



30 October 2023

**LMS CAPITAL PLC**  
**Third Quarter 2023 Update**

LMS Capital plc (the "Company") the listed Investment Company, provides the following update covering the period from 30 June 2023 to date.

**Financial Highlights**

- Unaudited Net Asset Value ("NAV") at 30 September 2023 was £42.7 million (52.9p per share). This compares to £44.6 million (55.2p per share) at 30 June 2023, a decrease in the quarter of 3.8% after adjusting for dividends paid;
- Interim dividend of £0.2 million (0.3p per share) paid in September 2023; and
- Cash at 30 September 2023 was £16.0 million (19.9p per share) compared to £16.5 million (20.4p per share) at 30 June 2023.

**Unaudited Net Asset Value at 30 September 2023**

The 30 September 2023 NAV is summarised below:

	Unaudited 30 September 2023	Unaudited 30 June 2023
	£ 000s	
<b>Mature Investment Portfolio</b>		
Quoted Investments	128	161
Unquoted Investments	6,357	6,668
Funds	11,976	13,663
	<b>18,461</b>	<b>20,492</b>
<b>New Investment Portfolio</b>		
Dacian	10,061	9,660
	<b>10,061</b>	<b>9,660</b>
<b>Total Investments</b>	<b>28,522</b>	<b>30,152</b>
Cash	16,038	16,500
Other Net Assets/Liabilities	(1,892)	(2,070)
<b>Net Asset Value</b>	<b>42,668</b>	<b>44,582</b>

The NAV at the end of September is based on the valuation of the Company's investments as at 30 June 2023, adjusted for transactions in the three months ended 30 September 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 £1.9 million decrease in NAV during the third quarter comprises:

- dividend payments of £0.2 million;
- net income and fair value adjustments on the investment portfolio result in an overall valuation decrease of £1.4 million in the investment portfolio:
  - net decreases in underlying investment values of £2.4 million on the mature asset portfolio;
  - offset by net increase of £1.0 million from foreign exchange gains from the strengthening of the US Dollar against sterling of which £0.6 million relates to the mature portfolio and £0.4 million to the investment in Dacian; and
  - no net underlying increase or decrease in the value of Dacian. The production difficulties experienced at Dacian earlier in the year and referenced in the half year report, have been overcome and Dacian management expect production levels to increase;
- bank interest of £0.2 million; and

- carrying interest on 2012 financing, and:

- running costs of £0.4 million, and investment related costs of £0.1 million principally associated with developing real estate deal opportunities.

### **Portfolio Net Underlying Losses**

The principal portfolio investments are summarised in Note 1 below.

### **Quoted Investments**

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

### **Unquoted Investments**

The Company's unquoted investments include our direct holdings in Dacian Petroleum, Medhost and Elateral. The convertible debt instrument with Tiallis Essential IT plc was redeemed at book value during the quarter realising proceeds of £0.1 million.

Unrealised losses on the unquoted portfolio were £0.5 million during the third quarter and all arose in relation to Medhost, reflecting movements in comparable public company valuations.

### **Funds**

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

Fund unrealised net losses were £1.9 million during the period. The principal movements were:

- Brockton Capital Fund 1 - Unrealised loss of £1.5 million, reflecting a potentially extended sales programme in the current market;
- Weber Capital Partners - Unrealised loss of £0.4 million due to the performance in the U.S. microcap equities held in the fund; and
- other fund investments remained flat during the third quarter.

The carrying value of the funds is based on the latest available information from the respective fund managers, generally the 30 June 2023 fund valuation reports except for Weber Capital Partners, which is based on 30 September 2023 valuations.

### **Liquidity and Outlook**

Portfolio realisations were £0.1 million during the period. Cash balances were £16.0 million at 30 September 2023.

The Board remains cognisant of its responsibility to demonstrate positive progress and to create value for shareholders through delivery in its core areas, namely:

- bringing to fruition the work that has been undertaken, particularly on real estate, to deploy new capital from the Company's balance sheet in conjunction with co-investors;
- to support the Dacian team, with an emphasis on restarting its workover programme, following the interruptions to production earlier in the year; and
- continuing to manage the mature asset portfolio to optimise realisation proceeds.

The information contained in this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon publication of this announcement, this inside information is now considered to be in the public domain.

### **For further information please contact:**

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### **Note 1 - Portfolio Overview**

The following are the principal portfolio investments of the Company, representing 97.1% of the total portfolio value:

#### **Principal unquoted investments**

##### **Dacian Petroleum**

REGION: EU | YEAR: 2021 | % Holding 32% | NAV £10.1 million (31 December 2022: £10.1 million)

Dacian is a Romanian oil and natural gas production company which completed its first acquisition in 2021. It operates approximately 100 producing wells across 40 onshore oil and gas fields in Romania. These are late-life assets, and the business plan is to prolong the life of this established industrial infrastructure through careful management and investment in a program of work-over projects designed to increase production.

##### **Medhost**

REGION: US | YEAR: 2008 | % Holding 8.8% | NAV £5.7 million (31 December 2022: £5.7 million)

Medhost, a co-investment with funds of Primus Capital, is a healthcare information technology group that provides cloud-based enterprise, departmental and healthcare engagement solutions to over 1,000 community and specialty hospitals. Its products include cloud-based clinical, financial and operational solutions as well as maintenance, support and consulting services.

##### **Elateral**

REGION: UK | YEAR: 2008 | % Holding 62.5% | NAV £0.6 million (31 December 2022: £0.6 million)

Elateral operates in the digital marketing sector and has developed cloud-based software which allows corporate

marketing materials to be distributed to local marketing teams to enable content to be tailored whilst protecting brand identity. Elateral targets both SME's and large international companies and has a strong list of global corporate customers.

***Principal funds***

**Brockton Capital Fund I**

REGION: UK | YEAR: 2008 | NAV £4.9 million (31 December 2022: £6.0 million)

Brockton is a UK real estate fund with one remaining investment in a super prime London residential development. The Company's investment represents its share of preferred debt investments via the Brockton fund.

**Opus Capital Venture Partners**

REGION: UK | YEAR: 2008 | NAV £4.4 million (31 December 2022: £5.3 million)

Opus is a US fund that invests in early-stage technology opportunities with two principal assets remaining.

**Weber Capital Partners**

REGION: US | YEAR: 2008 | NAV £2.0 million (31 December 2022: £2.0 million)

Weber Capital GW 2001 is a fund that invests in listed U.S. microcap stocks, primarily in the technology and medical sectors.

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