	22	-	**(147)**
- to OCI	-	14	-	-	-	-	**14**
Other credit / (charges)							
- to profit or loss	(1,202)	-	-	-	(139)	(15)	**(1,356)**
- to OCI	-	221	-	-	-	-	**221**
At 31 December 2023	**(4,447)**	**(109)**	**245**	**-**	**555**	**107**	**(3,649)**
Adjustments in respect of prior years credited / (charged)							
- to profit or loss	(16,024)	-	859	7	2	-	**(15,156)**
- to equity	-	-	-	-	2	-	**2**
Other credits / (charges)							
- to profit or loss	(356)	-	-	(7)	199	(15)	**(179)**
- to OCI	-	1,699	-	-	-	-	**1,699**
- to equity	-	-	-	-	70	-	**70**
At 31 December 2024	**(20,827)**	**1,590**	**1,104**	**-**	**828**	**92**	**(17,213)**

Note: Other comprehensive income abbreviated as OCI in the table above.

Notes to the financial statements (continued)

11 Deferred tax asset and liability (continued)

The deferred tax asset has arisen as a consequence of movements in research and development, short lease premium, adoption of IFRS 16 and share options.

	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's	$ 000's
Deferred tax asset	2,268	1,346	**3,614**	425	482	**907**
Deferred tax liability	(2,321)	(18,506)	**(20,827)**	(502)	(4,054)	**(4,556)**
Net deferred tax liability	**(53)**	**(17,160)**	**(17,213)**	**(77)**	**(3,572)**	**(3,649)**

Factors that may affect future tax charges

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws in place at the balance sheet date.

Current and deferred tax

The UK corporation tax rate applicable to the Company increased from 19% to 25% effective 1 April 2023.

Legislation in respect of Pillar Two income taxes was enacted in the UK on 11 July 2023, and is effective for accounting periods commencing on or after 1 January 2024. The UK legislation enacted includes a Qualified Domestic Minimum Top Up Tax rule, and an Income Inclusion Rule. The UK government has also announced plans to implement an Undertaxed Profits Rule, but this rule was not enacted into UK legislation as at the balance sheet date.

The Company is a subsidiary of a group of companies, that are in scope of the enacted legislation. However, the Company has performed an assessment of its potential exposure to Pillar II income taxes, and it is anticipated that the Company will be able to take advantage of the Country-by-Country Reporting Transitional Safe Harbours available for the transitioning period stemming FY2024 to FY2026, given that the UK entities are subject to tax at a rate greater than 15%. The Company does therefore not anticipate a material exposure to Pillar II income taxes during the Pillar II transitioning period, and no current tax charge has been recognised in relation to Pillar II income taxes within these accounts.

The IAS 12 exception to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes has been applied.

12 Trade and other receivables

	2024	2023
	$ 000's	$ 000's
Accrued income – trading fees	13,461	13,727
Accrued income – other	8,350	6,536
Trade receivables	3,197	4,078
Other receivables	88	65
Prepayments	11,993	9,457
	37,089	**33,863**

The carrying amounts of the Company's trade and other receivables are denominated in US dollars, apart from $1,307,000 which is denominated in UK pounds sterling (2023: $1,387,000)

12 Trade and other receivables (continued)

For trade and other receivables, the Company applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2024 and 31 December 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows for trade receivables:

	At 31 December 2024				
	Current	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total**
Expected loss rate	0.02%	0.58%	1.05%	1.80%	
	$ 000's	**$ 000's**	**$ 000's**	**$ 000's**	**$ 000's**
Gross carrying amount – accrued income and trade receivables	22,279	770	1,443	516	25,008
Loss allowance	**4**	**4**	**15**	**9**	**32**

	At 31 December 2023				
	Current	**More than 30 days past due**	**More than 60 days past due**	**More than 120 days past due**	**Total**
Expected loss rate	0.03%	0.58%	1.70%	4.10%	
	$ 000's	**$ 000's**	**$ 000's**	**$ 000's**	**$ 000's**
Gross carrying amount – accrued income and trade receivables	22,178	901	1,098	542	24,719
Loss allowance	**7**	**5**	**19**	**22**	**53**

For other receivables the expected credit loss is close to zero as these receivables have no recent history of default. Details of risk management are set out in note 22(b).

13 Cash and cash equivalents

	2024	**2023**
	$ 000's	**$ 000's**
Cash at bank	34,305	32,856
Short-term deposits	164,310	105,534
	198,615	**138,390**
Average maturity of short term deposits	2.8 months	2.5 months
Weighted average interest rate	4.55%	5.50%

13 Cash and cash equivalents (continued)

All cash and cash equivalents have a maturity of 3 months or less. As a Recognised Investment Exchange, the Company must maintain liquid financial resources and net capital in excess of its financial resources requirement (FRR), The FRR comprises the cost of orderly closure plus a risk based capital charge. Liquid financial resources are represented by the Company’s cash and cash equivalents.

Included within cash is $4,458,000 of monies received in respect of enforcement actions (2023: $4,595,000). These funds will be applied in accordance with the Financial Conduct Authority’s REC requirements and a corresponding liability has been recognised in trade and other payables.

14 Financial instruments and hedge accounting

Fair value measurements

Financial assets and financial liabilities are measured at fair values according to the levels of the fair value hierarchy defined in IFRS 13: Fair value measurement, with the fair value of each financial asset and financial liability categorised based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

The levels are defined as follows:

- Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2: fair values measured using valuation techniques in which all significant inputs other than quoted prices included within Level 1 are directly or indirectly based on observable market data.
- Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data.

At 31 December 2024 the Company held derivative financial liabilities (forward foreign exchange contracts) with a fair value of $6,368,000 (2023: derivative financial asset of $433,000) that were classified under Level 2. During 2024 and 2023, no financial assets or financial liabilities were classified under Level 1 or Level 3 and there were no transfers between levels.

Fair value of financial assets and financial liabilities not reported at fair values

The carrying amounts of short-term receivables (i.e. trade and other receivables, cash and cash equivalent and amounts due from group undertakings) and short-term payables (e.g. trade and other payables, and amounts due to group companies) approximated their fair values, and accordingly no disclosure of the fair values of these items is presented.

Hedge accounting

The Company’s forward foreign exchange contracts have been designated as a cash flow hedge of foreign exchange risks associated with the cash flows of highly probable forecast transactions relating to the Company’s staff costs and related expenses, technology costs, legal expenses and intangible assets.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. For hedges of future purchases in sterling, the Company enters into hedge relationships where the critical terms of the hedging instrument (amount, currency and maturity dates) match exactly with the terms of the hedged item. The Company therefore performs a qualitative assessment of effectiveness.

If changes in circumstances affect the terms of the hedged item, such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness. In hedges of future purchases in sterling, ineffectiveness might arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the UK or the derivative counterparty.

14 Financial instruments and hedge accounting (continued)

Further details of the hedging instruments and that have been designated as cash flow hedge of the Company's highly probable forecast transactions and the hedged items at the end of the reporting period are as follows:

	2024 $ 000's	2023 $ 000's
Forward foreign exchange contracts		
Carrying amount	(6,368)	433
Notional amount	141,047	118,815
Maturity date	0-12 months	0-12 months
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since inception of the hedge	(6,368)	433
Change in value of hedged item used to determine hedge ineffectiveness	(6,368)	433
Weighted average hedged rate for outstanding hedging instruments (including forward points) USD:GBP	1.30939	1.26926

The hedging instruments are denominated in the same currency as the hedged items, so the hedge ratio is 1:1.Movements in the hedging reserve during the year are shown below:

	2024 $ 000's	2023 $ 000's
At 1 January	325	1,033
(Loss) / gain on hedging instruments recognised in other comprehensive (expense) / income	(6,019)	2,831
Reclassified to profit or loss:		
– Wages and salaries	(339)	(1,862)
– Technology costs	(37)	(54)
– Other costs	(86)	(324)
– Other gains	-	(10)
Reclassified to Statement of financial position		
– Intangible assets	(289)	(1,320)
– Prepayments	(30)	(205)
Deferred tax credited to other comprehensive expense	1,699	236
At 31 December	**(4,776)**	**325**

During the year $nil of hedge ineffectiveness was recognised (2023: $10,000).

Notes to the financial statements (continued)

15 Trade and other payables

	2024 $ 000's	2023 $ 000's
Social security and other taxes	14,902	12,203
Other payables	15,392	10,490
Accruals and deferred income	17,715	13,035
	48,009	**35,728**

Trade and other payables totalling $12,869,000 have contractual payment terms of less than three months (2023: $11,339,000).

16 Lease liabilities

	2024 $ 000's	2023 $ 000's
At 1 January	16,198	17,795
Finance cost	484	554
Lease payments	(3,231)	(3,166)
Effects of foreign currency movements	(236)	1,015
At 31 December	**13,215**	**16,198**
Analysed		
- Current	2,089	2,037
- Non-current	11,126	14,161
At 31 December	**13,215**	**16,198**

The following table shows the remaining contractual maturities of the Company's lease liabilities at the end of the current reporting period.

	2024		2023	
	Present value of the minimum lease payments $ 000's	Total minimum lease payments $ 000's	Present value of the minimum lease payments $ 000's	Total minimum lease payments $ 000's
Within 1 year	380	384	-	-
After 1 year but within 2 years	-	-	761	782
After 2 years but within 5 years	-	-	-	-
After 5 years	12,835	13,941	15,437	17,028
	13,215	14,325	16,198	17,810
Present value of lease liabilities	**13,215**		**16,198**	
Less: total future interest expenses		(1,110)		(1,612)
Present value of lease liabilities		**13,215**		**16,198**

16 Lease liabilities (continued)

The Company leases various properties and information technology facilities through contracts. These leases typically run for an initial period of 5 to 15 years. Some leases include an option to renew the lease for an additional period after the end of the agreement term. Where practicable, the Company seeks to include such extension options exercisable by the Company to provide operational flexibility.

The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Company is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. At 31 December 2024, no potential future cash flows relating to the exercising of extension options have been included in the lease liabilities (2023: $nil).

17 Provisions and contingencies

	2024	2023
	$ 000's	**$ 000's**
At 1 January	1,268	1,197
Additions	1,189	-
Effects of foreign currency movements	(38)	71
At 31 December	**2,419**	**1,268**

The provision is in respect of the estimated reinstatement and dilapidation costs arising from the Company's leasehold premises with agreements expiring on 31 October 2025 and 31 March 2030.

<u>Contingent liabilities</u>

At 31 December 2024, the Company's contingent liabilities arose from ongoing litigation in which the Company is a defendant.

On 8 March 2022, the LME, in consultation with LME Clear, suspended trading in all nickel contracts with effect from 08:15 UK time and took steps to ensure that no trading activity that had taken place on the LME's nickel market on or after 00:00 UK time on 8 March 2022 should result in a binding contract under the LME's rules.

The LME and LME Clear were named as defendants in two judicial review claims filed in the English High Court in 2022 (the JR Proceedings) and three related claims filed in the English High Court in 2023 (HRA Claims). The total claims amounted to approximately $600,000,000.

The JR Proceedings sought to challenge the LME's decision to ensure that no trading activity that had taken place on the LME's nickel market after 00:00 UK time on 8 March should result in a binding contract under the LME's rules (the Decision). The claimants alleged that this Decision was unlawful on public law grounds and/or constituted a violation of their human rights.

On 29 November 2023, the Court gave judgment in the LME's favour on all grounds and ordered the claimants to pay the LME and LME Clear's costs of the JR Proceedings, which are to be assessed by the Court if they are not agreed with the claimants.

One of the claimants (Elliott Associates L.P. and Elliott International L.P.) sought and was granted permission to appeal to the Court of Appeal (the Appeal). The Appeal was heard by the Court of Appeal in July 2024. Judgment in respect of the Appeal was handed down by the Court of Appeal on 7 October 2024, in which the Court of Appeal found in the LME and LME Clear's favour and dismissed the Appeal. The Court of Appeal further ordered Elliott to pay the LME and LME Clear's costs of the Appeal, which are to be assessed by the Court if not agreed between the parties.

On 29 January 2025, the Supreme Court refused permission for Elliott to appeal the Appeal outcome to the Supreme Court and ordered Elliott to pay the LME and LME Clear's costs of opposing Elliott's permission application. This effectively brings an end to the JR proceedings, aside from dealing with consequential matters in relation to costs.

17 Provisions and contingencies (continued)

Contingent liabilities (continued)

The HRA Claims were stayed pending the final determination of the JR Proceedings. The Supreme Court refused to give Elliott permission to appeal on 29 January 2025. The stays of the HRA claims were released on 11 February 2025, and the HRA Claimants now have the option of proceeding or discontinuing their claims. The limitation period for similar damages claims under the Human Rights Act has now expired.

In light of the judgments of the Court and the Court of Appeal, all rights of appeal against which have now been exhausted, no provision has been made in the financial statements.

On 6 February 2024, the London Mining Network and Global Legal Action Network issued a claim for judicial review which seeks to challenge the LME's approach to monitoring the production of metal traded on the Exchange, particularly in the context of alleged environmental damage by mining companies. The claimants did not seek any monetary damages by way of relief. On 11 April 2024, the Court refused permission for the claims to proceed.

Given the Court's refusal of permission, the claim has not proceeded and, accordingly no provision has been made in the financial statements.

Contingent assets

The claimants made an interim payment of £3,350,000 to the LME to cover part of their costs of the JR Proceedings in Q2 2024, and Elliott has made an interim payment of £713,000 in respect of the LME's costs of the Appeal in October 2024. The final amount with respect to recovery of costs of the Proceedings and the Appeal will be assessed by the Court if not agreed with the claimants in respect of the Proceedings and Elliott in respect of the Appeal.

The Company has not recognised any further recovery of costs of the JR Proceedings in the financial statements or as a contingent asset as the final amount is still subject to negotiation with the claimants.

18 Pension costs

The Company has one pension scheme covering its employees. The principal funds are those in the UK.

Pension costs for the scheme are as follows:	**Note**	**2024 $ 000's**	**2023 $ 000's**
Defined contribution scheme	5	4,062	3,542

19 Share capital

Allotted, called-up and fully paid	**2024 $**	**2023 $**
At 1 January	156	156
Total share capital as at 31 December	**156**	**156**

The Company has 100 ordinary shares in issue, each with a nominal value of £1. The shares are wholly owned by LME Holdings Limited.

20 Cash inflow from operating activities

Reconciliation of profit before tax to net cash inflow from operating activities:

	2024 $ 000's	2023 $ 000's
Continuing operations		
Profit before tax	134,603	77,327
Adjustment for:		
Depreciation of property, plant and equipment	3,568	2,767
Depreciation of right-of-use assets	2,532	2,325
Amortisation of intangible assets	8,338	10,920
Interest on lease liabilities	484	554
Interest income	(10,102)	(6,382)
Decrease / (increase) in amounts due from group undertakings	224	(1,131)
Increase / (decrease) in amounts due to group undertakings	12	(33)
Provision for bad debt	(5)	70
Other non-cash movements	(2,407)	627
Effects of foreign exchange movements	(731)	(2,627)
Increase in trade and other receivables	(3,226)	(5,236)
Increase / (decrease) in trade and other payables	12,281	(2,068)
Cash inflow from operating activities	**145,571**	**77,113**

21 Dividends paid to shareholder

The Company did not pay an interim dividend during the year (2023: $nil).

22 Financial risk management

The Company's activities expose it to some financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Financial risk management is carried out by the Finance department under policies approved by the Board of Directors.

(a) Market risk

Market risk is the risk of loss arising from movements in observable market variables such as foreign exchange rates and interest rates. The Company is exposed to market risk primarily through its financial assets and financial liabilities.

The Company's investment policy is to prudently invest all funds managed by the Company in a manner which will satisfy liquidity requirements, safeguard financial assets, and manage risks while optimising return on investments.

Investment and fund management is governed by the Company's Investment Policy, which is approved by the Board and reviewed regularly. The Company's investment policy is designed to ensure diversification of investments across a range of highly rated financial institutions and to minimise risk through the use of risk-based limits. No investments are made for speculative purposes. In addition specific limits are set for each counterparty in control of the investments.

22 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value or cash flows of an asset, liability or highly probable forecast transaction denominated in foreign currency (i.e. a currency other than the functional currency of the Company) will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign exchange risk arising from payments of various expenditures (predominately in GBP, a significant component of which is staff costs) and bank deposits denominated in foreign currencies. Its risk management policy is to forecast the amount of GBP expenditures for each forthcoming year and to enter into forward currency contracts to cover a high proportion of its forecast costs. The Company also forecasts its GBP payments and ensures it holds sufficient GBP bank deposits to cover future payments or converts from USD to GBP as soon as deemed appropriate.

At 31 December 2024 a 10% weakening/strengthening of GBP against USD, with all other variables held constant, would have resulted in a foreign exchange gain/loss of $4,649,000 (2023: $4,008,000), all as a result of translation of GBP denominated trade receivables and bank balances amounting to $46,493,000 (2023: $40,077,000).

(ii) Price risk

The Company is not directly exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Company has significant interest-bearing assets comprising deposits on call and short-term. The Company's income and operating cash flows however are not materially affected by market interest rates.

The Company's interest rate risk arises from its interest-bearing bank accounts and short-term deposits. It has no borrowings and, as a consequence, its interest rate risk is restricted to the impact upon the interest income generated from its call and short-term deposits.

(iv) Sensitivity analysis of movements in interest rates

Based on cash deposits held at the year end, the Company calculated the impact on profit or loss of a 150 basis-point shift in interest rates would be a maximum increase or decrease of $2,465,000 (2023: $1,583,000).

The Company places its term deposits to manage its liquidity needs and to maximise revenue within the Board-approved investment policy.

The Company's short-term deposits as at the year-end are $164,310,000 (2023: $105,534,000).

(b) Credit risk

Credit risk is managed on a company basis. Credit risk arises from cash and cash equivalents, deposits with banks and trade and other receivables. Cash and deposit balances are held only with banks with long term credit rating minimum of A2. Trade and other receivables are primarily settled in cash within 3 months of the balance sheet date. Impairment provisions are made against trade and other receivables based on the accounting policies set out in note 1.

(c) Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash to meet ongoing operational commitments and adhere to the requirements of The Financial Services and Markets Act 2000 to maintain liquid financial assets amounting to at least six months' operating costs and a risk calculated buffer. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows.

23 Transactions with related parties

Directors

During the financial year, no contracts of significance were entered into by the Company in which the Directors had a material interest. See note 25 for directors' emoluments.

Pension fund

The Company is a participating employer in the London Metal Exchange 1989 Pension Scheme, a trust-based defined contribution pension scheme. The principal funds are those managed in the UK.

The contributions in respect of the Company's pension scheme are disclosed in note 18.

Parent and group subsidiaries

During the years ended 31 December 2024 and 31 December 2023 the Company undertook the following transactions with other related parties.

LME Clear Limited	**2024**	**2023**
	$ 000's	**$ 000's**
Intra group licensing fee	10,000	10,000
Payroll costs for LME Clear Limited employees paid by LME	19,879	15,847
Shared services – staff-related	9,481	7,058
IT related services	3,993	3,546
Facilities costs	749	671
Legal costs	(1,377)	6,983
Other costs	3,389	1,236
	46,114	**45,341**

Hong Kong Exchanges and Clearing Limited	**2024**	**2023**
	$ 000's	**$ 000's**
Expenses in relation to share based payments	(4,167)	(3,837)
Staff costs	364	1,291
Data license fee	600	600
Insurance charges	(621)	-
IT related services	20	550
Marketing services	19	9
Other costs	(945)	(420)
	(4,730)	**(1,807)**

The Stock Exchange of Hong Kong Limited	**2024**	**2023**
	$ 000's	**$ 000's**
Staff costs	1,198	492
Other costs	114	25
	1,312	517

23 Transactions with related parties (continued)

The Hong Kong Futures Exchange Limited	**2024**	**2023**
	$ 000's	**$ 000's**
Staff costs	1,198	495
Other costs	114	25
	1,312	520

HKEX Technology (Shenzen) Limited (previously Gangsheng Technology Services (Shenzhen) Limited)	**2024**	**2023**
	$ 000's	**$ 000's**
IT related staff costs	(626)	(591)

HKEX Global Commodities Limited (previously HKEX Investment (UK) Limited)	**2024**	**2023**
	$ 000's	**$ 000's**
Other costs	5	3

Total monies collected by LME Clear Limited as agent and paid to the Company in 2024 were $238,414,000 (2023: $179,209,000).

For the years ended 31 December 2024 and 31 December 2023 the balances with other related parties were as follows

	2024		**2023**	
	$ 000's	**$ 000's**	**$ 000's**	**$ 000's**
	Owed by:	Owed to:	Owed by:	Owed to:
LME Clear Limited	6,731	-	6,513	-
LME Holdings Limited	32	-	-	-
Hong Kong Exchanges and Clearing Limited	1,000	-	1,489	-
The Stock Exchange of Hong Kong Limited	536	-	527	-
Hong Kong Futures Exchange Limited	536	-	530	-
HKEX Technology (Shenzen) Limited (previously Gangsheng Technology Services (Shenzhen) Limited)	-	65	-	53
	8,835	**65**	**9,059**	**53**

During the year the Company paid dividends of $nil to its parent, LME Holdings Limited (2023: $nil).

Amounts due from related parties are typically settled on a monthly basis. An assessment of these intercompany positions has been made and it was determined that the probability of default is extremely low and any expected credit losses would therefore be immaterial. Amounts due to related parties have contractual payment terms of less than three months (2023: less than three months).

24 Key management compensation

Compensation for Directors of the Company and the members of the executive committee, regarded as the key personnel who have authority for planning, directing, and controlling the Company:

	2024	2023
	$ 000's	$ 000's
Salaries and other short-term employee benefits	8,506	6,584
Deferred bonus and other long-term employee benefits	1,163	-
Share-based payments	2,403	2,063
Pensions	195	155
Remuneration for loss of office	350	-
	12,617	**8,802**

25 Directors' emoluments

Directors' emoluments for the year included in staff costs are as follows:

	2024	2023
	$ 000's	$ 000's
Aggregate emoluments	4,426	3,997
Company contributions paid to defined contribution pension scheme	13	13
	4,439	**4,010**

There are no retirement benefits accruing to directors under the defined contribution scheme (2023: $nil).

Remuneration of highest paid director

	2024	2023
	$ 000's	$ 000's
Aggregate emoluments	3,086	2,682
Company contributions paid to defined contribution pension scheme	13	13
	3,099	**2,695**

Aggregate emoluments include shares received or receivable under the Company's long-term incentive plan. There are no retirement benefits accruing under the defined contribution scheme (2023: $nil).

26 Long-term incentive plan

Employees of the Company are eligible to receive share awards under the HKEX Share Award Scheme (the Scheme). Following the decision to award an award sum (Awarded Sum) for the purchase of Awarded Shares to eligible employees and/or selected senior executives, the Awarded Shares are either purchased from the market or are awarded by re-granting the forfeited or unallocated shares held by the Company's Share Award Scheme. Before vesting the Awarded Shares are held in a trust set up by the Scheme.

Further shares are derived from dividends payable on the Awarded Shares held in the Scheme from scrip shares received under the scrip dividend scheme (dividend shares) and are allocated to the awardees on a pro rata basis and have the same vesting periods as the related Awarded Shares.

Employee Share Awards vest progressively over the vesting period after the shares are granted, provided that the relevant awardees (i) remain employed by the Company (ii) are made redundant or (iii) are deemed to be 'good leavers'. Effective 1 January 2023, the scheme rules relating to the vesting of shares have been amended, with any share awards granted on or after 1 January 2023 vesting in accordance with the original vesting schedule, instead of vesting immediately on the date of retirement of the awardees. Unless otherwise determined by the HKEX Board, the HKEX Remuneration Committee or the Chief Executive, the vesting period of Employee Share Awards granted was three years, and the shares would be vested in two equal tranches from the second to the third year after the shares are granted.

For awardees who do not meet the vesting criteria, the unvested shares are forfeited. The forfeited shares are held by the trustee of the Scheme who may award such shares to the awardees, taking into consideration recommendations of the HKEX Board.

For Awarded Shares granted to the employees of the Company, the fair value of the employees' services received, measured by reference to the grant date fair value, is recognised over the projected vesting period, being the period for which the services from the employees are received and is charged to staff costs and related expenses. The corresponding credit is recorded as a capital contribution in the Company's financial statements and an increase to investment in subsidiaries in HKEX's financial statements, with a corresponding credit to employee share-based compensation reserve. Fair values of awarded shares are derived from quoted market prices on the date of purchase. Any reimbursement by the Company to HKEX is offset against the capital contribution.

During 2024, Awarded Sums amounting to $5,159,000 were granted to selected employees (2023: $3,705,000). At 31 December 2024, the allocation of shares had not yet been completed.

Details of the awarded shares vesting in part or in full in 2024:

Date of Award	**Number of shares awarded**	**Average fair value per share $**	**Reference sum award $ 000's**	**Vesting period**
31-Dec-21	91,366	58.48	-	9 Dec-2021 - 9 Dec-2024
31-Dec-22	75,567	42.24	-	7 Dec 2022 - 7 Dec-2025
31-Dec-23	137,428	32.19	-	8 Dec 2023 - 8 Dec-2026
31-Dec-24	-	-	5,159	11 Dec 2024 – 11 Dec-2027

Movement in the number of awarded shares:

	2024	**2023**
Outstanding at 1 January	107,329	121,664
Awarded	137,428	75,567
Vested	(69,073)	(74,042)
Forfeited	(11,283)	(11,471)
Good leavers	(27,227)	(4,389)
Outstanding at 31 December	**137,174**	**107,329**

Notes to the financial statements (continued)

27 Exchange Members

At 31 December the number of Exchange Members by category was as follows:

	Number of Members at 31 December 2024	2023
Category 1	8	8
Category 2	30	29
Category 3	5	5
Category 4	4	3
Category 5	44	46
Category 6	-	2
Category 7	-	25
Registered Intermediating Brokers		
Tier 1	-	-
Tier 2	8	8

28 Immediate and ultimate controlling holding company

LME Holdings Limited, registered in England and Wales, is the Company’s immediate parent company, the registered address of which is 10 Finsbury Square, London EC2A 1AJ.

The ultimate parent and controlling company is Hong Kong Exchanges and Clearing Limited, which is the largest and smallest group to consolidate these financial statements. It is a company incorporated in Hong Kong and listed on the Hong Kong Stock Exchange, whose registered address is 8/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

29 Events after the reporting date

The Board approved an interim dividend of $60,000,000 (2023: $nil) at its meeting in February 2025, to be paid in March 2025.