

Half Year Financial Results 2026

Letter to the shareholders

The first half of the year witnessed a blistering rally in the semiconductor stocks and all things AI related, as the global AI buildout dominated market sentiment. The past month has witnessed a pullback from this trade, as questions are beginning to be asked of the expected long-term return on capital from these AI models that would justify the hundreds of billions being spent on them.

MANAGEMENT FEE REVENUE \$ 5.6 million + 16.7% ▲	BROKING FEE REVENUE \$ 3.7 million + 14.5% ▼	NET INTEREST INCOME \$ 1.5 million - 12.2% ▼
GROSS REVENUE \$ 12.1 million + 6.4% ▲	EMPLOYEE COMPENSATION COSTS \$ 3.4 million + 9.8% ▲	COMMISSION AND REFERRAL FEES \$ 3.2 million + 12.7% ▲
TOTAL OPERATING EXPENSES \$ 9.8 million - 13.1% ▼	ASSETS UNDER ADMINISTRATION \$ 2.3 billion + 9.5% ▲	TOTAL SHAREHOLDERS' EQUITY \$ 48.1 million + 8.3% ▲

Additionally, there have been some significant IPOs in the US market with the record setting Space Explorations' IPO raising \$85.7 billion, with a multi trillion-dollar valuation.

The US, as represented by the S&P, rose 9.6% while the tech heavy NASDAQ market rose 12.8%. The US Philadelphia semiconductor index rose a whopping 101%. The UK FTSE 100 rose 5.7% due to stronger earnings and corporate takeover interest. Europe as measured by the Euro Stoxx 50 rose 9.2%. China as measured by the CSI 300 rose 7.5% while Hong Kong's Hang Seng Index fell 10.7% due to weak property stocks. Japan as measured by the Nikkei 225 soared 39.1%, as the AI investment boom caused strong gains in Japanese listed semiconductors and testing companies. Additionally, the weak Yen has resulted in large capital inflows, and the Japanese economy has emerged from the last decades of stagflation.

Turning to interest rates and central bank activity, the first half of 2026 marked a pivot from the synchronized easing that many investors expected at the start of the year. Geopolitical tensions, higher energy prices, and persistent services inflation led several major central banks to pause rate cuts, or even resume tightening, by June.

The US Federal Reserve spent the first half of the year holding rates steady, and although inflation has steadily moderated from 2025 highs, the Fed continues to be concerned that services inflation remains elevated, labour markets are solid and there are continuing concerns around supply side restrictions. As a result, the US Fed has adopted a wait and see attitude as regards rate cuts.

LOM has had the following year-on-year results in the first half of 2026.

LOM's management fees rose 16.7% due to both new assets being raised and due to organic growth. The brokerage activity on our investment platform rose 14.5% as customer activity surged due to the AI trade. Net interest income fell 12.2% as customers reduced leverage, and our trading gains on securities fell 66%.

LOM's overall revenues were up 6.4%. However, as we flagged in previous communications, our costs did increase, rising 13.1%. The major component of this increase was a 9.8% increase in staff costs. The remaining increase in costs is due to swings in the GBP/USD rate impacting upon the translation values of our GBP securities owned. Our costs will increase slightly again in the second half of this year, as we staff a new IT development unit, but that increase will not be as dramatic as we have seen over the past year, and the expected efficiency gains should make the business more scalable.

Our net earnings were down 14.7% year on year; net profits for the first half were

\$2,348,966 as compared to \$2,754,528 in the first half of 2025. Earnings per share for the period were \$0.48 per share.

On other financial measures:

LOM's assets under administration grew to \$2.3 billion on 30th June 2026, compared to \$2.1 billion on the 31st of December 2025.

LOM has net equity of \$48.1 million as of 30th June 2026.

LOM holds cash and equivalents of \$23.9 million.

The Board has given approval for LOM to continue to buy back shares to be held in treasury for a total not to exceed 400,000 shares. Over the first half of 2026, the Company repurchased 30,000 shares at an average price of \$7.86. At the end of June 2026, the Company had 4,896,200 shares issued and outstanding.

Our current share price on the Bermuda Stock Exchange is \$8.15, and our current market capitalization is \$39.9 million. As of the end of the half-year, our book value was \$9.83 per share.

As always, I would like to thank our staff for their diligence and effort, and our customers for the loyalty and trust they place in our organization and people.



A handwritten signature in black ink, appearing to read 'S. Lines'.

Scott Lines
Chairman and CEO

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