



Media Release

30 September 2019

LUMX GROUP LIMITED ANNOUNCES 2019 INTERIM RESULTS

LUMRISK FINTECH SUBSIDIARY REVENUES 151% OVER H1 2018

LumX Group Limited (ticker: LUMX) (“LumX”, the “Group”, the “Company”, or “we”), an investment specialist focused on providing leading investment and risk management solutions, announces its interim results for the six months ended 30 June 2019.

Highlights

- **LumRisk**, the Group’s Fintech and Regtech subsidiary, is now connected to, and provides transparency on the Alternative Risk Premia (ARP) products of 14 of the leading investment banks that account for the near totality of the bank-sourced ARP industry
- **LumRisk revenues for H1 2019 grow 151%** compared to same period last year and reach USD 2.0 million
- The LumMap business line will be discontinued and LumX Asset Management (U.K.) Limited has decided to apply to the FCA to cancel its authorisation
- **Gross revenues for H1 2019 up +16.1%** over same period in prior year, at USD 4.5 million
- **Operating expenses decrease by 28.4%** compared to the same period in the prior year
- Operating loss before amortization (EBITDA) of USD 1.6 million
- Net loss for the period of USD 3.9 million

Commenting, Arpad Busson, Executive Chairman stated:

“Though we are reporting a loss for the first half of 2019, we have made solid improvements over the past year. Our LumRisk subsidiary has put in a stellar performance, earning USD 2 million in the first half of 2019, which is a 151% increase over the first half of last year. This contributed to overall Group revenue growth of 16% compared to the same period last year.

We are pleased that our results are showing improvement, though we have continued to face challenges. Anticipated new business for the LumMap structuring platform did not materialize, in part due to Brexit uncertainties, leading to a difficult decision to discontinue its operations. This decision will, however, allows the Group to redeploy resources to the areas of fastest growth in the Group.

I am very encouraged by the fact that LumRisk has met its ambitious targets and I am very optimistic about its future prospects. LumRisk continues to grow its market share in risk services for ARP investors and to sign on new multi-asset clients in its pipeline, while developing attractive new product features and working to enhance its users’ on-line experience.

All staff throughout the LumX Group remains highly motivated to strengthen this trend of improving results through the end of the year and into 2020.”

For Additional Information

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Strategy and Plans

LumRisk

The Group's **LumRisk** subsidiary is a risk aggregation and reporting Fintech and Regtech business which continues to be a major growth driver, having significantly expanded its business over the first half of the year. Significant achievements include:

- LumRisk now is now connected to, and provides transparency on the ARP products of 14 leading investment banks that represent the near totality of the bank premium market. This significantly enhances the value of LumRisk services for large investors who require risk consolidation and analysis on ARP portfolios that have been sourced from multiple providers. LumRisk now serves clients located across the world, including North and South America, Europe and Asia.
- LumRisk has a promising pipeline of major European prospects for its multi-asset risk consolidation and reporting services. LumRisk has also recently entered into a partnership for the promotion of the LumRisk platform in the Asia-Pacific region with a focus on the Australian market, where significant demand exists for advanced risk management solutions of the type offered by LumRisk.
- LumRisk's headcount has nearly doubled in 2019 and will be further increased by key strategic hires in the coming months.
- LumRisk has successfully completed the migration of its infrastructure to the cloud, leading to significantly improved performance. The speed, security and scalability of our infrastructure are now configured to seamlessly cope with future rapid development of the business. In addition, LumRisk successfully completed in May an ISO 27001 certification audit of its IT security infrastructure.

LumMap

In part due to uncertainties linked to Brexit, our LumMap platform did not achieve its growth targets, leading to the decision to discontinue this business line. LumX Asset Management (U.K.) Limited has decided to apply to the FCA to cancel its authorization. These difficult decisions free up resources for investment in other rapidly growing areas of the LumX Group.

Asset Management Business Line

We have now completed the strategic shift of our asset management activities to the management of direct multi-asset mandates, as a member of the Swiss Association of Asset Managers (SAAM). Our asset management business has increased both its assets under management and its revenues during the first half of 2019, and this positive trend, as well as the reduction in costs relating to the end of our regulation by FINMA, is expected to bring this business line back to profitability during the second half of the year.



Outlook

In conclusion, the outlook for LumRisk remains strong and a return to profitability of our asset management business is imminent. We are continuing to closely control our costs, while making the key hires necessary to sustain our growth, as we work to build our client base and advance the business plan we have been steadfastly implementing for many months.

Financials

The Group's gross revenues for the six months ended 30 June 2019 were USD 4.5 million, a 16.1% increase over the same period last year. LumRisk fees were USD 2.0 million for the period, an increase of 151% compared with H1 2018. We anticipate a continuation of this revenue growth through the end of 2019 and beyond. Management fee income for the period decreased to USD 2.3 million (H1 2018: USD 2.8 million). The cost reductions resulting from this decision will be fully effective during the second half of the year.

Operating costs over the first half of 2019 were USD 5.8 million, after inclusion of a USD 0.6 million credit related to staff curtailments, a decrease of 28.4% over the same period in 2018. First-half personnel expenses were USD 3.7 million (H1 2018: USD 5.3 million) and are expected to decrease further in 2019 as headcount in the Group's asset management business is reduced, although additional hires are expected by LumRisk. At 30 June 2019, LumX employed 38 employees on a full-time equivalent basis (2018: 48).

The net loss for the period to 30 June 2019 amounted to USD 3.9 million, impacted by financial costs of USD 0.5 million, amortization costs of USD 0.6 million and a tax effect, mainly in relation to a USD 1.0 million write-off of the deferred tax assets of our UK subsidiary.

LumX Group's Interim Report 2019 can be found at <https://www.lumxgroup.com/financial-information/financial-section>.

About LumX Group Limited

Incorporated in Guernsey and listed on the SIX Swiss Exchange, LumX Group Limited (ticker: **LUMX**) is the holding company of an investment specialist focused on delivering leading risk management and investment solutions to investors focused on quantitative investment strategies and multi-asset investment programs.

The LumX Group has offices in Guernsey, Geneva (Nyon), London, Luxembourg, and an affiliate office in Melbourne.