

19 February 2024

B.P. Marsh & Partners Plc
("B.P. Marsh", the "Company" or the "Group")

Trading Update

The Directors of B.P. Marsh & Partners Plc (AIM: BPM), the specialist venture capital investor in early stage financial services businesses, are pleased to provide the market with an update on trading for the Group's year to 31 January 2024.

Highlights

- Three disposals of investments were agreed during the year for an aggregate upfront cash consideration of £93.3m
- Three new investments during the year were made - Ai Marine Risk Limited, Pantheon Specialty Limited and Verve Risk Services Limited
- Group funds stood at £40.5m at 31 January 2024 compared to £12.1m at 31 January 2023
- Agreed distribution of £6m in dividends over the next three years which is a considerable increase on previous dividend policies
- The Group currently has a robust pipeline of potential new investments
- The Group is debt free

The Group remains positive regarding its ongoing performance and will be releasing its Annual Results for the year to 31 January 2024 on 11 June 2024.

Net Asset Value

One of the Group's key financial objectives is the delivery of long-term growth in Net Asset Value. The Group increased its Net Asset Value from £190m to £204m in the six months ended 31 July 2023.

Dividend and Share Buy-Back

Dividend

During the year to 31 January 2024 the Company distributed £2m in dividends to shareholders, including a special dividend in November 2023, following the receipt of funds from the sale of its stake in Kentro Capital Limited.

As previously announced, the Company will pay an Interim dividend of 2.68p per ordinary share, or £1m in the aggregate, on 18 March 2024 to all shareholders on the Register as at 16 February 2024.

The Group also intends to pay a further dividend of £1m as a Final Dividend in July 2024 subject to shareholder approval.

On 23 January 2024 the Company announced its future intention to double its annual dividend payments to £4m per year for the financial years ending 31 January 2024, 2025 and 2026. These distributions will be payable in the immediately subsequent years and remain subject to the anticipated completion of the Sale of Paladin Holdings Limited.

The Directors believe that this dividend policy strikes the right balance between rewarding shareholders for the recent disposals within the portfolio, whilst also retaining an appropriate amount of cash to support the existing portfolio and for making new investments.

Share Buy-Backs

In accordance with the terms of the share buy-back policy first announced on 16 January 2023 and updated throughout the year, the Company carried out a successful share buy-back programme during 2023. In total, the Group acquired approximately £1m of shares from the market, at a significant discount to the Net Asset Value. This has been a useful means of providing additional shareholder returns and increasing liquidity in the trading of the Company's shares.

Since the Group commenced its buy-back policy in 2012, the Group has acquired 601,660 shares in the Company for a total cost of £1.6m, at an average price of £2.66p per share. This represents a discount of 53% to the Company's Net Asset Value as at 31 July 2023.

Further to the Company's Use of Proceeds of Sale and Strategy Confirmation announcement in June 2023, the Board confirms its intention to allocate further funds of up to £6.0m to an ongoing Share Buy-Back programme. Following discussions with our advisers and feedback from material shareholders, and considering general market sentiment, the Board does not believe that conducting a large scale return of capital transaction such as a Tender Offer to be the best route forward for the Company at this time. As such, when it is possible to do so, the Company will continue to undertake on-market buy backs to return further capital to shareholders.

Summary

Since the commencement of the Group's Dividend and Share Buy-Back policies, £12.8m has been paid out in dividends and a further £1.6m has been returned through share buy-backs. The total capital returned to date, through dividends and share buy-

backs, therefore represents approximately 54% of the total capital raised by the Company since flotation in 2006.

Disposals

Paladin Holdings Limited ("Paladin") / CBC UK Limited ("CBC")

In December 2023, the Group agreed to sell its shareholding in Paladin, the parent company of CBC, the London-based Insurance Broker, to Specialist Risk Group Limited subject to regulatory approval.

Upon completion, the Group expects to receive at least £41.8m in cash (net of all transaction costs) representing a 37% uplift on the Group's latest valuation of the investment as at 31 July 2023. Additionally the Group will receive repayment in full of its £5.9m loans to Paladin, resulting in an aggregate cash receipt of £47.7m.

The sale represents an expected Internal Rate of Return of 45% at completion.

LEBC Holdings Limited ("LEBC") / Aspira Corporate Solutions Limited ("Aspira")

In November 2023, the Group announced that LEBC, in which the Group has a 59.3% shareholding, had agreed to sell its wholly-owned subsidiary Aspira to Titan Wealth Holdings Limited ("Titan"), subject to regulatory approval.

LEBC will receive proceeds of sale over a three year earn-out period. The Group's expectation is that this will be at least in line with the Company's most recently published valuation of LEBC as at 31 July 2023, of £15.9m. Additionally, the Group expects to receive repayment in full of its outstanding loans with LEBC, a total of £3.3m.

This transaction will also allow LEBC to meet its obligations, as agreed with the Financial Conduct Authority, regarding historical defined benefit pension transfer advice.

Kentro Capital Limited ("Kentro")

In October 2023, the Group confirmed that the sale of its 18.38% stake in Kentro to Brown & Brown, Inc had completed, delivering sale proceeds of £51.5m.

This disposal produced an Internal Rate of Return of 23.66% (inclusive of all income and fees) and a money multiple on the Equity Investment of 3.41x.

B.P. Marsh originally invested in Kentro (then known as Nexus Underwriting Management Limited) in August 2014, with an initial equity investment of £1.5m for a 5% shareholding. During the Group's nine-year investment in Kentro, a further £13.6m of capital was provided, increasing the Group's shareholding to 18.7%, thereby becoming Kentro's largest single investor.

This capital, alongside bank financing, allowed Kentro to commence its acquisitive growth strategy, growing to a business that produces in excess of £500m of Gross Written Premium out of nine countries and employing over 350 staff.

The Group's original equity holding of 5% shows flexibility in our investment model, building our equity stake over time, and exemplifies our ability to identify and structure niche opportunities, assisting successful management teams to create long term value.

New Investments

During the Group's financial year to 31 January 2024, three new investments were completed.

The Group is confident that the three new investments as outlined below will deliver on their set goals, producing long term growth.

Ai Marine Risk Limited ("Ai Marine") - London - December 2023

A start-up Managing General Agency, which specialises in Marine Hull insurance and will underwrite a global portfolio of business.

The business was established by its co-founders, Tom Fulford-Smith and Charles D'Alton, who are experienced marine insurance specialists with a track record of delivering growth.

B.P. Marsh subscribed for a 30% shareholding, providing £1.6m of funding via a mixture of equity and a loan facility.

Since inception, Ai Marine has performed in line with the Group's expectations, writing business from day one.

Pantheon Specialty Limited ("Pantheon") - London - June 2023

A start-up insurance broker, led by Rob Downman, a recognised leading London Market broker, specialising in complex placements worldwide.

B.P. Marsh subscribed for a 25% stake in Pantheon and, since investment, the Group has provided Pantheon with a loan facility of £4m.

This provision, alongside Pantheon's strong performance to date, has allowed the business to make a number of key hires, continuing Pantheon's strategy to build a market leading independent specialist broker across multiple markets.

Verve Risk Services Limited ("Verve") - London - April 2023

A Managing General Agency, which specialises in Professional and Management Liability business for the insurance industry in the USA, Canada, Bermuda, Cayman Islands and Barbados.

Verve was established in 2016 by its founders Scott Simmons and Alan Lambert, both of whom have over 20 years' experience

Verve was established in 2010, by its founders Scott Simmons and Alan Lambert, both of whom have over 20 years' experience underwriting U.S Professional and Management liability insurance.

B.P. Marsh subscribed for a 35% shareholding through the provision of £1.0m of funding via a mixture of equity and a loan facility, which was drawn down in full upon completion as part of a management buy-out.

Since investment, Verve has performed well, and in line with our expectations for the 10 months following the involvement of B.P. Marsh.

Follow on Funding and Investments

XPT Group Limited ("XPT") - USA

In October 2023, the Group provided a further \$3.5m (£2.9m) of funding to XPT, subscribing to a new issue of Preferred shares. This further funding increased the Group's shareholding in XPT to 29.93% from 27.3%. The Group also provided a \$4m Term Loan in February 2023.

This further funding, alongside continued support from bank financing, has allowed XPT to continue to grow, both organically and via acquisitions.

As has been previously reported, XPT has made 15 business acquisitions since the Group invested in 2017. XPT now has offices in nearly 20 locations across 13 States, acting for insureds across all of the USA.

Over the course of the Group's last financial year, XPT made two acquisitions, Cal Inspection Bureau, a premier underwriting survey and audit business, and Craig and Leicht, a Texas-based wholesale agency. Both businesses have integrated successfully into XPT and have performed well since their acquisition.

XPT have also made a number of individual and team hires, which are outlined as follows:

- An experienced binding & brokerage team, based out of Philadelphia, to fuel XPT's expansion;
- A number of new property and casualty brokers, to bring about substantial growth across these business lines, including (but not limited to), commercial property, contractors, workers compensation, farm & ranches and the hospitality industry.

Overall, XPT Group continues to grow via its acquisition strategy, producer hires and underlying organic growth.

Other Investee Company Highlights

Lilley Plummer Risks Limited ("LPR") - London

LPR continues to perform well, due to both the growth of its underlying marine portfolio and diversification into different classes of business.

Throughout the Group's financial year, LPR made several strategic hires to support growth. Such hires have allowed LPR to enter the North American property and Accident & Health space, whilst also bolstering its existing marine broking operations.

These strategic hires are part of LPR's on-going strategy to build the business into a multi-line specialist insurance broker.

Aligned with this vision, LPR actively explores new opportunities in the market, whether through team hires or mergers and acquisitions, as part of its commitment to achieving accelerated growth. This expansion is not confined to its core marine offerings but extends into new diverse sectors of the insurance industry.

Stewart Specialty Risk Underwriting Ltd ("SSRU") - Canada

SSRU continues to deliver specialist insurance products to a wide array of clients in the Construction, Manufacturing, Onshore Energy, Public Entity and Transportation sectors.

Since its inception in 2017, SSRU has demonstrated robust growth and anticipates surpassing CA\$ 100m in Gross Written Premium in 2024.

This performance has been brought about by continuous organic growth across SSRU's highly profitable business lines. Growth has been further powered by expanded line sizes made possible through strengthened relationships with both existing and new capacity partners.

Recently, SSRU entered into a new partnership with the Sompo Japan Insurance Inc. (Canada Branch), introducing increased capacity within their Commercial Property and Residential Realty product offerings.

New Business

B.P. Marsh is well-known in the financial services sector in which it specialises, with a focus on Insurance Brokers and Managing General Agencies.

The Group continues to focus on deploying start-up/early stage capital to these types of investments. The Group is able to utilise its significant experience and expertise to support long term growth; an approach which has delivered meaningful shareholder returns since flotation in 2006.

As such, the Group continues to see a high number of potential new business opportunities, having received 71 new business enquiries in the year to 31 January 2024, increasing from 60 received enquiries in the preceding year. The Group currently has 11 potential opportunities actively under review to consider during the first half of 2024, all of which are in the insurance heartland upon which we focus.

Insurance Market Outlook

The ongoing consolidation trends in the Insurance Market show no indication of abating in 2024. Such activity remains a catalyst for substantial prospects for the Group, both in terms of new investments and activity within our core portfolio.

Both the Group and its portfolio companies continue to be approached by entrepreneurial individuals and teams who do not wish to be part of this consolidation process.

Liquidity and Loan Portfolio

Group funds were £40.5m as at 31 January 2024 increasing from £4.3m as at 31 July 2023.

Between 31 July 2023 and 31 January 2024, the Group made realisations of £52.3m of which £51.5m related to the sale of Kentro.

The Group's loan portfolio balance increased from £18m as at 31 July 2023 to £29m as at 31 January 2024.

During the six-month period to 31 January 2024 the Group provided aggregate new loans of £12.2m, of which:

- £5.7m was provided to the investment portfolio, including £4.0m to Pantheon, £0.8m to Paladin, £0.5m to Ai Marine and £0.3m to a wholly-owned subsidiary of LEBC Holdings Limited;
- £6.0m was provided to Alchemy Underwriting Limited in connection with the Group's agreed sale of its investment in Paladin; and
- £0.5m was provided to Brown & Brown (Europe) Holdco Limited as part of the Group's sale of its investment in Kentro.

The Group also received £1.1m in aggregate loan repayments since 31 July 2023.

The Group is debt free.

For further information:

B.P. Marsh & Partners Plc
Brian Marsh OBE

www.bpmarsh.co.uk
+44 (0)20 7233 3112

Nominated Adviser & Broker **Panmure Gordon**

Atholl Tweedie / Stephen Jones / Amrit Mahbubani / Ailsa MacMaster

+44 (0)20 7886 2500

Financial PR & Investor Relations

Tavistock
Simon Hudson / Tim Pearson / Katie Hopkins

bpmarsh@tavistock.co.uk
+44 (0)20 7920 3150

Notes to Editors:

B.P. Marsh's current portfolio contains fifteen companies. More detailed descriptions of the portfolio can be found at www.bpmarsh.co.uk.

Since formation over 30 years ago, the Company has assembled a management team with considerable experience both in the financial services sector and in managing private equity investments. Many of the directors have worked with each other in previous roles, and all have worked with each other for approaching ten years.

- Ends -

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