



28 April 2023

LMS CAPITAL PLC
First Quarter 2023 Update

LMS Capital plc (the "Company"), the listed Investment Company, provides the following update covering the three months ended 31 March 2023.

Financial Highlights

- Unaudited Net Asset Value ("NAV") at 31 March 2023 was £46.1 million (57.2p per share). This compares to £46.5 million (57.7p per share) at 31 December 2022;
- Overall portfolio net gains were £0.1 million. These comprise net underlying gains of £0.5 million (including accrued interest on Dacian) offset by unrealised foreign exchange losses of £0.4 million reflecting the weakening of the US Dollar compared to sterling in Q1; and
- Cash at 31 March 2023 was £17.5 million compared to £17.9 million at 31 December 2022.

Unaudited Net Asset Value at 31 March 2023

The 31 March 2023 NAV is summarised below:

	Unaudited	Audited
	31 March 2023	31 December 2022
	£ 000s	
<i>Mature Investment Portfolio</i>		
Quoted Investments	144	160
Unquoted Investments	6,701	6,626
Funds	13,526	14,033
	20,371	20,819
<i>New Investment Portfolio</i>		
Dacian	10,280	10,145
	10,280	10,145
Total Investments	30,651	30,964
Cash	17,490	17,906

Other Net Assets/Liabilities	(1,995)	(2,329)
Net Asset Value	46,146	46,541

The NAV at the end of March is based on the valuation of the Company's investments as at 31 December 2022, adjusted for transactions in the three months ended 31 March 2023, price movements on quoted securities, movements in foreign currency exchange rates, cash calls and distributions from funds, and the latest information available from third party fund managers.

The £0.4 million decrease in NAV during the first quarter is comprised of the following:

- Net underlying gains of £0.5 million on the investment portfolio;
- £0.4 million of portfolio unrealised foreign exchange losses from the strengthening of sterling against the U.S. Dollar;
- £0.1 million of non-portfolio unrealised foreign exchange losses;
- £0.5 million of running costs and £0.1 million of investment related costs; and
- £0.2 million on bank interest and other income receivable.

Portfolio Net Underlying Gains - £0.5 million

Quoted Investments

The Company's quoted investment valuations remained flat during the first quarter.

Unquoted Investments

The Company's unquoted investments include our direct holdings in Dacian Petroleum, Medhost, Elateral and a convertible debt instrument with IDE Group Holdings. ICU Eyewear, the final asset managed by San Francisco Equity Partners was disposed of during the period resulting in a realised gain of £0.1 million.

Unrealised gains on the unquoted portfolio were £0.4 million during the first quarter all resulting from Medhost.

Dacian Petroleum had £0.3 million in investment accrued interest income during the first quarter.

Funds

The Company's fund investments include its holding in Brockton Capital Fund I, Opus CapitaVenture Partners, Weber Capital Partners and five other smaller fund interests.

Fund unrealised net losses were £0.3 million. The principal movements were:

- Opus Capital Venture Partners - Unrealised loss of £0.8 million, driven by a reduction in the fund manager's valuation of the Fund's two principal remaining investments, primarily reflecting movements in comparable market indices;
- Brockton Capital Fund 1 - Unrealised gain of £0.3 million, reflecting the unwinding of the discount rate as the investment is valued on a discounted cash flow basis;
- Weber Capital Partners - Unrealised gain of £0.1 million due to the performance in the U.S. microcap equities held in the fund; and
- Other unrealised gains on funds of £0.1 million.

The carrying value of the funds is based on the latest available information from the respective fund managers, generally the 31 December 2022 fund valuation reports except for Weber Capital Partners, which is based on 31 March 2023 valuations.

Liquidity and Outlook

Portfolio realisations were £0.3 million during the period.

Cash balances were £17.5 million at 31 March 2023.

As laid out in our Annual Report, our 2023 priorities are:

- to bring to fruition the work that has been undertaken, particularly with our real estate teams, to deploy new capital from our own balance sheet in conjunction with our co-investors;
- to support the Dacian team as it enters its second year of operation with an emphasis on its workover program to increase production; and
- to continue to manage the mature asset portfolio to optimise realisation proceeds

For further information please contact:

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