LOM FINANCIAL LIMITED

Consolidated Financial Statements
and Independent Auditors' Report

For the years ended
December 31, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors and Shareholders of
LOM Financial Limited:

Opinion

We have audited the consolidated financial statements of LOM Financial Limited and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, shareholders' equity, and cash flows, for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a period of one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Independent Auditor’s Report (cont’d)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte Ltd.

April 24, 2024

LOM FINANCIAL LIMITED
CONSOLIDATED BALANCE SHEETS
as of December 31, 2023 and 2022
(expressed in U.S. Dollars)

	2023	2022
ASSETS		
Cash and cash equivalents	$ 20,181,219	$ 15,787,158
Restricted cash	220,000	220,000
Securities owned, at fair value (cost: 2023 - $6,956,778; 2022 - $7,601,305) (Note 3)	6,295,767	6,993,989
Accounts receivable	743,944	838,339
Due from related parties	41,472	69,004
Prepaid expenses and other assets	423,642	413,927
Equity investment in affiliate (Note 4)	1,760,831	1,685,263
Property and equipment, net (Note 5)	9,701,262	9,866,231
Right-of-use asset (Note 10)	288,897	432,934
TOTAL ASSETS	$ 39,657,034	$ 36,306,845
LIABILITIES		
Accounts payable and accrued liabilities	$ 1,482,883	$ 1,196,699
Securities sold short, at fair value (proceeds: 2023 - $6,403, 2022 - $30,497) (Note 3)	6,403	30,497
Deferred tax liability	8,299	10,214
Lease liability (Note 10)	273,166	417,855
TOTAL LIABILITIES	1,770,751	1,655,265
SHAREHOLDERS' EQUITY		
Common shares, par value $0.10 per share; 20,000,000 shares authorized, and 4,943,698; (2022 – 5,053,698) shares issued and outstanding (Note 6)	494,370	505,370
Additional paid-in capital	-	181,906
Retained earnings	37,391,913	33,964,304
TOTAL SHAREHOLDERS' EQUITY	37,886,283	34,651,580
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 39,657,034	$ 36,306,845

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors:

Director

Leslie Rans.
Director

LOM FINANCIAL LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
for the years ended December 31, 2023 and 2022
(expressed in U.S. Dollars)

		2023		2022
REVENUES				
Broking fee income	$	5,677,015	$	8,229,851
Management and investment advisory fees including related party management fees of $3,349,321 (2022 - $3,214,691)		7,618,009		7,114,375
Net interest income, net of interest expense of $199,014 (2022 - $203,720)		4,096,011		1,672,553
Rental income, including related party rent of $202,400 (2022 - $202,400)		437,065		446,309
Other income		469,194		468,354
Income from equity investment in affiliate		248,755		262,909
Foreign exchange income, net		432,149		523,371
Net trading gains/(losses) on securities owned		24,223		(598,664)
Corporate finance income		21,000		26,000
Administration and custody fees		120,658		136,874
Net foreign exchange transaction gains/(losses)		198,576		(230,491)
TOTAL REVENUES	$	19,342,655	$	18,051,441
OPERATING EXPENSES				
Employee compensation and benefits	$	5,148,499	$	4,814,327
Commissions and referral fees		5,056,780		5,827,953
Computer and information services		801,721		734,557
Depreciation of property and equipment (Note 5)		543,170		428,365
Jitney fees		751,570		1,512,613
Professional fees		966,937		753,766
Occupancy		903,418		848,346
Administration		572,657		630,754
Insurance		235,832		231,154
Custodial charges		287,991		333,802
Mortgage interest		-		5,927
TOTAL OPERATING EXPENSES		15,268,575		16,121,564
NET INCOME BEFORE TAX		4,074,080		1,929,877
Income tax expense		(69,479)		(45,926)
NET INCOME AFTER TAX		4,004,601	$	1,883,951
NET INCOME PER COMMON SHARE				
Basic and diluted	$	0.80	$	0.37
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic and diluted		5,007,287		5,107,545

The accompanying notes are an integral part of these consolidated financial statements.

LOM FINANCIAL LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
for the years ended December 31, 2023 and 2022
(expressed in U.S. Dollars)

	Common Shares	Share Capital	Additional Paid-in Capital	Retained Earnings	Total
Balance– December 31, 2021	5,163,698	$ 516,370	$ 743,907	$ 32,284,817	$ 33,545,094
Net income	-	-	-	1,883,951	1,883,951
Repurchase and retirement of common shares	(110,000)	(11,000)	(562,001)	-	(573,001)
Dividend	-	-	-	(204,464)	(204,464)
Balance – December 31, 2022	5,053,698	$ 505,370	$ 181,906	$ 33,964,304	$ 34,651,580
Net income	-	-	-	4,004,601	4,004,601
Repurchase and retirement of common shares	(110,000)	(11,000)	(181,906)	(375,844)	(568,750)
Dividend	-	-	-	(201,148)	(201,148)
Balance– December 31, 2023	4,943,698	$ 494,370	$ -	$ 37,391,913	$ 37,886,283

The accompanying notes are an integral part of these consolidated financial statements.

LOM FINANCIAL LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended December 31, 2023 and 2022
(expressed in U.S. Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 4,004,601	$ 1,883,951
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	543,170	428,268
Income from equity investment in affiliate	(248,755)	(262,909)
Dividends received from equity investment in affiliate	173,187	207,825
Changes in operating assets and liabilities:		
Securities owned	698,222	(2,091,833)
Accounts receivable	94,395	212,198
Due from related parties	27,532	(8,644)
Prepaid expenses and other assets	(9,715)	(191,896)
Accounts payable and accrued liabilities	286,184	(62,979)
Securities sold short, at fair value	(24,094)	26,993
Charge (benefit) for deferred taxes	(1,915)	33,059
Right-of-use asset	144,037	(432,934)
Lease liability	(144,689)	417,855
Total adjustments	1,537,559	(1,724,997)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,542,160	158,954
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(378,201)	(1,612,743)
Investment in equity investment	-	(122,384)
NET CASH USED IN INVESTING ACTIVITIES	(378,201)	(1,735,127)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repurchase of common shares	(568,750)	(573,001)
Dividend paid	(201,148)	(204,464)
Bank loan, net of repayments	-	(147,500)
NET CASH USED IN FINANCING ACTIVITIES	(769,898)	(924,965)
NET DECREASE IN CASH AND CASH EQUIVALENTS	4,394,061	(2,501,138)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	16,007,158	18,508,296
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 20,401,219	$ 16,007,158
CASH AND CASH EQUIVALENTS REPRESENTED BY:		
Cash	$ 20,181,219	$ 15,787,158
Restricted cash	220,000	220,000
	$ 20,401,219	$ 16,007,158
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 199,014	$ 203,720

The accompanying notes are an integral part of these consolidated financial statements.

1. DESCRIPTION OF BUSINESS

LOM Financial Limited (“LOMFL”), a holding company for several wholly owned subsidiaries, was incorporated on May 1, 1996 under the laws of Bermuda. The common shares of LOMFL are publicly traded and listed on the Bermuda Stock Exchange. LOMFL, collectively, with its subsidiaries, is referred to as the “Company” or the “LOM Group of Companies.”

A description of the operations of LOMFL’s wholly-owned subsidiaries is as follows:

LOM Financial (Bermuda) Limited (“LOMF BDA”) was incorporated in 1998 to provide investment and financial advice, brokerage services and discretionary investment management services. LOMF BDA is domiciled and operates in Bermuda and is regulated under the Investment Business Act (2003) of Bermuda. LOMF BDA opened a branch office in Grand Cayman in January 2019, LOM Financial Cayman ("LOMF CAY"). LOMF CAY is approved by the Cayman Islands Monetary Authority (“CIMA”) to operate as a “Registered Person” under the Securities Industry Business Law (“SIBL”), pursuant to Paragraph 3 of Schedule 4 (2020 Revision) of the law. Prior to January 2020, the branch operated as an “Excluded Person”. As a Registered Person, LOM is not licensed by CIMA and therefore not subject to the SIBL regulations; however, its Registered Person status must be approved by CIMA annually. LOMF CAY is regulated by the Bermuda Monetary Authority and comes under LOMF BDA's investment business license.

LOM Financial (Bahamas) Limited (“LOMF BAH”) was incorporated in 2001 in the Commonwealth of The Bahamas and is regulated by the Securities Commission of the Bahamas. LOMF BAH is domiciled in the Bahamas and is engaged in a single line of business as a Bahamian broker-dealer, which comprises several classes of service, including principal transactions, agency transactions and the provision of investment advisory services.

LOM Asset Management Limited was incorporated in 1995 to offer its services as investment consultant, manager and advisor. LOM Asset Management Limited is domiciled and operates in Bermuda and is regulated under the Investment Business Act (2003) of Bermuda.

Global Custody & Clearing Limited (“GCCL”) was incorporated in 1992, to provide custody, settlement, information technology and execution services as well as certain finance, human resources and administrative services to other companies in the LOM Group of Companies. GCCL operates in Bermuda and is regulated under the Investment Business Act (2003) of Bermuda.

LOM Properties Limited was incorporated in 1996 to hold property for LOMFL in Bermuda and Bahamas.

LOM Corporate Finance Ltd. (“LOMCF”) was incorporated in 1998 to offer services to source, value, document and close capital investments in growing companies. LOMCF is domiciled and operates in Bermuda.

Donald & Co. Limited, a Bermuda company, was incorporated in 2013 to perform nominee services.

1. DESCRIPTION OF BUSINESS (Cont'd)

LOM Nominees Limited, a Bermuda company, was incorporated in 1994 to perform nominee services.

LOM (UK) Limited was incorporated in the United Kingdom in 2004 to market the LOM Group of Companies services to intermediaries in Europe. It also provides IT, Marketing and Administration services to the LOM Group of Companies.

LOM Global Admin Inc. was incorporated in the Philippines in 2016 to provide the group with marketing support in Asia. The Company is registered with the Philippines Securities and Exchange Commission.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the financial statements and results of operations of all wholly-owned subsidiaries listed in Note 1 above. All inter-company balances and transactions are eliminated on consolidation.

Broking Fee Income and Jitney Fees

Broking fee income represents amounts charged to clients for brokerage services and related jitney fees are amounts charged to the Company by the executing broker. Revenue and expenses related to brokerage services is recognized when the customer obtains the benefit of such services, at the time of trade execution.

Management and Investment Advisory Fees

The LOM Group of Companies receives management fees and investment advisory fees for managing assets on a discretionary basis for both private and institutional clients. Revenue from contracts with customers related to management fee, is recognized over time as customers benefit from the services as they are performed.

Substantially all investment management fees are determined by the value of assets under management. At contract inception, no revenue is estimated as the fees are dependent on assets under management which are susceptible to market factors outside of the Company's control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Management and Investment Advisory Fees (cont'd)

Therefore, substantially all Investment Management services revenue is recognized using a time-based output method as the customers benefit from the services over time and as the assets under management are known or determinable during each reporting period based on contractual fee schedules.

The LOM Group of Companies also earns management fees from the following mutual funds (collectively referred to as the LOM Sponsored Funds), which are recorded on an accrual basis and recognized on a monthly basis, based on the net asset values:

- LOM Funds SAC Limited (listed on the Bermuda Stock Exchange)
  a. LOM Money Market Fund (USD, CAD, GBP)
  b. LOM Fixed Income Fund (USD, CAD, EUR, GBP)
  c. LOM Equity Growth Fund
  d. LOM Balanced Fund
  e. LOM Stable Income Fund
  f. LOM Emerging Market Fund
  g. LOM Innovation and Opportunity Fund

- Burnaby Special Funds SAC Ltd.
  a. Burnaby QGF Fund
  b. The Strategic Metals Fund

Foreign Exchange Income, net

Foreign exchange income represents income earned from foreign currency transactions facilitated for customers and are based on the current foreign exchange rates and is net of foreign exchange fees charged by external brokers. Electronic foreign exchange (FX) services are dependent on the volume of actual transactions initiated through the Company's electronic exchange platforms. Revenue is recognized over time using a time-based measure as access to, and use of, the electronic exchange platforms is made available to the customer and the activity is determinable. A spread is captured by the Company at the time of an FX execution and a gain/loss is then booked monthly based on the market movement of those positions.

Corporate Finance Income

Corporate finance income consists of fees earned from clients participating in private placements of securities, generally for privately held companies, and is received in the form of cash, securities or warrants from its underlying investments. When corporate finance income is received in the form of securities, the Company records income based on the fair value of the securities received as of the date of the transaction. Fair value is the last reported sales price on the main market in which the investments trade on the date of valuation. Where there are no sales on that day, the mid-market prices are used. Where income is received in the form of warrants, the Board of Directors determines a price based on the fair value of the warrant.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Administration and Custody Fees

Administration fees, charged for the administrative and custodial services provided to the LOM Sponsored Funds, are recorded on an accrual basis over the period during which the service is provided. Revenue from contracts with customers related to custody fee revenue, is recognized over time as customers benefit from the services as they are performed. Substantially all custody fee revenue fees are determined by the value of assets under management. At contract inception, no revenue is estimated as the fees are dependent on assets under management which are susceptible to market factors outside of the Company's control.

Net Interest Income

Net interest income is a combination of interest earned on or paid to clients based on their daily cash balances and interest received or paid on the Company's cash balances from and to brokers, custodians and related parties (see Note 8). Revenue related to interest income is recognized over time as customers benefit from the services as they are performed. All interest revenue fees earned from customers are determined by the value of the customers overdrawn cash positions with the daily interest calculated on that daily balance. Interest amounts are charged to clients on a monthly basis. At contract inception, no revenue is estimated as the fees are dependent on the client's cash balance.

Other Income

Other income earned includes fees for settlement of client investment transactions and dividends received related to the Company's investments. Fees earned for settlement of client investment transactions and dividends received related to the Company's investments are recorded on a transaction date basis.

Rental Income

Rental income consists of rent earned from the lease of office space in the Company owned office building and includes rent from related parties and is recorded on an accrual basis (see Note 8).

Cash and Cash Equivalents

The Company has defined cash equivalents as highly liquid investments, with original maturities of 90 days or less that are not held for sale in the ordinary course of business. Cash and cash equivalents can include time deposits, money market funds and U.S. Treasury bills with original maturities of 90 days or less.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. The costs of normal maintenance and repairs are charged to expense in the year incurred. Expenditures which significantly improve or extend the life of an asset are capitalized and depreciated over the asset's remaining useful life.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of the life of the asset or the remaining lease term. Upon sale or disposition of an asset, the related cost and accumulated depreciation are removed and the resultant gain or loss, if any, is reflected in earnings.

The useful lives of the Company's assets are as follows:

Building	40 years
Computer hardware and software	3 - 5 years
Furniture and fittings	4 years
Leasehold improvements	4 - 15 years
Equipment	4 years

Unclaimed Cash and Securities

Client funds received and unclaimed after a three-year period are included as income under the category of other income. Securities received and unclaimed after a five-year period are sold and included as income under the category of other income.

Foreign Currency Transactions and Balances

The Company has adopted U.S. Dollars as its functional currency for LOMFL and all subsidiaries (including LOM (UK) Limited and Global Admin Inc.) because the majority of the Company's transactions and assets under management are denominated in U.S. Dollars. Bermuda Dollars and Bahamian Dollars trade at par with the U.S. Dollar; therefore, no foreign currency translation gains or losses are recorded in the accompanying consolidated financial statements. Foreign currency transaction gains or losses are recorded at the prevailing foreign exchange rates on the date of the transaction and are reflected in earnings for the year in the accompanying consolidated statement of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Securities Owned

Securities owned are investments such as bonds and equities that are both marketable and non-marketable. These investments consist of trading investments, securities received as income from corporate finance transactions, privately held securities, and other strategic investments. Realized and unrealized gains or losses on trading securities and strategic investments are reflected in earnings as net trading gains and losses in the consolidated statements of operations. Realized gains or losses are based on the average cost method of securities purchased and sold. Security transactions are recorded on a trade date basis. Marketable securities are valued at the last reported sales price on the principal market in which the investments trade on the date of valuation. Where there are no sales on that day, the mid-market prices are used. For securities with no readily available market price or where the security is restricted, the securities are recorded at the estimated fair value in accordance with U.S. GAAP. The use of different assumptions or valuation techniques could produce materially different estimates of fair value. These securities have been valued with reference to observable and unobservable inputs or valuation models that make use of certain quantitative and qualitative inputs for similar securities traded in active markets, in accordance with U.S. GAAP (see Note 3, Fair Value Measurements).

Investments Recorded Under the Equity Method

For investments in entities that do not constitute a Variable Interest Entity ("VIE"), or for investments in securities owned and held as trading investments which are held at fair value, the Company considers other U.S. GAAP guidance, as required, in determining (i) consolidation of the entity if the Company's ownership interests comprise a majority of its outstanding voting shares or otherwise control the entity, or (ii) application of the equity method of accounting if the Company does not have direct or indirect control of the entity, with the initial investment carried at cost and subsequently adjusted for the Company's share of net income or loss and cash contributions and distributions to and from these entities.

If events or circumstances indicate that the fair value of an investment accounted for using the equity method has declined below its carrying value and the Company considers the decline to be "other than temporary," the investment is written down to fair value and an impairment loss is recognized. The evaluation of impairment for an investment would be based on a number of factors, including financial condition and operating results for the investment, inability to remain in compliance with provisions of any related debt agreements, and recognition of impairments by other investors. Impairment recognition would negatively impact the recorded value of the Company's investment and reduce net income.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, securities owned, securities sold short, accounts payable and accrued liabilities. The book value of cash and cash equivalents, accounts receivable, and accounts payable is considered to be representative of their fair value because of their short-term maturities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fair Value Measurements

ASC 820 "Fair Value Measurements" defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 applies to all assets and liabilities that are measured and reported on a fair value basis (see Note 3, Fair Value Measurements).

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash and cash equivalents and securities owned. The Company has its cash and cash equivalents and securities placed with major international and local financial institutions. As part of its cash management process, the Company performs continuous evaluation of the relative credit standing of these institutions.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from the other sources. The most significant estimates include estimates recorded for the fair market value of privately held securities. On a continual basis, management reviews its estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Net Income Per Common Share

The Company calculates basic net income per common share and diluted net income per common share assuming dilution. Basic net income per common share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted net income per common share is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding during the period, plus potential dilutive common shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Securities Sold Short

The Company may sell a security it does not own in anticipation of a decline in fair value of the security, or as a hedge against similar securities owned. When the Company sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. Obligations related to securities sold short are recorded as a liability at fair value. Realized and unrealized gains and losses are recorded in net trading losses/gains in the consolidated statement of operations. A gain, limited to the price at which the Company sold the security short, or a loss, unlimited in size, is recognized on a monthly basis.

Revenue from Contracts with Customers

The amount of revenue that the Company recognize is measured based on the consideration specified in contracts with customers. The Company recognize revenue when a performance obligation is satisfied over time as the services are performed or at a point in time depending on the nature of the services provided as further discussed below. Revenue recognition guidance related to contracts with customers excludes interest received on the company's cash and broker balances, income from equity investments, foreign exchange income, net trading gains, corporate finance income and administration and custody fees, to which we apply other applicable U.S. GAAP guidance.

For contracts with multiple performance obligations, or contracts that have been combined, the Company allocate the contracts' transaction price to each performance obligation using best estimate of the standalone selling price. Contractual fees are negotiated on a customer-by-customer basis and are representative of standalone selling price utilized for allocating revenue when there are multiple performance obligations.

Substantially all services are provided as a distinct series of daily performance obligations that the customer simultaneously benefits from as they are performed. Payments may be made to third party service providers and the expense is recognized gross when we control those services as we are deemed the principal.

Contract durations may vary from short to long term or may be open ended. Termination notice periods are in line with general market practice and typically do not include termination penalties. Therefore, for substantially all revenues, the duration of the contract and the enforceable rights and obligations do not extend beyond the services that are performed daily or at the transaction level. In instances where we have substantive termination penalties, the duration of the contract may extend through the date of substantive termination penalties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Brokerage Fee, Net interest Income, Administration and Custody Revenue

Revenue from contracts with customers related to servicing fees is recognized over time as customers benefit from the custody, administration, accounting and other related asset services as they are performed. At contract inception, no revenue is estimated as the fees are dependent on assets under custody and administration and/or actual transactions which are susceptible to market factors outside of the Company's control. Therefore, revenue is recognized using a time-based output method as the customers benefit from the services over time and as the assets under custody or transactions are known or determinable during each reporting period based on contractual fee schedules. Payments made to third party service providers, such as sub-custodians, are generally recognized gross as the entity is deemed to be a principal in such arrangements.

Trading services revenue includes revenue generated from providing access and use of electronic trading platforms and other trading and brokerage services. Electronic FX services are dependent on the volume of actual transactions initiated through the Company's electronic exchange platforms. Revenue is recognized over time using a time-based measure as access to, and use of, the electronic exchange platforms is made available to the customer and the activity is determinable. Revenue related to other trading and brokerage services is recognized when the customer obtains the benefit of such services which may be over time or at a point in time upon trade execution.

Management Fee

Revenue from contracts with customers related to management fee, is recognized over time as customers benefit from the services as they are performed. Substantially all investment management fees are determined by the value of assets under management. At contract inception, no revenue is estimated as the fees are dependent on assets under management which are susceptible to market factors outside of the Company's control.

Therefore, substantially all Investment Management services revenue is recognized using a time-based output method as the customers benefit from the services over time and as the assets under management are known or determinable during each reporting period based on contractual fee schedules.

Revenue by category

In Note 13, revenue is disaggregated by the two lines of business and by revenue stream for which the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Contract balances and contract costs

As of December 31, 2023, net receivables of $721,764 (2022 - $827,522), included fees receivable, representing amounts billed or currently billable to or due from customers related to revenue from contracts with customers. As performance obligations are satisfied, we have an unconditional right to payment following which billing is generally performed monthly.

No adjustments are made to the promised amount of consideration for the effects of a significant financing component as the period between when we transfer a promised service to a customer and when the customer pays for that service is expected to be one year or less.

Leases

At inception, contracts are evaluated to determine whether they are or contain a lease. A contract is or contains a lease if it conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. At commencement, leases are evaluated for classification as an operating lease or finance lease. Operating lease right-of-use ("ROU") assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. In calculating the right-of-use assets and lease liability include the determination that the lease payments will be discounted using the implicit discount rate in the lease. If the implicit discount rate for the lease cannot be readily determined, the Company has used the risk-free rate determined using a period comparable with that of the lease term. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease ROU assets are recorded based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and previously recognized impairments. The Company does not recognize ROU assets and lease liabilities for short-term leases. The Company has real estate lease agreements that contain lease and non-lease components, which are accounted for as a single lease component.

The Company's primary operating leases consist of office space. The Company's leases at inception range from 2 to 5 years. As of December 31, 2023 and 2022, the Company had not entered into any finance leases. Refer to Note 10 — Leases for any additional information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fair Value Measurements
In August 2019, the FASB issued ASU 2019-13 for changes to the disclosure framework related to Topic 820 which amends the disclosure requirements for fair value measurement. The following disclosure requirements were removed from Topic 820: (i) amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (ii) policy for timing of transfers between levels, and (iii) valuation processes for Level 3 fair value measurements. The amendments clarify that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The following disclosure requirements were added to Topic 820: (i) changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period; and (ii) range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. For certain unobservable inputs, an entity may disclose other quantitative information (such as the median or arithmetic average) in lieu of the weighted average if the entity determines that other quantitative information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop Level 3 fair value measurements.

The amendments in this Update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019 The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted upon issuance of this Update. An entity is permitted to early adopt any removed or modified disclosures upon issuance of this Update and delay adoption of the additional disclosures until their effective date.

ASC 820 clarifies the definition of fair value, establishes a framework for measurement of fair value and expands disclosure about fair value measurements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 applies to all financial instruments that are measured and reported on a fair value basis.

Where available, fair value is based on observable market prices or is derived from such prices. In instances where valuation models are applied, inputs are correlated to a market value, combinations of market values or the Company's proprietary data. The Company primarily uses the market approach.

Market Approach
The market approach uses prices and other pertinent information generated from market transactions involving identical or comparable assets or liabilities. Valuation techniques consistent with the market approach often use market multiples derived from a set of comparables or may include matrix pricing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Approach

The income approach uses valuation techniques to convert future values e.g. cash flows, or earnings to a single discounted present amount. The measurement is based on the value indicated by current market expectations about those future amounts. Those valuation techniques include present value computations, option pricing models and a binomial model.

In following these approaches, the types of factors the Company may take into account in estimating fair value include available current market data, including relevant and applicable market quotes, yields and multiples, quotations received from counterparties, brokers or dealers when considered reliable, subsequent rounds of financing, recapitalizations and other recent transactions in the same or similar instruments, restrictions on disposition, the entity's current or projected earnings and discounted cash flows, the market in which the entity does business, comparisons of financial ratios of peer companies that are public, merger and acquisition comparable and the principal market and enterprise values, among other factors. Based on these approaches, the Company will use certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable firm inputs. The Company aims to use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Company uses valuation techniques it believes are most appropriate to estimate the fair value of its portfolio investments; however, considerable judgment is required in interpreting market data to develop the estimates of fair value. There are inherent limitations in any estimation technique.

For investments in publicly held securities that trade on exchanges, the Company generally uses the market approach, except when circumstances, in the estimation of the Company, warrant consideration of other data such as current market prices for similar securities in cases where current market data is not available or unreliable.

Many of the stocks and warrants held are in small cap companies and are highly volatile with thinly traded daily volumes. Sudden sharp declines in the market value of such securities can result in very illiquid markets. Management and the directors have taken all of these factors into account, including the fact that some securities it holds are currently restricted as to sale, in arriving at their best estimate of the fair value of the securities.

The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current market exchange and there can be no assurance that the fair values for these investments will be fully realizable upon their ultimate disposition or reflective of future fair values. Because of the inherent uncertainty of valuation, the estimated fair values of certain privately held investments may differ significantly from values that would have been used had an observable market for the privately held investment existed, and the differences could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Approach (Cont'd)

Based on the inputs used in the valuation techniques described above, financial instruments are categorized according to the fair value hierarchy prescribed by ASC 820. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets carried at fair value are classified and disclosed in one of the following three categories:

- Level 1 - Observable inputs that reflect quoted market prices are available in active markets for identical assets or liabilities as of the reporting date. The types of investments in Level 1 include listed equities and monetary gold.

- Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. Investments in this category include less liquid and restricted equity securities and securities in markets for which there are few transactions (inactive markets).

- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs. Investments in this category include investments in private companies.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the assignment of the asset within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset.

When determination is made to classify a financial instrument within Level 3, the determination is based upon the lack of significance of the observable parameters to the overall fair value measurement. However, the fair value determination for Level 3 financial instruments may include observable components.

New Accounting Standards – Newly adopted Accounting standards in 2023

Measurement of Credit Losses on Financial Instruments

ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments, was issued in June 2017 and the amendments in this update require entities to use an expected credit loss methodology and to consider a broader range of reasonable and supportable information to inform credit loss estimates. This update is effective for annual reporting periods beginning after December 15, 2022 and is to be applied on a modified retrospective basis. The adoption of this standard did not have a material impact on the Company.

(expressed in U.S. Dollars)

3. SECURITIES OWNED AND FAIR VALUE MEASUREMENTS

The following are the Company's major categories of assets measured at fair value on a recurring basis at December 31, 2023 and 2022, categorized by the ASC 820 fair value hierarchy:

	Fair Value Measurements at December 31, 2023			
Description	Level 1	Level 2	Level 3	Total
Assets:				
Equity Securities:				
Mining	$ -	$ 373,400	$ -	$ 373,400
Energy	-	-	107,850	107,850
Media	-	-	1,213,305	1,213,305
Technology	-	-	2,081,436	2,081,436
Property	-	-	200,000	200,000
Insurance	610,989	1,407	-	612,396
Commodities	-	-	500,000	500,000
Film Processing	-	-	120,232	120,232
Industrial	-	-	75,000	75,000
Food Retail	-	3,140	-	3,140
Aviation	-	-	262,600	262,600
Wholesale	-	-	47,705	47,705
Infrastructure	-	303,480	-	303,480
Other	3,831	36,317	41,590	81,738
Total Equity Securities	614,820	717,744	4,649,718	5,982,282
Commodities:				
Gold	313,485	-	-	313,485
Total Assets	$ 928,305	$ 717,744	$ 4,649,718	$ 6,295,767
Liabilities:				
Gold	$ 6,349	$ -	$ -	$ 6,349
Other	54	-	-	54
Total Liabilities	$ 6,403	$ -	$ -	$ 6,403

(expressed in U.S. Dollars)

3. SECURITIES OWNED AND FAIR VALUE MEASUREMENTS (Cont'd)

	Fair Value Measurements at December 31, 2022			
Description	Level 1	Level 2	Level 3	Total
Assets:				
Equity Securities:				
Mining	$ 33	$ 380,962	$ -	$ 380,995
Energy	-	-	153,850	153,850
Media	-	-	1,383,792	1,383,792
Technology	-	728,187	1,099,400	1,827,587
Financial	1,193,794	-	-	1,193,794
Insurance	525,862	1,407	-	527,269
Bio Tech	-	-	75,000	75,000
Food Retail	-	84	-	84
Aviation	-	-	125,400	125,400
Infrastructure	-	291,600	-	291,600
Other	4,388	27,575	-	31,963
Total Equity Securities	1,724,077	1,429,815	2,837,442	5,991,334
Commodities:				
Gold	1,002,655	-	-	1,002,655
Total Assets	$ 2,726,732	$ 1,429,815	$ 2,837,442	$ 6,993,989
Liabilities:				
Gold	$ 30,497	$ -	$ -	$ 30,497
Total Liabilities	$ 30,497	$ -	$ -	$ 30,497

The following is a reconciliation of the beginning and ending balances for the Company's assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended December 31, 2023 and 2022:

	2023	2022
Assets:		
Balance, January 1	$ 2,837,442	$ 2,770,758
Purchases	1,170,237	283,720
Sales	-	-
Net change in realized gains	-	-
Net change in unrealized (losses)/gains	642,039	(217,036)
Balance, December 31	$ 4,649,718	$ 2,837,442
Change in unrealized (losses)/gains relating to Investments still held at December 31	$ 642,039	$ (217,036)

3. SECURITIES OWNED AND FAIR VALUE MEASUREMENTS (Cont'd)

The Company has obtained an independent valuation to estimate the fair value of one (2022: one) investment in a publicly held security. For purposes of valuing privately held securities, fair value is defined as the amount at which a minority common stock interest in a privately held enterprise could be bought or sold in a current transaction between unrelated willing parties, that is, other than in a forced or liquidation sale. The methodology used in determining fair value uses a variety of factors giving each factor a weighting. When evidence supports a change to the carrying value from the transaction price, adjustments will be made to reflect expected exit values in the investment's principal market under current market conditions.

The media company's valuation is determined by a combination of a single period capitalization method for the property rental segment of the business, transactions in own securities and a net asset value method for the remainder of the business.

The fair value of the remaining Level 3 investments are based on unobservable inputs that are not developed by management, such as investments for which fair value is determined by recent, pending or expected transactions or third-party pricing information without adjustment.

Ongoing reviews are conducted by the Company's management on all privately held securities based on an assessment of the underlying investments from the inception date through the most recent valuation date.

Derivatives

As of December 31, 2023, the Company was short 16 derivative futures contracts (2022 – short 10 contracts) consisting of 16 short gold micro futures (2022 – 5 regular contracts and 5 micro futures) which would have been used as hedges against quantities of physical gold held in inventory by the Company. These derivatives are traded on recognized commodity exchanges and the Company executes the trades through a broker on a net margin basis, each micro contract represents 10 fine troy ounces of gold and each regular contract represents 100 fine troy ounces of gold. As of December 31, 2023, the underlying notional value of the short contracts was $331,488 (2022 - $1,004,410) compared to a cost of $325,139 (2022 - $973,913) resulting in an unrealized loss of $6,349 (2022 - $30,497). Because the contracts are executed on a net margin basis, the Company recorded only the unrealized gain/loss in the financial statements.

(expressed in U.S. Dollars)

3. SECURITIES OWNED AND FAIR VALUE MEASUREMENTS (Cont'd)

At December 31, 2023, the volume of the Company's derivative activities based on their notional amounts and number of contracts, categorized by primary underlying risk, are as follows:

Primary Underlying Risk Commodities	Underlying Contract Size	Number of Contracts
Short Gold Micro Futures	10 ounces of Fine Troy Gold	175
Gold Futures	100 ounces of fine Troy Gold	25
Japanese 10Yr Govt Bond Futures	1,000,000 Contracts	20

During the year ended December 31, 2023, the Company recorded gains/(losses) of $214,880 (2022 – $(257,330)) from a combination of derivative trading and hedging its physical gold held for resale to customers.

4. EQUITY INVESTMENT IN AFFILIATE

	2023	2022
Affiliate	$ 1,760,831	$ 1,685,263

The Company owns 138,550 (38.27% (2022 - 138,550 (38.27%)) ordinary shares of an affiliate, which is accounted for under the equity method.

The affiliate provides management services through its wholly owned subsidiaries. The Company's share of the net income of this company for the year ended December 31, 2023 was $248,755 (2022 – $262,909). The Company received a dividend in 2023 of $173,187 (2022 - $207,825) which was recorded as a reduction in the carrying value of the investment on the consolidated balance sheet.

(expressed in U.S. Dollars)

4. EQUITY INVESTMENT IN AFFILIATE (Cont'd)

Components of net change in investments recorded under the equity method:

	2023	2022
Opening balance, January 1	$ 1,685,263	$ 1,507,795
Shares purchased	-	122,384
Net income	248,755	262,909
Dividends received	(173,187)	(207,825)
Net change	75,568	177,468
Closing balance, December 31	$ 1,760,831	$ 1,685,263

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

2023	Cost	Accumulated Depreciation	Net Carrying Value
Buildings	$ 10,470,898	$ (5,477,863)	$ 4,993,035
Freehold land	2,008,192	-	2,008,192
Computer hardware and software	1,391,128	(1,271,065)	120,063
Fixtures and fittings	463,071	(250,870)	212,201
Leasehold improvements	2,574,528	(291,049)	2,283,479
Equipment	415,307	(331,015)	84,292
	$ 17,323,124	$ (7,621,862)	$ 9,701,262

2022	Cost	Accumulated Depreciation	Net Carrying Value
Buildings	$ 10,470,898	$ (5,216,102)	$ 5,254,796
Freehold land	2,008,192	-	2,008,192
Computer hardware and software	1,340,344	(1,206,849)	133,495
Fixtures and fittings	416,720	(183,038)	233,682
Leasehold improvements	2,349,625	(190,590)	2,159,035
Equipment	365,519	(288,488)	77,031
	$ 16,951,298	$ (7,085,067)	$ 9,866,231

6. SHARE CAPITAL AND ADDITIONAL PAID-IN CAPITAL

The Board of Directors authorized the Company in 2023 to purchase up to 500,000 of its own shares from existing shareholders at no fixed price per share and that the shares repurchased be retired. Such repurchase is subject to appropriate market conditions and repurchases will only be made in the best interest of the Company. During the year, the Company repurchased 110,000 (2022 – 110,000) shares in the open market at an average price of $5.17 (2022 - $5.21) per share, for cash. These shares were immediately retired upon repurchase.

7. ASSETS UNDER ADMINISTRATION

Cash, securities and properties held in the Company's role as custodian for customers are not included in the consolidated balance sheet as they are not the property of the Company. The Company is licensed by the Bermuda Monetary Authority under the Investment Business Act of 2003 and approved to hold client assets. The assets under administration include LOM's investments, the LOM Sponsored Funds and the clients' investments which are included in the LOM Sponsored Funds. The fair value of assets under administration as of December 31, 2023 is approximately $1.55 billion (2022 - $1.25 billion).

8. RELATED PARTY TRANSACTIONS

During the year, the Company earned broking fee revenue from accounts in which related parties have an interest of $364,842 (2022 - $602,355). The Company also paid interest of $32,189 (2022 - $22,652) and received interest of $948,753 (2022 - $550,175) from these same accounts.

During the year, the Company had transactions with shareholders who are also directors and employees of the Company. These transactions consisted of commission expenses of $2,904,161 (2022 - $3,790,292).

During the year, the Company earned rent and service charge income from related parties of $202,400 (2022 - $202,400). In addition, the Company also earned $171,698 (2022 - $171,699) for information technology services, accounting and administration services recorded in other income, of which $41,442 (2022 - $69,004) is still outstanding at year end. During the year, the Company paid $46,260 (2022 - $45,907) for corporate services, recorded in professional fees, provided by St Georges Services Limited. However, $9,595 (2022 – $9,595) of this amount, related to payments for annual government fees.

During the year, the Company earned management and performance fees of $3,349,321 (2022 - $3,214,691) from the LOM Sponsored Funds, of which $599,464 (2022 - $737,087) was included in accounts receivable at year end. The Company is also the custodian for the LOM Sponsored Funds and received a custodial fee, recorded in administrative and custody fees, of $89,991 (2022 -$76,279) for these services, of which $14,654 (2022 - $17,384) was included in accounts receivable at year end. The Company also earned director fees of $75,000 (2022 - $66,250) from the LOM Sponsored Funds, with the balance outstanding at year end.

9. OFF-BALANCE SHEET AND OTHER RISKS

In the normal course of trading, the Company is party to certain financial instruments with off-balance sheet risk, where the risk of potential loss due to changes in the market ("market risk") or failure of the other party to the transaction to perform (credit risk) exceeds the related amounts recorded. The Company attempts to manage these risks on an aggregate basis along with the risks associated with its investing activities as part of its overall risk management policies. Refer to Note 12 for client related off-balance sheet risks.

Credit Risk

The Company is potentially subject to credit risk associated with its cash and cash equivalents and securities owned. The Company's credit risk is equal to the replacement cost at the then-estimated fair value of the instrument, less recoveries. As the Company places its cash and cash equivalents and securities with major international and local financial institutions, management believes that the risk of incurring losses on these financial instruments is remote and that losses, if any, would not be material.

Liquidity Risk

The Company is potentially subject to liquidity risk on some of its non-marketable or illiquid securities owned. As a result, the Company may be unable to realize the full fair value of these securities since it may not be able to liquidate its positions in a timely manner.

Market Risk

The Company is subject to market risk on its securities owned. As a result of changes in market conditions, the values of these financial instruments will fluctuate.

Currency Risk

From time to time, the Company holds positions that are exposed to changes in foreign exchange rates (currency risk) whose gains or losses may exceed the related amounts recorded. The fair value may change based on the fluctuations in the value of these underlying currencies.

10. LEASES

The Company leases office space under operating leases for its operations. The net term of the leases at inception range between 2 to 5 years. Leases with an initial term of 12 months or less, which are immaterial to the Company, are recognized as lease payments in expenses, on a straight-line basis over the term of the lease. The Company also elected the package of practical expedients permitted within the new standard, which among other things, allows the Company to carry forward historical lease classification. In calculating the right-of-use assets and lease liability include the determination that the lease payments will be discounted using the implicit discount rate in the lease. If the implicit discount rate for the lease cannot be readily determined, the Company has used the risk-free rate determined using a period comparable with that of the lease term.

(expressed in U.S. Dollars)

10. LEASES (cont'd)

Activity related to the Company's leases for the year ended December 31, 2023 is as follows:

	Year ended December 31, 2023
Operating lease cost	$ 177,676
Weighted-Average remaining lease term	3.43
Weighted-Average Discount Rate	3.3803%

The following table presents the undiscounted maturity of lease liabilities as of December 31, 2023:

2024	123,777
2025	65,538
2026	67,504
2027	63,576
Total future lease payments	320,395
Less discount rate	(47,229)
Lease liability	$ 273,166

At December 31, 2022, the undiscounted maturity of lease liabilities were as follows:

2023	$ 163,233
2024	120,598
2025	65,538
2026	67,504
2027	63,576
Total future lease payments	480,449
Less discount rate	(62,594)
Lease liability	$ 417,855

Operating lease rent expenses (including real estate taxes and maintenance costs) were $159,628 for the year ended December 31, 2023.

(expressed in U.S. Dollars)

10. LEASES (cont'd)

Lessor

The Company's real estate assets are leased to tenants under operating leases for which the terms, expirations and extension options vary. The Company's operating leases do not convey to the lessee the right to purchase the underlying asset upon expiration of the lease period. To determine whether a contract contains a lease, the Company reviews contracts to determine if the agreement conveys the right to control the use of an asset. The Company adopted ASC 842, using the optional alternative transition method and used the effective date as the date of initial application. Consequently, financial information was not updated and the disclosures required under the new standard are not provided for dates and periods before January 1, 2023. The Company elected the "package of practical expedients," which permits the Company to not reassess under the new standard prior conclusions about lease identification, lease classification and initial direct costs. The Company elected to apply the practical expedient for all of the Company's leases to account for the lease and non-lease components as a single, combined operating lease component under ASC 842. Non-lease components primarily consist of maintenance services, including common area maintenance (CAM) and utilities paid for by the lessor but consumed by the lessee.

As of December 31, 2023, the leases had a weighted-average remaining term of 1.5 years. Certain leases include provisions to extend the lease agreement

As of December 31, 2023, the future minimum rental income from the Company's real estate assets under non-cancelable operating leases, assuming no exercise of renewal options for the succeeding five fiscal years and thereafter, was as follows:

Year Ending December 31,	Future Minimum Rental Income
2024	$ 410,025
2025	$ 255,525

11. INCOME TAXES

The Company accounts for income taxes in accordance with ASC 740 "Income Taxes" ("ASC 740"). ASC 740 clarifies the accounting for uncertainty in income taxes recognized in financial statements and requires the impact of a tax position to be recognized in the financial statements if that position is more likely than not of being sustained by the taxing authority. ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company is not subject to, and does not anticipate becoming subject to, income taxes in any jurisdiction in which it currently operates, other than in the United Kingdom and the Philippines. LOM (UK) Limited and Global Admin Inc. are subject to income taxes. The Company has assessed and concluded that, no uncertain tax positions were required to be recorded, and the Company has not recognized any penalties, interest or any tax effect related to uncertain tax positions.

(expressed in U.S. Dollars)

11. INCOME TAXES (cont'd)

A reconciliation of the statutory income tax rates applied to the Company's net income from LOM (UK) Limited and Global Admin Inc for the years ended December 31, 2023 and 2022 is as follows:

Provision for income taxes consist of the following:

	2023	2022
Income tax benefit for foreign operations at statutory rate in effect of 23.52% (2022: 19% - 25%)	$ 64,906	$ 40,167
Non-deductible expenses	1,677	1,599
Capital allowance in excess of depreciation	-	(23,722)
Unutilized tax losses carried forward	4,811	(4,655)
Deferred tax movement	(1,915)	32,537
Current tax charge/(credit) for the year	$ 69,479	$ 45,926

Tax losses of $Nil (2022: $Nil) are available to carry forward to offset against future profits. The standard rate of tax applied to the reported result on ordinary activities of the companies range from 19% - 25% (2022: 19% - 25%).

12. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET RISK

Client Activities

In the normal course of business, the Company's client activities include execution, settlement, and financing of various client securities and commodities transactions. These activities may expose the Company to off-balance sheet risk in the event the client is unable to fulfill its contractual obligations and the Company has to sell the financial instrument underlying the contract at a loss. The Company attempts to mitigate this risk by adhering to strict policies requiring client acceptance procedures prior to the execution of any transactions.

The Company's client securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to the client collateralized by cash and securities in the client's account. The Company seeks to control the risks associated with its client activities by requiring clients to maintain margin collateral in compliance with various regulatory, exchange, and internal guidelines. The Company monitors required margin levels daily and, pursuant to such guidelines, requires the clients to deposit additional collateral or reduce positions when necessary.

Such transactions may expose the Company to significant off-balance sheet risk in the event the margin is not sufficient to fully cover losses which clients may incur.

12. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET RISK (Cont'd)

In the event the client fails to satisfy its obligations, the Company may be required to purchase or sell the collateral at prevailing market prices in order to fulfill the client's obligations. The Company records client transactions on a transaction date basis, which is generally the day of the trade. The Company is therefore exposed to risk of loss on these transactions in the event of the client's or broker's inability to meet the terms of their contracts in which case the Company may have to purchase or sell financial instruments at prevailing market prices.

Counterparty Risk

In the event counterparties to the transactions do not fulfill their obligations, the Company may be exposed to significant credit risk to the extent such obligations are unsecured. The Company's policy is to monitor its market exposure and counterparty risk through the use of a variety of credit exposure reporting and control procedures.

Legal Proceedings

From time to time, the Company is involved in various legal proceedings, including arbitration proceedings, and/or regulatory inquiries that arise in the normal course of business. These matters generally relate to specific client accounts and/or transactions and may include requests for information on or from officers of the Company. In the opinion of management, the aggregate amount of any potential liability arising from such matters is not expected to have a material effect on the Company's financial position or results of operations. Management is unaware of any outstanding legal claims.

Regulatory Restrictions

The Company's business operations are strictly regulated under the laws of Bermuda and Bahamas, and other jurisdictions that the Company operates and has business relationships. Compliance with many of the regulations applicable to the Company involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation. In the event of non-compliance with an applicable regulation, securities regulators may institute administrative or judicial proceedings that may result in censure, fines, civil penalties, issuance of cease-and-desist orders, deregistration or suspension of the non-compliant company. It could even lead to the suspension or disqualification of the Company officers or employees, or other adverse consequences. The imposition of such penalties or orders on the Company could in turn have a material adverse effect on the Company's operating results and financial condition.

12. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET RISK (Cont'd)

Minimum Regulatory Capital

Certain subsidiaries of the Company are required to maintain a regulatory capital amount to satisfy the domiciliary regulator. Those minimum amounts are as follows:

LOM Financial (Bermuda) Limited	$	250,000
LOM Asset Management Limited	$	250,000
Global Custody and Clearing Limited	$	250,000
LOM Financial (Bahamas) Limited	$	300,000

As of December 31, 2023 and 2022, the above subsidiaries met their minimum regulatory capital amount.

Futures Contracts

Futures contracts provide reduced counterparty risk to the Company since futures are exchange-traded; and the exchange's clearinghouse, as the counterparty to all exchange-traded futures, guarantees the futures against default. For futures contracts where the Company takes a short position, a gain, limited to the original fair value of the contract, or a loss, unlimited in size, will be recognized upon the termination of the futures contract. Short futures contracts represent obligations of the Company to deliver specified securities or commodities at contracted prices and thereby create a liability to repurchase the securities or commodity in the market at prevailing prices. Accordingly, these transactions involve, to varying degrees, elements of market risk, as the Company's ultimate obligation to satisfy the sale of securities sold short may exceed the amount recognized in the statement of financial condition.

13. SEGMENT INFORMATION

The Company operates its business in segments which have been segregated based on products and services reflecting the way that management organizes the segments within the business for making operating decisions and assessing performance.

Measurement of Segment Income and Segment Assets

The Company evaluates each segment's performance based on its contribution to consolidated net income. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.

Factors Management Used to Identify the Company's Reportable Segment

Management monitors performance based on individual companies. The description of these companies is included in Note 1 to the consolidated financial statements. Intersegment revenue and expenses are allocated based on contractual terms that may not necessarily be at arm's length.

13. SEGMENT INFORMATION (cont'd)

Intersegment revenue relates to recharges between LOMFL's wholly-owned subsidiaries for information technology charges, administrative expenses and rent. These are charged at estimated current market prices. Revenues from segments below the quantitative thresholds for disclosure prescribed by U.S. GAAP are attributable to three operating segments and are aggregated and included in the other operating segment. These operating segments include LOM Corporate Finance Ltd., LOM (UK) Limited and Global Admin Inc.

(expressed in U.S. Dollars)

13. SEGMENT INFORMATION (Cont'd)

2023	LOM Financial (Bermuda) Limited (Bermuda)	LOM Financial (Bahamas) Limited (Bahamas)	LOM Asset Management Limited (Bermuda)	Global Custody Clearing Limited (Bermuda)	LOM Financial Limited (Bermuda)	LOM Properties Limited (Bermuda)	Other UK/ (Bermuda/ Philippines)	Eliminations	Total
Revenues from External customers	$ 4,597,375	$ 4,485,430	$ 4,133,993	$ 4,807,051	$ 55,282	$ 437,031	$ 826,493	$ -	$ 19,342,655
Intersegment revenue	1,618,162	139,984	-	2,713,272	-	701,469	1,115,302	(6,288,189)	-
Total revenue	$ 6,215,537	$ 4,625,414	$ 4,133,993	$ 7,520,323	$ 55,282	$ 1,138,500	$ 1,941,795	$ (6,288,189)	$ 19,342,655
Depreciation	$ 13,060	$ -	$ -	$ 30,966	$ -	$ 466,101	$ 33,043	$ -	$ 543,170
Operating expenses (incl. tax)	6,718,948	3,348,946	3,291,521	4,532,872	782,278	1,416,649	1,535,029	(6,288,189)	15,338,054
Segment (loss) income	(503,411)	1,276,469	842,472	2,987,451	(726,995)	(278,149)	406,764	-	4,004,601
Identifiable assets	1,483,536	1,322,447	1,770,145	6,596,770	35,220,438	9,785,236	4,382,915	(20,904,453)	39,657,034
Property and equipment	-	-	-	87,376	-	9,580,694	33,192	-	9,701,262
Capital expenditures	-	-	-	38,324	-	327,416	12,461	-	378,201

(expressed in U.S. Dollars)

13. SEGMENT INFORMATION (Cont'd)

2022	LOM Financial (Bermuda) Limited (Bermuda)	LOM Financial (Bahamas) Limited (Bahamas)	LOM Asset Management Limited (Bermuda)	Global Custody Clearing Limited (Bermuda)	LOM Financial Limited (Bermuda)	LOM Properties Limited (Bermuda)	Other UK/ (Bermuda/ Philippines)	Eliminations	Total
Revenues from External customers	$ 4,607,206	$ 6,720,390	$ 3,940,279	$ 2,551,155	$ 219,236	$ 446,767	$ (433,592)	$ -	$ 18,051,441
Intersegment revenue	1,498,227	184,451	-	3,255,472	-	642,495	1,267,227	(6,847,872)	-
Total revenue	$ 6,105,433	$ 6,904,841	$ 3,940,279	$ 5,806,627	$ 219,236	$ 1,089,262	$ 833,635	$ (6,847,872)	$ 18,051,441
Depreciation	$ 22,709	$ 542	$ -	$ 35,750	$ -	$ 340,439	$ 28,925	$ -	$ 428,365
Operating expenses (incl. tax)	6,518,944	4,615,907	3,119,711	5,372,960	670,087	1,258,492	1,459,261	(6,847,872)	16,167,490
Segment (loss) income	(413,511)	2,288,934	820,568	433,669	(450,851)	(169,230)	(625,628)	-	1,883,951
Identifiable assets	1,195,155	1,142,192	1,339,103	3,344,999	34,490,395	10,007,909	4,034,285	(19,247,193)	36,306,845
Property and equipment	13,060	-	-	80,018	-	9,719,378	53,775	-	9,866,231
Capital expenditures	-	-	-	-	-	1,577,523	35,317	-	1,612,840

(expressed in U.S. Dollars)

13. SEGMENT INFORMATION (Cont'd)

Geographic Split

2023	Bermuda	Bahamas	UK	Philippines	Total
Revenues from external customers	$ 14,340,240	$ 4,485,430	$ 359,790	$ 157,195	$ 19,342,655
Property and equipment	9,668,070	-	33,192	-	9,701,262

2022	Bermuda	Bahamas	UK	Philippines	Total
Revenues from external customers	$ 11,181,949	$ 6,720,390	$ (6,875)	$ 155,977	$ 18,051,441
Property and equipment	9,812,456	-	53,775	-	9,866,231

Geographic split is disclosed by location of business.

14. SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated subsequent events through April 24, 2024, which is the date these financial statements were available to be issued and determined that there were no material events that would require recognition or disclosure in the Company's consolidated financial statements through that date.