

Half Year Financial Results 2022

Letter to the shareholders

Excluding the extraordinary gains and losses, we are pleased to report that normalised operating profits rose 18.5% to \$1,558,249.

MANAGEMENT FEE REVENUE \$ 3.58 million + 6.4% ▲	BROKING FEE REVENUE \$ 4.60 million + 21.5% ▲	FOREIGN EXCHANGE REVENUE \$ 277,022 - 42.2% ▼
GROSS REVENUE (excl. trading gains/losses) \$ 9.54 million + 12.1% ▲	EMPLOYEE COMPENSATION COSTS \$ 2.25 million + 2.0% ▲	COMMISSION AND REFERRAL FEES \$ 3.00 million + 15.8% ▲
TOTAL OPERATING EXPENSES (excl. commission, jitney fees & FX) \$ 4.19 million + 0.6% ▲	ASSETS UNDER ADMINISTRATION \$ 1.3 billion - 19.8% ▼	TOTAL SHAREHOLDERS' EQUITY \$ 33.87 million + 5.4% ▲

The first half of 2022 has been very difficult for financial markets. In response to surging global inflation the world's major central banks belatedly embarked on both raising short term interest rates and simultaneously reducing their holdings of fixed income securities (Quantitative Tightening). This is unknown territory for financial markets and has raised significant fears that central bank actions could trigger a deep global recession. Over the first six months, the US markets as measured by the S&P fell 20.5%, with the growth orientated NASDAQ falling 29.5%; the UK market fell 2.9 % and European markets by 16.5%. China fell 9.2% and Japan fell 8.3%

Over the next six months we feel that the key considerations for markets will centre around several main issues:

1. With supply bottlenecks rapidly easing, will inflation abate sufficiently to allow central banks to be less hawkish. And therefore, have we seen the bulk of monetary tightening already?
2. Will we experience a mild “technical” recession or will it be a severe and deeply damaging recession?
3. Will the war in Ukraine remain contained within Ukraine’s borders, and will the war’s disruption to global food supplies and the global sanctions on Russian energy exports not cause a supply and price shock to the global economy?
4. As the European Central Bank (ECB) unwinds their asset purchase program, will they be able to contain fragmentation within the Euro area, i.e., will they manage to stop longer-term interest rates in the highly indebted areas of Europe from diverging significantly from German bund yields.

We believe that inflation will prove more transitory than financial markets currently fear and that short-term interest rate increases in the US have mostly been built into expectations. We also feel that given the healthiness of household balance sheets in the US and Europe, and the strong job market in the US, that any recession will be very mild and relatively short-lived. And thus, although this coming quarter could experience high volatility in the markets, we expect positive returns towards the end of the year as fears of further interest rate

increases and with it a sharp recession, abate.

The group’s broking activity remained strong in the first half, and though we are hopeful this will continue in the second half, we are always mindful that broking revenues are the most unpredictable of our activities.

Asset management revenues have grown at a respectable rate given the broad declines in the equity markets.

In 2021 the group had an extraordinary gain on an investment which was not repeated this year and as such our headline earnings have seen a significant a year-on-year decline. What is encouraging is the underlying operating earnings for the organization have continued to grow.

For the first half of 2022, LOM’s group profit fell 90% year-on-year to \$823,493 or \$0.16 per share fully diluted, as compared to a profit of \$8,052,398, or \$1.55 per share, for the same period in 2021. If we exclude the extraordinary gains and losses, our normalised operating profit rose 18.5% to \$1,558,249.

Gross revenues (excluding net trading gains) rose 12.1% and had the following year-on-year changes:

- Management and advisory fee revenues rose 6.4% to \$3.58 million (39% of revenues).
- Broking fee income rose 21.5% to \$4.6 million (50% of revenues).
- Revenues from corporate finance activity were \$32,750.

- Foreign Exchange Income fell 42.2% to \$277,022 (3% of revenues).
- Net Interest Income rose 139% to \$651,445 (7.1% of revenues).
- Losses on securities held in inventory was \$427,589.

Costs for the group rose 19.4% in large part due to higher execution and commission costs and had the following year-on-year changes:

- Total operating expenses, ex commission, jitney and foreign exchange movement were up 0.6% year on year.
- Employee compensation excluding commission expenses rose 2%.

On other financial measures:

- LOM's assets under administration declined in line with market movements to \$1.30 billion as of 30th June 2022, as compared to \$1.62 billion in assets at December 31st 2021.
- LOM has net equity of \$33.9 million as of 30th June 2022.

- LOM holds cash and equivalents of \$18 million, representing 52% of net equity.

The Board has given approval for LOM to continue to buy back shares for cancellation for a total not to exceed 442,900 shares. Over the first half of 2022, the Company purchased for cancellation 57,100 shares at an average price of \$5.20. As at the end of June 2022 the Company had 5,106,598 shares issued and outstanding.

Our current share price on the Bermuda Stock Exchange is \$5.15, and our current market capitalization is \$26.3 million. As of June 30th 2022, LOM's book value was \$6.63 per share.



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