

Half Year Financial Results 2023

Letter to the shareholders

The first few months of 2023 witnessed a difficult and volatile start to the year from continuing interest rate rises, however beginning in March of 2023, we have seen a rally in equity markets led by the tech sector, as news emerged of the commercialization of AI or computational artificial intelligence.

MANAGEMENT FEE REVENUE \$ 3.64 million + 1.7% ▲	BROKING FEE REVENUE \$ 3.12 million - 32.0% ▼	NET INTEREST INCOME \$ 2.20 million + 237.1% ▲
GROSS REVENUE (excl. trading gains/losses) \$ 9.54 million + 0.02% ▲	EMPLOYEE COMPENSATION COSTS \$ 2.48 million + 10.0% ▲	COMMISSION AND REFERRAL FEES \$ 2.45 million - 18.1% ▼
TOTAL OPERATING EXPENSES (excl. commission, jitney fees & FX) \$ 4.56 million + 8.75% ▲	ASSETS UNDER ADMINISTRATION \$ 1.44 billion + 14.0% ▲	TOTAL SHAREHOLDERS' EQUITY \$ 36.32 million + 7.25% ▲

After the interest rate normalization increases over 2022, the world's central banks discovered that inflation was much harder to contain than they anticipated. Specifically, high core inflation and supercore inflation have meant that central banks have had to be more aggressive than expected over the first half of 2023, and will need to keep rates higher for longer in order to return to price stability.

Over the first six months, the US markets as measured by the S&P rose 15.9%, with the tech orientated NASDAQ leading the way in rising 31.7%; the UK market rose a meager 1% as their economy struggles with stagflation, and European markets rose 8.2%. China was flat over the period as their construction and exports sectors flagged, and Japan rose 27.2%

The group's broking activity was significantly weaker during the first half versus the same period in 2022. Our broking activities are very sensitive to market conditions, and the volatility and uncertainty in the financial markets during 2023 has caused investors to become more conservative. Additionally, the rise in interest rates has made holding funds in short term money market and fixed income securities more attractive and resulted in less trading.

Our asset management revenues rose 1.7%, which, given the declines in the equity markets and the consequent impact on assets under management, has been a good result.

For the first half of 2023, LOM's group profit rose 160% year-on-year to \$2,127,003 or \$0.43 per share fully diluted, as compared to a profit of \$823,493, or \$0.16 per share, for the same period in 2022. If we exclude the extraordinary gains and losses on securities and various currencies, our underlying profit rose 31% to \$2,037,232.

Net revenues (excluding net trading gains) remained flat however individual revenue lines had the following year-on-year changes:

- Management and advisory fee revenues rose 1.7% to \$3.64 million (38% of revenues).
- Broking fee income fell 32% to \$3.12 million (33% of revenues).
- Foreign Exchange Income fell 27% to \$202,640 (2% of revenues).
- Net Interest Income rose 237% to \$2,196,223 (23% of revenues).
- Losses on securities held in inventory was \$87,355.

Costs for the group fell 11.6% due mainly to lower execution and commission costs and had the following year-on-year changes:

- Employee compensation, excluding commission expenses, rose 10% to \$2.48 million
- Commissions and referral fees dropped 18.1% to \$2.45 million
- Computer and information services rose 4% to \$385,839
- Jitney Fees dropped 37.7% to \$495,324
- Professional Fees rose 11% to \$418,344
- There was a gain on foreign exchange of \$177,126

On other financial measures:

- LOM's assets under administration were \$1.44 billion as of 30th June 2023, as compared to \$1.25 billion in assets at December 31st 2022.
- LOM has net equity of \$36.3 million as of 30th June 2023.
- LOM holds cash and equivalents of \$18 million, representing 50% of net equity.

The Board has given approval for LOM to continue to buy back shares for cancellation for a total not to exceed 500,000 shares.



Over the first half of 2023, the Company purchased for cancellation 50,000 shares at an average price of \$5.10. As at the end of June 2023 the Company had 5,003,698 shares issued and outstanding.

Our current share price on the Bermuda Stock Exchange is \$5.05, and our current market capitalization is \$25.3 million. As of June 30th 2022, LOM's book value was \$7.26 per share.



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