



Media Release

30 April 2020

LUMX GROUP LIMITED ANNOUNCES 2019 ANNUAL RESULTS

LumX Group Limited (ticker: LUMX) (“LumX”, the “Group”, the “Company”, or “we”), an investment specialist focused on providing leading risk management and investment solutions, announces its annual results and publishes its annual report for the year ended 31 December 2019.

Report Highlights

- Full-year revenues for 2019 for the Group’s Fintech and Regtech subsidiary **LumRisk increased by 86% to USD 4.3 million** thanks to the continuing onboarding of new clients. Revenue growth has continued during the first quarter of 2020, and we expect further growth through the end of the year
- **LumRisk’s** information security management systems were certified under **ISO 27001** standards in May 2019
- Our **Wealth Management** unit was profitable and generated strong performance for its clients in 2019, and has very significantly outperformed numerous benchmarks in Q1 2020. It also has an encouraging pipeline of new business opportunities going forward
- **China Silver**, the holder of convertible notes issued by the Group in 2018, has agreed to extend their convertible notes by two years ending August 2022, confirming their commitment to our organization and their confidence in the Group’s considerable potential. Corresponding legal documentation will be finalized shortly. Terms are detailed in **note 28** of the financial statements.
- Group gross revenues of **USD 8.4 million** in 2019
- **Reduction in operating expenses by 36%** on a like-for-like basis
- EBITDA for FY2019: **Reduction by 68%** of our loss for the year, to USD 2.6 million, from 8.1 million in 2018
- **Net loss for the year of USD 13.0 million**, which was very significantly impacted by the write-off of a deferred tax amount due to the closure of our UK entity, a partial impairment of goodwill and significant finance costs related to the issuance of the convertible notes of an aggregate of CHF 7.5 million by LumRisk
- The **LumX Group** will delist its shares from the Swiss SIX stock exchange effective 30 June 2020. Shareholder rights will not change after delisting.

Commenting on the year’s results, Arpad Busson, Executive Chairman stated:

“The 2019 results of LumX Group Limited were marked by a continuing growth in the revenues of our LumRisk subsidiary, which increased by 86% in 2019 and now represent the greater part of LumX Group revenues. This confirms that our repositioning of the LumX Group’s strategy is bearing fruit. We have again achieved a significant reduction in our costs, as our LumRisk risk transparency, aggregation and analysis services have continued to grow.

LumRisk has continued onboarding new clients throughout 2019 and into 2020. This positive trend should continue, in part because the historic market turmoil of early 2020 has heightened interest in portfolio transparency and QIS strategies, whose effective implementation LumRisk can uniquely support with its advanced analytical tools. LumRisk has recently signed contracts in new markets and has several projects for risk aggregation, monitoring and reporting on multi-asset portfolios for large institutions, reinforcing our very positive outlook for the business.



I wish to express my appreciation to our Wealth Management unit for an excellent year - during which they produced very good performance for their clients - and for their unit's profitability. Wealth Management's prospects for 2020 are very good, despite the period of market volatility we are going through. They have succeeded to very significantly outperform numerous benchmarks in Q1 2020.

To our shareholders, stakeholders, Board of Directors and note holders I again express my sincere gratitude for the support and patience they have shown as the LumX Group has refocused its activities.

In closing, after the unprecedented upheavals that have been caused by the world-wide Corona Virus epidemic, my thoughts go out to all those who have suffered, whether directly, through the loss of a loved one, or because of the social isolation and stress born of imposed confinement. It is difficult to predict what longer-term consequences these dramatic events will have, but they will certainly have a lasting impact on how we live, interact and conduct business in the future. Our staff has been exemplary in adapting to these sudden changes. I thank them warmly for the efforts they have made to ensure that, despite their confinement, our company seamlessly continues to serve its clients and develop its potential.

Please be assured that, as you continue as shareholders and note holders in a private company after our delisting in June, you will be able to count on our continued and vigorous commitment to fully realizing the value of our business."

For Additional Information

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Strategy and Outlook

LumRisk's results for the year, and the positive development of our Wealth Management unit, confirm that the strategic re-orientation of our activities has put the Group back onto a path to profitability:

LumRisk

The Group's **LumRisk** fintech and regtech subsidiary is a provider of transparency, risk aggregation and reporting services and is the Group's major growth driver. LumRisk has successfully reached several key milestones during 2019:

- LumRisk is a market leader for institutions requiring transparency, consolidation and analysis of Alternative Risk Premia (ARP) investments allocated across multiple providers and has agreements in place with the leading global bank providers of ARP to obtain position-level data for the ARP that are held by LumRisk clients. LumRisk has continued to sign new institutional clients for its risk transparency, aggregation and analysis services for Alternative Risk Premia (ARP) programs and has recently added its first client in a new key Asia-Pacific market. We anticipate that this activity will continue showing significant growth throughout 2020 in light of the robustness of QIS strategies during the first quarter of 2020. The historically unprecedented market volatility in 2020 has further stimulated interest in tail-hedging techniques, whose successful implementation requires obtaining transparency on all underlying positions to permit accurate modeling of their risk exposures and sensitivities. LumRisk is one of the most powerful platforms providing tools to achieve this. Also, new modules and product offerings currently in development on our platform should further stimulate this interest and our growth.
- LumRisk has several interesting multi-asset opportunities in its pipeline, which we expect to come to fruition in the next few months. Growth is being driven by the increasingly stringent regulatory environment faced by many institutional investors. Target clients are asset owners, such as pensions or insurance companies subject to risk-based capital requirements who require transparency to meet reporting requirements such as Solvency II, and asset managers who require integrated regulatory risk reporting solutions able to consolidate, analyse and report on large diversified detailed portfolios, often spanning multiple subsidiaries.
- LumRisk's headcount has reached 24 and will be further increased by key strategic hires in all areas.
- LumRisk will continue investing in infrastructure, staff and the continuous development of platform functionalities to ensure that the capabilities it delivers to its clients remain unrivalled.

Asset Management Business Line

The Group's Wealth Management unit was profitable in 2019 and produced excellent performance for their clients. The outlook remains positive for this business line, with several new client opportunities in the Wealth Management pipeline expected to close during 2020.

Outlook

The Corona Virus pandemic has brought a high level of unpredictability to markets and to the actions of market participants. It is difficult to assess whether the currently observed decline in infection rates in many countries will persist as the first attempts to reopen shuttered economies are made, and therefore how long extreme levels of market volatility will persist and when we will return to a more normal economic environment. Due to these dramatic events, an increasing number of market players have realised the importance of having an accurate



consolidated view of their risk profile across all their investments, based on full transparency into all underlying positions, as basis for implementing tail-risk hedging and for making better risk management decisions more generally. LumRisk is now widely recognized as one of the most advanced solutions to this problem and should see significant new opportunities as a result.

The Board of Directors will actively continue to explore synergies and opportunities for our businesses and will continue investing in our service platforms and human capital.

In conclusion, with the continuing positive outlook for LumRisk and for our Wealth Management unit, and our demonstrated ability to keep costs under tight control, we are confident that overall LumX Group operating results will continue improving in 2020 and beyond.

Financials

The Group's gross revenues for 2019 were USD 8.4 million. An 86% increase in LumRisk fee revenues offset the continued decline in management fees from legacy alternative management portfolios. We anticipate a continued strong growth in LumRisk revenues in 2020.

Operating costs were again successfully reduced by 36% in 2019 to USD 10.4 million (2018: USD 16.2 million). Personnel expenses were USD 7.1 million (2018: USD 10.2 million). LumX employed 37 employees on a full-time equivalent basis at year-end (2018: 48).

The net loss in 2019 amounted to USD 13.0 million, after amortisations and impairments of tangible and intangible assets, including goodwill totalling USD 6.2 million and a tax expense of USD 2.1 million linked to the write-off of deferred tax assets following the closing of our UK entity. The comprehensive loss for the year is USD 14.4 million and is impacted by an actuarial loss on retirement plans of USD 1.0 million and FX differences of USD 0.4 million.

The Board proposes no dividend for the financial year 2019.

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 bringing leading risk management and wealth management solutions to its clients.

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

Please visit <https://www.lumxgroup.com/financial-information/financial-section> to view a copy of the 2019 annual report.