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**28 March 2025**

**LMS CAPITAL PLC**  
**Final Results for the Year Ended 31 December 2024**

The Board of LMS Capital plc ("LMS" or the "Company") is pleased to announce the Company's audited annual results for the year ended 31 December 2024.

**Financial Summary**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Net asset value	£36.2m	£42.1m
Cash available at year end	£13.5m	£15.5m
Portfolio losses	(£4.9m)	(£1.4m)
Net running costs	£1.7m	£1.8m
Net asset value per share (p)	44.8p	52.2p
Dividends paid per share (p)	0.925p	0.925p
Dividends declared/recommended by Board (p)	nil	0.925p

**2024 key points**

- Net Asset Value ("NAV") - £36.2 million  
The NAV at 31 December 2024 was £36.2 million, 44.8 pence per share (31 December 2023: £42.1 million, 52.2 pence per share).
- Dividends to Shareholders - £0.7 million, 0.925 pence per share  
The Company paid a 2023 final dividend to shareholders of 0.625 pence per share in June 2024 and an interim dividend for the 2024 year of 0.3 pence per share in September 2024.
- Portfolio Movements - £4.9 million reduction  
The portfolio net decrease comprises:
  - Unrealised foreign exchange gains £0.2 million;
  - Net fund distributions £0.8 million;
  - Other movements £0.6 million;
  - Unrealised losses:
    - Brockton - £2.5 million
    - Dacian - £2.1 million
    - Opus - £0.9 million
  - Offset by accrued interest of £1.0 million and net unrealised gains on other assets £0.8 million.
- Net Running Costs - £1.7 million  
Net running costs, including those incurred by subsidiaries, were £1.7 million (2023: £1.8 million) and there were an additional £0.8 million (2023: £1.0 million) of investment related costs.

- Portfolio Realisations - £1.5 million

The final instalment on Medhost was received by LMS Capital (Bermuda) Limited in December 2024 (£1.5 million).

- Year End Cash Balance - £13.5 million

Cash balances at the year end, including amounts held by subsidiaries, were £13.5 million, representing 37.4% of the NAV (2023: £15.5 million and representing 38.7% of the NAV). Cash held by the Company was £11.6 million (2023: 9.0 million).

**For further information please contact:**

**LMS Capital plc**

**Nick Friedlos, Managing Director**

0207 935 3555

**Chairman and Managing Director's Report**

We are pleased to report our results for the year ended 31 December 2024.

On 13 February 2025, the Board announced that, mindful of the challenges facing the Company in terms of its size, limited secondary market liquidity and the discount to NAV at which the ordinary shares have been trading, it had determined to carry out a strategic review of the Company's future direction and was intending to consult with shareholders.

On 13 March 2025 the Company announced that following engagement with key shareholders, the Board had reached the conclusion that shareholder value would be best served by a managed realisation of the Company's assets and returns of capital over time (the "Managed Realisation")

The Board intends to publish a shareholder circular towards the end of April 2025 to convene a General Meeting at which it will seek approval from shareholders to change the Company's investment policy to permit the Managed Realisation and any related matters required.

Turning to the results for the year ended 31 December 2024:

- The 31 December 2024 NAV was £36.2 million and compares with NAV at the prior year end, 31 December 2023 of £42.1 million. Adjusting for £0.7 million dividends paid during the year, the NAV has decreased by a net £5.2 million, 12.4% during the year.
- Cash at the year end was £13.5 million. (2023: £15.5 million).

The principal underlying portfolio changes on a full-year basis were:

- A decrease of £2.5 million in Brockton Fund 1, reflecting the decision reported at the half-year to write down to nil the carrying value of the investment following the appointment of receivers to the Fund's remaining development asset in January 2024;
- A decrease of £0.9 million in the valuation of the Opus Capital Venture Partners fund. This fund has two principal remaining investments, both of which the manager believes, subject to market conditions, have good prospects for realisation;
- A decrease in Dacian of £1.3 million. This includes £0.8 million reduction reported at the half-year stage following restructuring of Dacian's balance sheet and a further reduction of £0.5 million in the second half;
- An increase in Castle View of £0.5 million. An update on retirement living and Castle View is set out below.

Other full-year movements include:

- Full-year running costs £1.7 million. Cost saving measures during the year have reduced the annual run rate of costs to approximately £1.6 million by December 2024.
- Investment costs of £0.8 million include the costs of the individuals who are focussed entirely on the operation and development of the retirement living business, together with some transitional costs associated with Castle View and professional fees in connection with the Dacian restructuring in July 2024.
- Other net income of £0.8 million, including unrealised foreign exchange gains of £0.2 million on non-portfolio assets, principally US Dollar bank accounts and bank interest of £0.6 million.

**Financial results for the year ended 31 December 2024**

**Net Asset Value ("NAV") overview**

The NAV of the Company at 31 December 2024 was £36.2 million, 44.8 pence per share (31 December 2023: £42.1 million, 52.2 pence per share). The balance sheet at the year end can be summarised as follows:

	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
	£'m	£'m
<b>Mature Investment Portfolio</b> (Originate from the Company's strategy prior to 2012)		
Quoted investments	0.1	0.1
Unquoted investments	1.7	1.7
Funds	5.8	9.5
	7.6	11.3
<b>Other Investments</b>		
Energy - Dacian	9.3	11.0
Retirement Living - Castle View	6.6	6.1
	15.9	17.1
<b>Total Investments</b>	<b>23.5</b>	<b>28.4</b>
Cash and cash equivalents	13.5	15.5
Other net liabilities	(0.8)	(1.8)
<b>Net Assets</b>	<b>36.2</b>	<b>42.1</b>

Adjusting for £0.7 million dividends paid during the year, the NAV has decreased by a net £5.2 million, 12.4%, during the year, comprising:

- Unrealised foreign exchange gains on portfolio investments denominated in foreign currencies (mainly US Dollars) £0.2 million;
- Realised and unrealised underlying net losses on portfolio investments £3.7 million, comprising:
  - Castle View - £0.5 million gain;
  - Brockton Fund 1 - £2.5 million write down, reported at the half-year stage, following appointment of receivers at the Fund's remaining central London residential development;
  - Dacian - £1.3 net reduction of which £0.8 million was reported at the half-year stage following a reorganisation of the company's capital and a further £0.5 million in the second half of the year;
  - Opus Capital Fund V - £0.9 million reduction; and
  - Other net gains of £0.5 million.
- Running costs £1.7 million;
- Investment costs, relating to the development of the retirement living business and oversight of Dacian £0.8 million; and
- Interest income £0.8 million.

**Running Costs**

Running costs, net of Dacian fee income, for the year were £1.7 million. Based on cost saving measures implemented during the year the run rate for 2025 has been reduced to approximately £1.6 million. As part of the strategic review the Board will be looking to reduce costs further.

**Investment Costs**

Investment costs of £0.8 million include the costs of the individuals who are focussed entirely on the operation and development of the retirement living business, together with some transitional costs associated with Castle View and professional fees in connection with the Dacian restructuring in July 2024.

**Liquidity - Cash less other net liabilities**

*Cash*

Cash balances in the Company and its subsidiaries at 31 December 2024 were £13.5 million (31 December 2023: £15.5 million).

*Net liabilities*

Net liabilities in the Company and its subsidiaries of £0.8 million (31 December 2023: £1.8 million) consist primarily of deferred consideration payable on the Castle View acquisition, accruals for income taxes and other sundry costs.

## **Retirement Living**

### **Castle View**

LMS, though its wholly owned subsidiary LMS Retirement Living Limited, acquired its investment in Castle View Retirement Village ("Castle View") in December 2023 and has now completed its first full year of operation.

Castle View is a retirement development comprising 64 self-contained apartments close to Windsor town centre, together with communal facilities including 24 hour reception, lounges, bars, library and a restaurant facility.

Residents acquire their apartments, and the right to use the communal facilities, on 250-year leases and pay an annual service charge, which covers the day to day running of the scheme, plus a deferred fee on resale of an apartment. The deferred fee is designed to cover the costs of constructing the communal facilities, their ongoing maintenance and updating, and to provide a return on capital invested.

LMS acquired the freehold interest in Castle View, including 15 unsold apartments in December 2023 together with the operations and the right to receive the service charge fees and deferred fees in the future. The acquisition was made for £6.1 million from LMS (via its subsidiary) and £5.8 million of senior debt to be repaid from the proceeds of apartment sales.

Progress during the first year has been broadly as expected. Apartment sales were within the range of basic scenarios considered during the acquisition process, albeit at the lower end. During the year, sales of three apartments have been completed, and reservations have been taken on a further four, anticipated to complete in early 2025. As a result of the completed sales, debt has been reduced to £5.1 million.

The investment has been valued at the year end using a discounted cash flow model. The assumptions used are broadly consistent with those used to evaluate the acquisition and result in a small increase in carrying value.

### **Retirement Living Outlook**

The acquisition of Castle View Retirement Village in Windsor, shortly before the end of 2023, represented the first step in developing an investment platform focussed on retirement living.

Underlying demand in the sector is driven by demographics in the UK. The number of 75+ year old households is expected to increase by 77% in the 25 years to 2043. This older population owns more than 40% of housing equity which can be released to finance retirement options and also free up stock for the wider family housing market.

The market is undersupplied, with relatively few developers or operators of scale and an increasing interest from institutional capital. A recent sale and leaseback transaction in the sector was the first of its kind and provides a potential model for future transactions which allow an exit for investors.

The Board continues to see opportunity in the sector, particularly in the acquisition of existing stock which offers long-term value potential but also provides attractive income. Accordingly, the Board may seek co-investment into the Company's retirement living subsidiary which could add additional assets to create a retirement living platform and ultimately enhance value.

### **Dacian**

#### **Initial investment**

The Original Investor Group, which included and was led by LMS, invested in Dacian (a Romanian oil and natural gas production company) in 2020. LMS, through its wholly owned subsidiaries, invested 9.1 million as part of a 14.0 million financing by way of senior loan notes with a coupon of 14% per annum on a compounding basis (the "Senior Loan Notes"), and an equity subscription at nominal value giving the Company an equity stake of 32.3% in Dacian (the "Original Investment"). The Original Investor Group in total held 50% of the equity and the founding team (the "Founders") held 50%.

The Original Investor Group comprises the Company, certain third parties and three of the Company's directors, being Robert Rayne, James Wilson and Nicholas Friedlos, with the investment in 2020 having been made in accordance with the Company's published Co-Investment Policy.

Until 12 July 2024 the board of Dacian comprised two of the Company's Directors, Robert Rayne and Nicholas Friedlos, and three Dacian founder directors. Effective 12 July 2024, one of the founders resigned to be replaced by James Wilson, the

Chairman of LMS.

#### **Background to July 2024 restructure**

As previously reported, Dacian had experienced lower than expected production levels through 2023 and in the first half of 2024 revenues and operating cash flows were significantly below expectations.

During the second quarter of 2024 it became clear that Dacian would benefit from additional financing to ensure it had sufficient working capital and also to ensure that it was able to meet its obligations to external debt providers and under a recently imposed Romanian solidarity tax.

In addition, due to the value of the Senior Loan Notes, with accrued coupon, being 22.1 million at 30 June 2024, Dacian's capital structure was in a deficit position which, under Romanian law, should be rectified.

On 15 July 2024, additional Bridge Loan financing of 1.0 million for Dacian was announced in conjunction with a proposal to restructure the balance sheet and for the Senior Loan Notes invested by the Original Investor Group in 2020 to be converted to equity, subject to the necessary Romanian regulatory approvals.

The approvals are still awaited but are expected to be forthcoming.

#### **Operations since the restructuring in July 2024**

At the time of the restructuring announced on 15 July 2024, Dacian underwent a process to review and reset achievable initial production targets, adjust its cost base to reflect the reset production levels and review its production optimisation plans to focus on projects which can be funded from operational cash flow and expected to deliver steady production gains during 2025.

- **Production:** Production in the second half of 2024 was at an average monthly rate of 647 barrels of oil equivalent per day ("BOEPD") which was approximately 5% below expectations due largely to an interruption to gas supply in December 2024.
- **Costs:** Dacian continues to implement headcount reductions. Headcount at the end of the year was 162 down from 191 in January 2024 without impacting its operations.

#### **Cashflow**

Since the July 2024 restructuring Dacian has continued to meet external obligations:

- in respect of external debt, the repayments of which were approximately 0.3 million per month, which were fully repaid in November 2024; and
- its obligations under a recently imposed Romanian solidarity tax of some 0.1 million per month payable until March 2025.

Dacian's cash flow is expected to improve in Q2 2025, once the company is free of its external debt obligations and after the tax obligations are discharged.

Against this background Dacian has sought to manage its working capital to ensure it can maintain access to supplies of spare parts, in particular replacement rods and tubes for its wells, which will ultimately enable it to stabilise and increase its production and which in turn will flow through to operating cash.

To allow for inevitable energy pricing fluctuations and to manage its working capital and plan with confidence for implementation of its production enhancement projects, Dacian has requested further advances of 0.8 million under the Bridge Loan to which certain of the original Bridge Lenders, Robert Rayne and James Wilson who are directors of the Company, have contributed. The additional advances are provided on the same terms as the Bridge Loan, being at an interest rate of 14% with a term of 30 June 2025 and an equity subscription right of 4% which is on the same basis pro rata as the original terms announced on 15 July 2024.

Assuming that the regulatory approvals for the July 2024 restructuring are received, and taking account of the additional subscription share rights granted to the providers of the original July 2024 Bridge Loan and the additional 0.8 million, the capital structure will be:

- the original investors will increase from 50% to 78.6%, of which LMS's holding will increase from 32.3% to 50.8%;
- the subscription shares for the Bridge Lenders will be 9.5%; and
- the Founders will be diluted from 50% to 11.9%.

The 78.6% of the shares held by the Original Investor Group has preferential distribution rights versus the shares held by

both the Bridge Lenders and the Founders, the objective being, to the extent permissible under Romanian law, to leave the original investors as close as possible, to the position they would have been in had the Senior Loan Notes remained in place.

#### **Outlook for Dacian**

- We are pleased to announce that John Burkhart, an experienced oil industry executive will join the Dacian board as a non-executive director. John has spent the last 17 years of his career in senior leadership roles at Hunt Oil Company based in Texas. John's knowledge and experience will provide support to the Dacian team.
- Production stabilisation and enhancement:
  - Dacian has provided its shareholders with a costed project by project plan to stabilise and increase production, primarily through additional investment in maintenance to reduce break downs and lost production on active oil and gas wells.
  - The program overall shows an increase in average production from current levels to in excess of 900 BOEPD by the end of 2026 (or earlier if additional capital is raised).
  - Assuming the program is implemented in full, and at an oil price of average 75 per barrel, the operating cash flow should be in excess of 0.3 million per month.
- The alternative energy use opportunities for the Dacian estate continue to be progressed and the Board remains optimistic that this will bring additional benefits in due course.
- The Bridge Lenders, Dacian and the Original Investor Group note that the Bridge Loan is due for repayment by 30 June 2025 and are exploring the potential extension of the Bridge Loan term and/or the potential conversion of the Bridge Loan with accrued interest into equity, in circumstances where it makes commercial sense for Dacian to do so.

#### **Looking forward**

As announced on 13 March 2025 regarding a proposed managed realisation, the Board is not proposing a dividend at this stage and will include proposals for future distributions in the circular to shareholders in April 2025.

We would like to express our appreciation for the support from our team and from the network of people with whom we work on a regular basis. We would also like to express our appreciation for the continued support of our shareholders.

**James Wilson**  
Chairman

**Nicholas Friedlos**  
Managing Director

#### **Portfolio Management Review**

The movement in NAV during the year was as follows:

	<b>2024</b> £'000	<b>2023</b> £'000
Opening NAV	42,141	46,541
Net realised and unrealised reductions on investments	(4,504)	(2,761)
Investment interest income	1,186	1,374
Advisory fee income	-	160
Dividends	(747)	(747)
Overheads and other net movements	(1,921)	(2,426)
<b>Closing NAV</b>	<b>36,155</b>	<b>42,141</b>

Cash realisations and new and follow-on investments from the portfolio were as follows:

	<b>Year ended 31 December</b>	
	<b>2024</b> £'000	<b>2023</b> £'000
Proceeds from the sale of investments	29	5,770
Proceeds from redemption of convertible debt	-	88
Distributions from funds	894	62
<b>Total - gross cash realisations</b>	<b>923</b>	<b>5,920</b>
Fund calls	(55)	-
<b>Total - net</b>	<b>868</b>	<b>5,920</b>

Realisations in 2024 include distributions received from Simmons and Brockton CF (II) Scotland.

Below is a summary of the investment portfolio of the Company and its subsidiaries, which reflects all investments held by the Group:

	<b>31 December 2024</b>	<b>31 December 2023</b>
	GRD	IISD

Mature investment portfolio	GBP		USD		GBP		USD	
	denominated £'000	denominated £'000	Total £'000	denominated £'000	denominated £'000	Total £'000	denominated £'000	Total £'000
Quoted	54	5	59	107	37	144		
Unquoted Funds	1,680	56	1,736	1,680	38	1,718		
	293	5,584	5,877	3,139	6,330	9,469		
	2,027	5,645	7,672	4,926	6,405	11,331		
Other investments	GBP		USD		GBP		USD	
	denominated £'000	denominated £'000	Total £'000	denominated £'000	denominated £'000	Total £'000	denominated £'000	Total £'000
Dacian	-	9,258	9,258	-	10,989	10,989		
Castle View	6,553	-	6,553	6,130	-	6,130		
	6,553	9,258	15,811	6,130	10,989	17,119		
Total investments	8,580	14,903	23,483	11,056	17,394	28,450		

**Basis of valuation:**

**Quoted investments**

Quoted investments for which an active market exists are valued at the closing bid price at the reporting date.

**Unquoted direct investments**

Unquoted direct investments for which there is no active market are valued using the most appropriate valuation technique with regard to the stage and nature of the investment.

Valuation methods that may be used include:

- investments in an established business are valued using revenue or earnings multiples depending on the stage of development of the business and the extent to which it is generating sustainable revenue or earnings;
- investments in an established business which is generating sustainable revenue or earnings but for which other valuation methods are not appropriate are valued by calculating the discounted value of future cash flows;
- investments in debt instruments or loan notes are determined on a standalone basis, with the initial investment recorded at the price of the transaction and subsequent adjustments to the valuation are considered for changes in credit risk or market rates; and
- convertible instruments are valued by disaggregating the convertible feature from the debt instrument and valuing it using a Black-Scholes model.

**Funds**

Investments in managed funds are valued at fair value. The general partners of the funds will provide periodic valuations on a fair value basis, the latest available of which the Company will adopt provided it is satisfied that the valuation methods used by the funds are not materially different from the Company's valuation methods. Adjustments will be made to the fund valuation where the Company believes the evidence available supports an alternative valuation.

**Performance of the investment portfolio**

The return on investments for the year ended 31 December was as follows:

Asset type	Year ended 31 December					
	2024			2023		
	Realised gains/(losses) £'000	Unrealised gains/(losses) £'000	Total £'000	Realised gains/(losses) £'000	Unrealised gains/(losses) £'000	Total £'000
Quoted	6	(62)	(56)	(10)	-	(10)
Unquoted Funds	-	(1,690)	(1,690)	1,498	366	1,864
	457	(3,210)	(2,753)	(9)	(4,509)	(4,518)
	463	(4,962)	(4,499)	1,479	(4,143)	(2,664)
Charge for incentive plans		(5)			(100)	
Income and fair value adjustments on investment portfolio		(4,504)			(2,764)	
Net operating and other expenses of subsidiaries		(8,520)			(44,500)	
		(13,024)			(47,264)	

The Company historically operated carried interest arrangements in line with normal practice in the private equity industry. These arrangements have been in run-off since 2012 and only one investment, Medhost, remained subject to the arrangements. Following the sale of Medhost a payment was due based on the cash consideration received in 2023, and a further payment was due following receipt of the final part of the proceeds in December 2024. The charge for incentive plans for the Company is £nil and for subsidiaries £5,000 for carried interest and other incentives relating to historic

arrangements. The charge for the carried interest incentive plan is included in the net movement on investments in the Income Statement.

Approximately 63% of the portfolio at 31 December 2024 was denominated in US Dollars (31 December 2023: 61%) and the above table includes the impact of currency movements. In the year ended 31 December 2024, the weakening of sterling against the US Dollar resulted in an unrealised foreign currency gain of £0.2 million (2023: unrealised loss of £1.1 million). As is common practice in private equity investment, it is the Board's current policy not to hedge the Company's underlying non-sterling investments.

***Quoted investments***

<b>Company</b>	<b>Sector</b>	<b>31 December</b>	
		<b>2024</b> £'000	<b>2023</b> £'000
Tialis Essential IT plc	UK technology	54	107
Arsenal Digital Holdings Inc	US energy	5	10
Weatherford International Inc	US energy	-	27
		<b>59</b>	<b>144</b>

The changes in valuation on the quoted portfolio arose as follows:

	<b>Year ended 31 December</b>	
	<b>2024</b> £'000	<b>2023</b> £'000
<b>Gains/(losses), net</b>		
<b>Realised</b>		
Weatherford International Inc	6	(8)
Evolving Systems Inc	-	(2)
	<b>6</b>	<b>(10)</b>
<b>Unrealised</b>		
Tialis Essential IT plc	(54)	(13)
Arsenal Digital Holdings Inc	(4)	(4)
Other quoted holdings	(2)	17
Unrealised foreign currency losses	(2)	-
	<b>(62)</b>	<b>-</b>
<b>Total net losses</b>	<b>(56)</b>	<b>(10)</b>

***Unquoted investments***

<b>Company</b>	<b>Sector</b>	<b>31 December</b>	
		<b>2024</b> £'000	<b>2023</b> £'000
Dacian	Romanian energy	9,258	10,989
Castle View	Retirement living	6,553	6,130
Elateral	UK technology	1,680	1,680
Cresco	US consumer	56	38
		<b>17,547</b>	<b>18,837</b>

The changes in valuation on the unquoted portfolio arose as follows:

	<b>Year ended 31 December</b>	
	<b>2024</b> £'000	<b>2023</b> £'000
<b>Gains/(losses), net</b>		
<b>Realised</b>		
Medhost Inc	-	1,432
Updata	-	86
ICU Eyeware	-	62
	<b>-</b>	<b>1,580</b>
<b>Unrealised</b>		
Dacian	(2,112)	-
Castle View	241	-
Cresco	18	-
Elateral		1,081
Tialis loan notes		6
Unrealised foreign currency gains/(losses)	<b>163</b>	<b>(803)</b>
	<b>(1,690)</b>	<b>284</b>
<b>Total net (losses)/gains</b>	<b>(1,690)</b>	<b>1,864</b>

Valuations are sensitive to changes in the following inputs:

- the operating performance of the individual businesses within the portfolio;
- changes in the revenue and profitability multiples and transaction prices of comparable businesses, which are used in the underlying calculations;
- changes in the estimated future cash flows of the individual businesses which are derived based on judgemental inputs (see note 20 for further details); and
- the discount rates applied to valuations.

***Fund interests***

<b>General partner</b>	<b>Sector</b>	<b>31 December</b>	
		<b>2024</b> £'000	<b>2023</b> £'000
Brockton Capital Fund 1	UK real estate	-	2,526
Opus Capital Venture Partners	US venture capital	3,329	4,142
GW 2001 Fund	US quoted micro-caps	2,243	2,180
EMAC ILF	Europe real estate	292	330
Simmons Parallel Energy	UK energy	1	283
Other interests		12	8
		<b>5,877</b>	<b>9,469</b>

The changes in valuation on the Company's fund portfolio arose as follows:

	<b>Year ended 31 December</b>	
	<b>2024</b> £'000	<b>2023</b> £'000
<b>Gains/(losses), net</b>		
<b>Realised</b>		
Brockton CF (II) Scotland	457	-
San Francisco Equity Partners	-	(9)
	<b>457</b>	<b>(9)</b>
<b>Unrealised</b>		
Brockton Capital Fund 1	(2,526)	(3,510)
Opus Capital Venture Partners	(870)	(896)
GW 2001 Fund	24	222
Simmons Parallel Energy	104	27
Eden Ventures	-	(5)
Others (net)	(13)	(8)
Unrealised foreign currency gains/(losses)	71	(339)
	<b>(3,210)</b>	<b>(4,509)</b>
<b>Total fair value decreases</b>	<b>(2,753)</b>	<b>(4,518)</b>

#### Costs

Running costs for the year were £1.7 million (2023: £1.8 million) and investment related costs being support costs for real estate and co-investment activities, were £0.8 million (2023: £1.0 million).

#### Taxation

The Group tax provision for the year, all of which arose in the subsidiaries, is £0.1 million (2023: £0.2 million). This includes £0.1 million of withholding tax on foreign sourced income.

#### Financial Resources and Commitments

At 31 December 2024 cash holdings, including cash in subsidiaries, were £13.5 million (31 December 2023: £15.5 million) and neither the Company nor any of its subsidiaries had any external debt in either 2024 or 2023.

At 31 December 2024, subsidiary companies had commitments of £2.5 million (31 December 2023: £2.7 million) to meet outstanding capital calls from fund interests.

#### LMS CAPITAL plc

#### Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Financial Statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors have ensured that the Annual Report and Accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the position and performance, business model and strategy.

#### **Website publication**

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

#### **Directors' responsibilities pursuant to DTR4**

The Directors confirm to the best of their knowledge:

- The Financial Statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

For and on behalf of the Board.

**James Wilson**

**Chairman**

#### **Company Income Statement**

##### **For the year ended 31 December 2024**

Notes	Year ended 31 December	
	2024 £'000	2023 £'000
Net loss on investments	2 (13,024)	(47,264)
Interest income	3 1,416	608
Other income		427
Dividend income	2 8,000	45,000
Total loss on investments		(3,181)
Interest payable	4 (331)	-
Operating expenses	5 (1,842)	(2,196)
<b>Loss before tax</b>		(5,354)
Taxation	8 -	-
<b>Loss for the year</b>		(5,354)
<b>Attributable to:</b>		
Equity shareholders		(3,732)
Loss per ordinary share - basic	9 (6.6)p	(4.6)p
Loss per ordinary share - diluted	9 (6.6)p	(4.6)p

All activities of the Company are classed as continuing.

#### **Company Statement of Other Comprehensive Income**

##### **For the year ended 31 December 2024**

	Year ended 31 December	
	2024 £'000	2023 £'000

Loss for the year	(5,354)	(3,732)
Other comprehensive income	-	-
Total comprehensive loss for the year	(5,354)	(3,732)
<b>Attributable to:</b>		
Equity shareholders	(5,354)	(3,732)

#### Company Statement of Financial Position

As at 31 December 2024

Notes	31 December	
	2024 £'000	2023 £'000
<b>Assets</b>		
<b>Non-current assets</b>		
Right-of-use assets	19	14
Investments	11	7,842
Amounts receivable from subsidiaries	14	17,805
<b>Total non-current assets</b>	<b>25,661</b>	<b>35,910</b>
<b>Current assets</b>		
Operating and other receivables	12	231
Cash and cash equivalents	13	11,646
<b>Total current assets</b>	<b>11,877</b>	<b>9,162</b>
<b>Total assets</b>	<b>37,538</b>	<b>45,072</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating and other payables	15	(462)
Amounts payable to subsidiaries	16	(921)
<b>Total current liabilities</b>	<b>(1,383)</b>	<b>(2,915)</b>
<b>Non-current liabilities</b>		
Lease liabilities	15	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>(16)</b>
<b>Total liabilities</b>	<b>(1,383)</b>	<b>(2,931)</b>
<b>Net assets</b>	<b>36,155</b>	<b>42,141</b>
<b>Equity</b>		
Share capital	17	8,073
Share premium		508
Capital redemption reserve		24,949
Shares to be issued	18	322
Retained earnings		2,303
<b>Total equity shareholders' funds</b>	<b>36,155</b>	<b>42,141</b>
<b>Net asset value per ordinary share</b>	<b>25</b>	<b>44.79p</b>
		<b>52.20p</b>

#### Company Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Shares to be issued £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2023</b>	<b>8,073</b>	<b>508</b>	<b>24,949</b>	<b>128</b>	<b>12,883</b>	<b>46,541</b>
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(3,732)	(3,732)
<b>Equity after total comprehensive income for the year</b>	<b>8,073</b>	<b>508</b>	<b>24,949</b>	<b>128</b>	<b>9,151</b>	<b>42,809</b>
<b>Contributions by and distributions to shareholders</b>						
Share-based payments	-	-	-	79	-	79
Dividends (note 10)	-	-	-	-	(747)	(747)
<b>As at 31 December 2023</b>	<b>8,073</b>	<b>508</b>	<b>24,949</b>	<b>207</b>	<b>8,404</b>	<b>42,141</b>

<b>Comprehensive income for the year</b>	-	-	-	-	(5,354)	(5,354)
Loss for the year	-	-	-	-	(5,354)	(5,354)
<b>Equity after total comprehensive income for the year</b>	<b>8,073</b>	<b>508</b>	<b>24,949</b>	<b>207</b>	<b>3,050</b>	<b>36,787</b>
<b>Contributions by and distributions to shareholders</b>						
Share-based payments	-	-	-	115	-	115
Dividends (note 10)	-	-	-	-	(747)	(747)
<b>As at 31 December 2024</b>	<b>8,073</b>	<b>508</b>	<b>24,949</b>	<b>322</b>	<b>2,303</b>	<b>36,155</b>

#### Company Cash Flow Statement

For the year ended 31 December 2024

Notes	Year ended 31 December	
	2024 £'000	2023 £'000
<b>Cash flows from operating activities</b>		
Loss before tax	(5,354)	(3,732)
Adjustments for non-cash income and expenses:		
Equity settled share-based payments	18 115	79
Depreciation of right-of-use assets	19 28	28
Interest expense on lease	19 2	4
Losses on investments	2 13,024	47,264
Interest income	3 (1,416)	(608)
Interest payable	4 331	-
Dividend income	2 (8,000)	(45,000)
Adjustments to incentive plans	2 (12)	3
Exchange differences on cash balances	(6) (1,288)	17 (1,945)
<b>Changes in operating assets and liabilities</b>		
Increase in operating and other receivables	(93)	(53)
Increase/(decrease) in operating and other payables	55	(8)
Increase in amounts receivable from subsidiaries	(1,987)	(9,856)
Increase in amounts payable to subsidiaries	6,097	6,460
<b>Net cash from/(used in) operating activities</b>	<b>2,784</b>	<b>(5,402)</b>
<b>Cash flows from investing activities</b>		
Interest received	3 609	598
Proceeds from sale of investments	-	86
<b>Net cash from investing activities</b>	<b>609</b>	<b>684</b>
<b>Cash flows from financing activities</b>		
Dividends paid	10 (747)	(747)
Repayment of principal lease liabilities	19 (31)	(28)
Repayment of lease interest	19 (2)	(5)
<b>Net cash used in financing activities</b>	<b>(780)</b>	<b>(780)</b>
<b>Net increase/(decrease) in cash</b>	<b>2,613</b>	<b>(5,498)</b>
Exchange gains/(losses) on cash balances	6	(17)
Cash and cash equivalents at the beginning of the year	13 9,027	14,542
<b>Cash and cash equivalents at the end of the year</b>	<b>13 11,646</b>	<b>9,027</b>

Cash flows from investing activities have been restated to exclude the movement relating to other income received of £120,000 for the year ended 31 December 2023 and to disclose this within the net cash on operating activities reflecting the nature of the cash flows. There is no impact on other line items in the Cash Flow Statement.

#### Notes to the Financial Statements

##### 1. Material accounting policies

###### Reporting entity

100% owned subsidiary of the Group. The Group's accounting policies are described in Note 1.

LMS Capital plc ("the Company") is a public limited company limited by shares incorporated in the United Kingdom and registered in England with company number 5746555. The address of the registered office is 3 Bromley Place, London W1T 6DB.

The Company was formed on 17 March 2006 and commenced operations on 9 June 2006 when it received the demerged investment division of London Merchant Securities plc.

#### **Basis of preparation**

These Financial Statements for the year ended 31 December 2024 have been prepared in accordance with UK adopted International Accounting Standards. The Financial Statements are presented in sterling which is also the Company's functional currency.

LMS Capital plc adopted an amendment to IFRS 10 with effect from 11 January 2016, which exempts investment entities from presenting consolidated financial statements. As a result, the Company is not required to produce consolidated accounts and only presents the results of the Company.

The Financial Statements have been prepared on the historical cost basis except for investments which are measured at fair value, with changes in fair value recognised in the Income Statement.

The Company's business activities and financial position are set out in the Strategic Report on pages 11 to 19 and in the Portfolio Management Review on pages 20 to 25. In addition, note 20 to the financial information includes a summary of the Company's financial risk management processes, details of its financial instruments and its exposure to credit risk and liquidity risk. Taking account of the financial resources available to it, the Directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources for the foreseeable future.

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and financial position, are set out in the Strategic Report on pages 11 to 19 and the Portfolio Management Review on pages 20 to 25. The Directors have carried out a robust viability assessment of the emerging and principal risks and concluded that they have a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due over a three-year period from the date of this report. This assessment included reviewing the liquidity forecasts of the Company that include the flexibility in the dividend policy and lack of any external debt, the significant cash balances on hand at 31 December 2024, the expected future expenditures and commitments and the latest report on the investment portfolio. In preparing this liquidity forecast, consideration has been given to the expected ongoing impact of the war in Ukraine on the Company and the wider Group as well as the potential impact on the underlying investee companies. The Directors have considered these factors for a period not less than 12 months from the date of approval of these Financial Statements.

The Directors acknowledge that they intend to publish a circular during April 2025 to convene a General Meeting at which it will seek approval from shareholders to change the Company's investment policy to permit the Managed Realisation.

In making their assessment, the Directors also considered the possible outcomes of the shareholder vote:

- The shareholders do not approve the change in the Company's investment policy. In this scenario, the Company will continue with the current investment strategy, and there is a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due.
- The shareholders approve the change in the Company's investment policy. In this scenario, it is expected that the Managed Realisation will take place over time which is likely to be a period greater than 12 months from the date of this report. In addition, the Directors have a reasonable expectation that the Company will meet its liabilities as they fall due over the period of the Managed Realisation. In the event that the change in investment policy is approved by the shareholders, future financial information will be prepared on a basis other than going concern as required by UK adopted International Accounting Standards. However, the Directors do not currently anticipate that this change will result in any changes to the recognition, measurement and/or classification of the Company's assets and liabilities included in the Balance Sheet.

Based on this assessment, the Directors consider that, although there is an uncertainty due to the upcoming shareholder vote at the proposed General Meeting in relation to the Managed Realisation, the Company will remain a going concern for a period of at least 12 months from the date of approval of the Financial Statements and have therefore prepared the Financial Statements on a going concern basis. The Financial Statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### **New and revised accounting standards and amendments effective for the current period**

New and revised accounting standards and amendments that are effective for annual periods beginning 1 January 2024 which have been adopted for the first time by the Company:

- Amendments to IAS 1- Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective 1 January 2024)
- Amendments to IFRS 16 - Leases: Lease Liability in a Sale and Leaseback (effective 1 January 2024)

The adoption of the standards and amendments listed above did not have any material impact on the Company's results.

These amendments have been endorsed by the EU and adopted by the UK.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2024 that have had a material effect on the Company's Financial Statements.

#### **New accounting standards, amendments and interpretations not yet effective, and which have not been early adopted**

Other standards and amendments that are effective for subsequent reporting periods beginning on or after 1 January 2025 and have not been early adopted by the Company include:

- Lack of Exchangeability (Amendment to IAS 21 - The Effects of Changes in Foreign Exchange Rates) (effective 1 January 2025)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 - Financial Instruments and IFRS 7) (effective 1 January 2026)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) (effective 1 January 2026)
- IFRS 18 - Presentation and Disclosure in Financial Statements (effective 1 January 2027)
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures. (effective 1 January 2027)

These standards and amendments are not expected to have a significant impact on the Financial Statements in the period of initial application and therefore detailed disclosures have not been provided. The Board is still assessing the potential impact of IFRS 18 - Presentation and Disclosure in Financial Statements.

#### **IFRS 2 - Share-based Payment**

IFRS 2 - Share-based Payment requires an entity to recognise equity-settled share-based payments measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, together with a corresponding increase in other capital reserves, based upon the Company's estimate of the shares that will eventually vest, which involves making assumptions about any performance and service conditions over the vesting period. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. The vesting period is determined by the period of time the relevant participant must remain in the Company's employment before the rights to the shares transfer unconditionally to them. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates on the number of awards it expects to vest based on the service conditions.

Any awards granted are to be settled by the issuance of equity are deemed to be equity settled share-based payments, accounted for in accordance with IFRS 2 - Share-based Payment.

Where the terms of an equity-settled transaction are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

#### **Accounting for subsidiaries**

The Directors have concluded that the Company has all the elements of control as prescribed by IFRS 10 - Consolidated Financial Statements in relation to all its subsidiaries and that the Company continues to satisfy the three essential criteria to be regarded as an investment entity as defined in IFRS 10, IFRS 12 - Disclosure of Interests in Other Entities and IAS 27 - Separate Financial Statements. The three essential criteria are such that the entity must:

- Obtain funds from one or more investors for the purpose of providing these investors with professional investment

- management services;
- Commit to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and
- Measure and evaluate the performance of substantially all of its investments on a fair value basis.

In satisfying the second essential criteria, the notion of an investment time frame is critical. An investment entity should not hold its investments indefinitely but should have an exit strategy for their realisation. Although the Company has invested in equity interests that have an indefinite life, it invests typically for a period of up to 10 years. In some cases, the period may be longer, depending on the circumstances of the investment, however, investments are not made with intention of indefinite hold. This is a common approach in the private equity industry.

Subsidiaries are therefore measured at fair value through profit or loss, in accordance with IFRS 13 - Fair Value Measurement and IFRS 9 - Financial Instruments.

The Company's subsidiaries, which are wholly owned and over which it exercises control, are listed in note 24.

#### **Use of estimates and judgements**

The preparation of the Financial Statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis; revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving significant judgements are:

- valuation technique selected in estimating fair value of unquoted investments - note 11;
- valuation technique selected in estimating fair value of investments held in funds - note 11;
- recognition of deferred tax asset for carried forward tax losses - note 8; and
- going concern - note 1.

The areas involving significant estimates are:

- estimated inputs used in calculating fair value of unquoted investments - note 11; and
- estimated inputs used in calculating fair value of investments held in funds - note 11.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have financial impact on the entity and that are believed to be reasonable under the circumstances.

#### **Segmental reporting**

The Board has considered the requirements of IFRS 8- Operating Segments and is of the view that the Company is engaged in a single segment business, which is one of investing activities, and that therefore the Company has only a single operating segment.

#### **Investments in subsidiaries**

The Company's investments in subsidiaries are stated at fair value which is considered to be the carrying value of the net assets of each subsidiary. On disposal of such investments, the difference between net disposal proceeds and the corresponding carrying amount is recognised in the Income Statement.

#### **Valuation of investments**

The Company and its subsidiaries manage their investments with a view to profit from the receipt of dividends, interest income and increase in fair value of equity investments which can be realised on sale. Therefore, all quoted, unquoted and managed fund investments are designated at fair value through profit or loss which can be realised on sale and carried in the Statement of Financial Position at fair value.

Fair values have been determined in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. These guidelines require the valuer to make judgments as to the most appropriate valuation method to be used and the results of the valuations.

Each investment is reviewed individually with regard to the stage, nature and circumstances of the investment and the most appropriate valuation method selected. The valuation results are then reviewed and any amendment to the carrying value

of investments is made as considered appropriate.

#### **Quoted investments**

Quoted investments for which an active market exists are valued at the bid price at the reporting date.

#### **Unquoted direct investments**

Unquoted direct investments for which there is no active market are valued using the most appropriate valuation technique with regard to the stage and nature of the investment. Valuation methods that may be used include:

- investments in an established business are valued using revenue or earnings multiples depending on the stage of development of the business and the extent to which it is generating sustainable revenue or earnings;
- investments in an established business which is generating sustainable revenue or earnings but for which other valuation methods are not appropriate are valued by calculating the discounted cash flow of future revenue or earnings;
- investments in debt instruments or loan notes are determined on a standalone basis, with the initial investment recorded at the price of the transaction and subsequent adjustments to the valuation are considered for changes in credit risk or market rates;
- convertible instruments are valued by disaggregating the convertible feature from the debt instrument and valuing it using a Black-Scholes model; and
- the Company has adopted the IPEV guidelines issued in December 2022.

#### **Funds**

Investments in managed funds are valued at fair value. The general partners of the funds will provide periodic valuations on a fair value basis, the latest available of which the Company will adopt provided it is satisfied that the valuation methods used by the funds are not materially different from the Company's valuation methods. Adjustments will be made to the fund valuation where the Company believes there is evidence available for an alternative valuation.

#### **Carried interest**

The Company historically offered its executives, including Board executives, the opportunity to participate in the returns from successful investments. A variety of incentive and carried interest arrangements were put in place during the years up to and including 2011. No new schemes have been introduced since. As is commonplace in the private equity industry, executives may, in certain circumstances, retain their entitlement under such schemes after they have left the employment of the Company. The liability under such incentive schemes is accrued if its performance conditions, measured at the reporting date, would be achieved if the remaining assets in that scheme were realised at their fair value at the reporting date. An accrual is made equal to the amount which the Company would have to pay to any remaining scheme participants from a realisation of the reported value at the reporting date.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and monetary liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date and exchange differences are included in the Income Statement.

#### **Intercompany receivables**

The Company measured intercompany receivables and other receivables at fair value less any expected credit losses. Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses from possible default events within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses from all possible default events over the life of the financial instrument).

A loss allowance for full lifetime expected credit losses is required for intercompany receivables and other receivables if the credit risk has increased significantly since initial recognition.

Impairment losses on financial assets carried at amortised cost are reversed in subsequent periods if the expected credit losses decrease.

#### **Cash and cash equivalents**

Cash comprises cash in hand and at banks, and short-term deposits. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash, and that are subject to an insignificant risk of changes in value.

**Dividend payable**

Dividend distribution to the shareholders is recognised as a liability in Financial Statements when approved at an annual general meeting by the shareholders. Interim dividend approved during the year is recorded upon payment.

**Income****Gains and losses on investments**

Realised and unrealised gains and losses on investments are recognised in the Income Statement in the period in which they arise.

**Interest income**

Interest income is recognised as it accrues using the effective interest method.

**Dividend income**

Dividend income is recognised on the date the Company's right to receive payment is established.

**Expenditure****Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability approach, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

## 2. Net loss on investments

Gains and losses on investments were as follows:

Investment portfolio of the Company	Year ended 31 December					
	2024		2023		Realised £'000	Unrealised £'000
	Realised £'000	Unrealised £'000	Total £'000	Realised £'000	Unrealised £'000	Total £'000
Unquoted	-	-	-	86	-	86
	-	-	-	86	-	86
(Charge)/credit for incentive plans			(12)			3
			(12)			89

**Investment portfolio of subsidiaries**

Asset type	2024	2023
Quoted	6	(62)
Unquoted	-	(1,690)
Funds	457	(3,210)
	463	(4,962)
<b>Total</b>	<b>463</b>	<b>(4,962)</b>
		(4,511)
(Charge)/credit for incentive plans		7
		(4,504)
<b>Operating and similar (loss)/income of subsidiaries*</b>	<b>(8,520)</b>	<b>(44,500)</b>
		(13,024)
		(47,264)

\* Includes operating and legal costs and taxation charges of subsidiaries.

During the year the Company and its subsidiaries carried out a further exercise to settle the debtor and creditor balances that had accumulated over a period of years between companies within the Group. This will achieve a simplification of

accounting within the Group. Settlement of the balances was achieved through offsetting debtor and creditor amounts where appropriate and through the declaration of dividends by various subsidiary companies to holding companies within the Group. As part of this exercise a dividend of £8,000,000 (2023: £45,000,000) was declared by LMS Capital Group Limited to LMS Capital plc. The assets of LMS Capital plc increased by the amount of the dividend but as a result of this a reduction in the fair value of the investments in subsidiaries has been recognised. This exercise had no overall net effect on the net assets of the Company.

The Company operates carried interest arrangements in line with normal practice in the private equity industry. The charge for incentive plans for the Company is £12,000 (2023: credit of £3,000) and other incentives relating to historic arrangements. The charge for subsidiaries is included in the net gains/(losses) on investments in the Income Statement.

### 3. Interest income

	Year ended 31 December	
	2024 £'000	2023 £'000
Bank interest	612	608
Interest receivable on intercompany loans	804	-
	1,416	608

### 4. Interest payable

	Year ended 31 December	
	2024 £'000	2023 £'000
Interest payable on intercompany loans	331	-
	331	-

### 5. Operating expenses

Operating expenses comprise administrative expenses and include the following:

	Year ended 31 December	
	2024 £'000	2023 £'000
Directors' remuneration (note 6)	811	832
Staff expenses (note 7)	342	467
Depreciation on right-of-use assets	28	28
Other administrative expenses	566	761
Foreign currency exchange differences	(6)	17
Auditor's remuneration	101	91
	1,842	2,196

Audit fees for the subsidiaries of £54,000 (2023: £73,000) were directly charged to subsidiaries.

### 6. Directors' Remuneration

	Year ended 31 December	
	2024 £'000	2023 £'000
Directors' remuneration	595	657
Directors' social security contributions	96	86
Share-based payments	87	59
Directors' other benefits	33	30
	811	832

The highest paid Director was Nicholas Friedlos  
(2023 - Nicholas Friedlos) 381 442

The Directors are considered to be the only key management personnel.

### 7. Staff Expenses

	Year ended 31 December	
	2024 £'000	2023 £'000
Wages and salaries	242	366

Employers' social security contributions	47	50
Share-based payments	28	20
Pension costs	16	23
Employees' other benefits	9	8
	<b>342</b>	<b>467</b>

Pensions costs are amounts payable to employees' defined contribution pension plans and are recognised on an accruals basis as they are incurred.

The average number of staff was as follows:

	<b>2024</b>	<b>2023</b>
Directors	5	5
Staff	2	3
<b>Total</b>	<b>7</b>	<b>8</b>

#### 8. Taxation

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax expense</b>		
Current year	-	-
<b>Total tax expense</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of tax expense</b>		
	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loss before tax</b>	<b>(5,354)</b>	<b>(3,732)</b>
Corporation tax using the Company's domestic tax rate - 25.0% (2023: 23.5%)	(1,339)	(877)
Expenses not deductible / non-taxable income	1,125	534
Capital allowances	-	53
Company relief	-	(91)
Deferred tax asset not recognised	22	56
Group relief surrendered	192	325
<b>Total tax expense</b>	<b>-</b>	<b>-</b>

At year end, there are cumulative potential deferred tax assets of £2.713 million (2023: £2.516 million) in relation to the Company's cumulative tax losses of £10.852 million (2023: £10.064 million). It is uncertain when the Company will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

#### 9. Loss per ordinary share

The calculation of the basic and diluted loss per share, in accordance with IAS 33, is based on the following data:

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loss</b>		
Loss for the purpose of net loss per share attributable to equity holders of the parent	(5,354)	(3,732)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic loss per share	<b>80,727,450</b>	80,727,450
<b>Loss per share</b>		
Basic	(6.6)	(4.6)
Diluted	(6.6)	(4.6)

The Company share awards will be dilutive when the Company makes a profit.

#### 10. Dividends

Dividends declared during the years ending 31 December 2024 and 31 December 2023 were as follows:

Dividend      Pence per

	Dividend date	Payment date	£'000	share
Final dividend payment for 2022	26 May 2023	23 June 2023	505	0.625
Interim dividend payment for 2023	11 August 2024	12 September 2024	242	0.300
<b>Total as at 31 December 2023</b>			<b>747</b>	<b>0.925</b>
Final dividend payment for 2023	31 May 2024	21 June 2024	505	0.625
Interim dividend payment for 2024	16 August 2024	13 September 2024	242	0.300
<b>Total as at 31 December 2024</b>			<b>747</b>	<b>0.925</b>

## 11. Investments

The Company's investments comprised the following:

	31 December	
	2024	2023
	£'000	£'000
<b>Total investments</b>	<b>7,842</b>	<b>20,854</b>
These comprise:		
Investment portfolio of subsidiaries	23,483	28,450
Other net liabilities of subsidiaries	(15,641)	(7,596)
	<b>7,842</b>	<b>20,854</b>

The carrying amounts of the subsidiaries' investment portfolios were as follows:

	31 December	
	2024	2023
	£'000	£'000
<b>Investment portfolio of subsidiaries</b>		
Asset type		
Quoted	59	144
Unquoted	17,547	18,837
Funds	5,877	9,469
Investment portfolio of subsidiaries	23,483	28,450
Other net liabilities of subsidiaries	(15,641)	(7,596)
	<b>7,842</b>	<b>20,854</b>

The movement in the subsidiaries' investment portfolio were as follows:

	Quoted securities £'000	Unquoted securities £'000	Funds £'000	Other net assets/ (liabilities) of subsidiaries £'000	Total £'000
Balance at 1 January 2023	160	16,771	14,033	37,243	68,207
Accrued interest	-	1,373	-	-	1,373
Purchases	-	6,130	-	-	6,130
Proceeds from disposals	(6)	(7,301)	-	-	(7,307)
Distributions from partnerships	-	-	(55)	-	(55)
Contributions to partnerships	-	-	9	-	9
Fair value movements	(10)	1,864	(4,518)	-	(2,664)
Dividends paid	-	-	-	(45,000)	(45,000)
Other movements	-	-	-	161	161
Balance at 31 December 2023	144	18,837	9,469	(7,596)	20,854

	Quoted securities £'000	Unquoted securities £'000	Funds £'000	Other net liabilities of subsidiaries £'000	Total £'000
Balance at 1 January 2024	144	18,837	9,469	(7,596)	20,854
Accrued interest	-	1,041	-	-	1,041
Proceeds from disposals	(29)	-	-	-	(29)
Distributions from partnerships	-	-	(894)	-	(894)
Contributions to partnerships	-	-	55	-	55
Fair value movements	(56)	(1,690)	(2,753)	-	(4,499)
Dividends paid	-	-	-	(8,000)	(8,000)
Other movements *	-	(641)	-	(45)	(686)
Balance at 31 December 2024	59	17,547	5,877	(15,641)	7,842

\* Other movements relate to investment related provisions no longer required.

The following table analyses investments carried at fair value at the end of the year, by the level in the fair value hierarchy into which the fair value measurement is categorised. The different levels have been defined as follows:

into which the fair value measurement is categorised. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs such as trading comparables and liquidity discounts).

Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's view of market assumptions in the absence of observable market information (see note 20 - Financial risk management).

The Company's investments are analysed as follows:

	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Level 1	-	-
Level 2	-	-
Level 3	<b>7,842</b>	<b>20,854</b>
	<b>7,842</b>	<b>20,854</b>

Level 3 includes:

	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Investment portfolio of subsidiaries	<b>23,483</b>	<b>28,450</b>
Other net liabilities of subsidiaries	<b>(15,641)</b>	<b>(7,596)</b>
	<b>7,842</b>	<b>20,854</b>

The investment portfolio of subsidiaries includes quoted investments of £59,000 (2023: £144,000). There were no transfers between levels during the year ending 31 December 2024.

## 12. Operating and other receivables

	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Other receivables and prepayments	<b>231</b>	<b>135</b>
	<b>231</b>	<b>135</b>

## 13. Cash and cash equivalents

	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Bank balances	<b>125</b>	<b>1,451</b>
Money market funds	<b>11,521</b>	<b>7,576</b>
	<b>11,646</b>	<b>9,027</b>

## 14. Amounts receivable from subsidiaries

	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Amounts receivable from subsidiaries	<b>17,805</b>	<b>15,014</b>
	<b>17,805</b>	<b>15,014</b>

Amounts receivable from subsidiaries are intercompany loans repayable on demand and incur interest at 5% per annum with effect from 1 January 2024. In accordance with IAS 1.66 amounts receivable from subsidiaries are classified as non-current as the expectation is that the balances will not be received within 12 months of the balance sheet date.

**15. Operating and other payables**

	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	37	19
Lease liabilities	16	31
Other non-trade payables and accrued expenses	409	372
	462	422
Other long-term lease liabilities	-	16
	462	438

**16. Amounts payable to subsidiaries**

	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable to subsidiaries	921	2,493
	921	2,493

Amounts payable to subsidiaries are intercompany loans repayable on demand and incur interest at the rate of 5% per annum with effect from 1 January 2024.

**17. Capital and reserves**

	<b>2024</b>	<b>2023</b>		
	<b>Number</b>	<b>£'000</b>	<b>Number</b>	<b>£'000</b>
Ordinary shares				
Balance at the beginning of the year	80,727,450	8,073	80,727,450	8,073
Balance at the end of the year	80,727,450	8,073	80,727,450	8,073

The Company's ordinary shares have a nominal value of 10p per share and all shares in issue are fully paid up.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**Share premium account**

The Company's share premium account arose on the exercise of share options in prior years.

**Capital redemption reserve**

The capital redemption reserve comprises the nominal value of shares purchased by the Company out of its own profits and cancelled.

**18. Share awards**

Awards were made in accordance with the LTIP arrangements approved by shareholders at the Company's Annual General Meeting held on 17 May 2023.

**Employee Share Incentive Plan**

On 15 August 2023, the Remuneration Committee approved the issue of 686,064 nil-cost options.

The options vest to 15 August 2026 and have both a performance and a continuous service condition attached to them.

**Performance condition**

The Performance Condition for the Award shall be determined by reference to the Company's performance in deploying its available uninvested capital at 31 December 2022. The level of performance and hence the amount of the Award that vests will be determined at the discretion of the Remuneration Committee.

The targets for deployment of Investible Capital are:

- (a) At least 50% of Investible Capital should have been Deployed by 31 December 2024;
- (b) 100% of Investible capital should have been Deployed by 31 December 2025.
- (c) The investments into which capital has been Deployed should be performing satisfactorily, taking account of the relatively early stage of such investments at the time the Performance Conditions are assessed.

For the purposes of this award Investible Capital has been set at £12.4 million.

IFRS 2: Share-based Payment addresses the accounting for the Share Plan. This sets out the definition of a share-based payment and in this case the Share Plan is classified as an equity settled transaction with cash alternatives, the Company has the discretion to settle the liability fully or partly in cash. Since there is no present obligation to settle the award in cash, the scheme will be accounted for as equity settled.

Both the performance condition and the service condition, which is to be employed for three years from the effective date of award, are considered to be non-market vesting condition per IFRS 2. On this basis the Share Plan will be recognised at fair value at the date of the award and will be amortised over the life of the plan on a straight-line basis.

The LMS Capital plc share price on the date of the award was 21p. This gives a fair value of the award at the date of issue of £144,073.

Management expect the performance condition to be met and the award to vest in full. In the event the performance condition is not met, the Remuneration Committee has the discretion to settle the awards in full.

As there is a service condition attached to the Share Plan, an estimate of whether there will be leavers is required over the vesting period. In this instance there is no expectation that any members of staff will leave within three years and as such 100% of the award will be used to recognise the expense over three years.

	2024		2023	
	Number of awards	Weighted average fair value per award (pence)		Weighted average fair value per award (pence)
Outstanding at 1 January	686,064	21.0		-
Granted	-	-	686,064	21.0
Outstanding at 31 December	686,064	21.0	686,064	21.0
Exercisable at the year end	-	-	-	-

#### Value Creation Plan

At the Annual General Meeting on 17 May 2023, shareholders approved the proposed amendments to the VCP whereby the original units awarded in 2020 would be cancelled and a smaller number of new units would be issued. 384 new units were awarded on 14 June 2023, with a fair value at grant of £461 per unit. The awards vest quarterly over five years provided the employee is still in service of the Company. The final vesting date is 14 June 2028.

	2024		2023	
	Number of awards	Weighted average fair value per award (£)		Weighted average fair value per award (£)
Outstanding at 1 January	384	461.00	625	413.48
Units cancelled	-	-	(625)	413.48
New units issued	-	-	384	461.00
Outstanding at 31 December	384	461.00	384	461.00
Exercisable at the year end	-	-	-	-

## 19. Leases

### Lease commitments

The Company leases office space and information with regards to this lease is outlined below:

Rental lease asset	31 December	
	2024 £'000	2023 £'000
Balance at 1 January	42	70
Depreciation for the year	(28)	(28)
Balance at 31 December	14	42
Rental lease liability	31 December	
	2024 £'000	2023 £'000
Balance at 1 January	46	75
Unwinding of the discount on lease liability	2	5

Charming or the discount on lease liability		
Lease payments	(33)	(33)
Balance at 31 December	16	47

## 20. Financial risk management

The following tables analyse the Company's financial assets and financial liabilities in accordance with the categories of financial instruments in IFRS 9. Assets and liabilities outside the scope of IFRS 9 are not included in the table below:

	31 December					
	2024			2023		
	Fair value through profit or loss £'000	Measured at cost £'000	Total £'000	Fair value through profit or loss £'000	Measured at cost £'000	Total £'000
<b>Financial assets</b>						
Investments	7,842	-	7,842	20,854	-	20,854
Amounts receivable from subsidiaries	-	17,805	17,805	-	15,014	15,014
Operating and other receivables	-	164	164	-	120	120
Cash and cash equivalents	11,521	125	11,646	7,576	1,451	9,027
<b>Total</b>	<b>19,363</b>	<b>18,094</b>	<b>37,457</b>	<b>28,430</b>	<b>16,585</b>	<b>45,015</b>
<b>Financial liabilities</b>						
Operating and other payables	-	446	446	-	392	392
Amounts payable to subsidiaries	-	921	921	-	2,493	2,493
Lease liabilities	-	16	16	-	46	46
<b>Total</b>	<b>-</b>	<b>1,383</b>	<b>1,383</b>	<b>-</b>	<b>2,931</b>	<b>2,931</b>

Intercompany payables to subsidiaries are all repayable on demand thus there are no discounted contractual cash flows to present.

Within cash and cash equivalents are investments in money market funds to the value of £11,521,000 (2023: £7,576,000) which are deemed to meet the classification as cash equivalent and are classed as level 2 within the fair value hierarchy.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, its policies for measuring and managing risk, and its management of capital.

### Credit risk

Credit risk is the risk of the financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables and its cash.

	31 December	
	2024 £'000	2023 £'000
Amounts receivable from subsidiaries	17,805	15,014
Operating and other receivables	164	120
Cash and cash equivalents	11,646	9,027
	<b>29,615</b>	<b>24,161</b>

The Company limits its credit risk exposure by only depositing funds with highly rated institutions. Cash holdings at 31 December 2024 and 2023 were held in institutions currently rated A or better by Standard and Poor. Given these ratings, the Company does not expect any counterparty to fail to meet its obligations and therefore, no allowance for impairment is made for bank deposits.

The loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows for trade receivables:

31 December 2024	More than 30 days past due £'000	More than 60 days past due £'000	More than 120 days past due £'000	Total £'000
	Current £'000	due £'000	due £'000	
Other receivables	164	-	-	164
<b>Total</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>164</b>

More than 30 days past due £'000 More than 60 days past due £'000 More than 120 days past due £'000

31 December 2023	More than 30 days past due			More than 60 days past due			More than 120 days past due			Total £'000
	Current £'000	30 days past due £'000	60 days past due £'000	120 days past due £'000	120 days past due £'000	120 days past due £'000	120 days past due £'000	120 days past due £'000	120 days past due £'000	
Other receivables	120	-	-	-	-	-	-	-	-	120
Total	120	-	-	-	-	-	-	-	-	120

The Company recognised credit losses of the full value of receivable for trade receivables not recovered after four months.

As at 31 December 2024, the Company does not have an outstanding trade receivable (2023: £nil).

For the year ending 31 December 2024, the Company did not witness significant increase in the credit risk since the initial recognition of the outstanding receivable from subsidiaries and other receivables, therefore, no expected losses were recognised during the year (2023: £nil).

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's financing requirements are met through a combination of liquidity from the sale of investments and the use of cash resources.

The following table shows an analysis of the undiscounted financial liabilities by remaining expected maturities as at 31 December 2024 and 31 December 2023:

#### Financial liabilities:

31 December 2024	Up to 3 months		3-12 months		Over 5 years		Total £'000
	£'000	£'000	£'000	£'000	£'000	£'000	
Operating and other payables	446	-	-	-	-	-	446
Amount payable to subsidiaries	921	-	-	-	-	-	921
Lease liabilities	8	8	-	-	-	-	16
Total	1,375	8	-	-	-	-	1,383

31 December 2023	Up to 3 months		3-12 months		Over 5 years		Total £'000
	£'000	£'000	£'000	£'000	£'000	£'000	
Operating and other payables	391	-	-	-	-	-	391
Amount payable to subsidiaries	2,493	-	-	-	-	-	2,493
Lease liabilities	8	23	16	-	-	-	47
Total	2,892	23	16	-	-	-	2,931

In addition, some of the Company's subsidiaries have uncalled capital commitments to funds of £2,458,000 (2023: £2,661,000) for which the timing of payment is uncertain (see note 21).

#### Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company aims to manage this risk within acceptable parameters while optimising the return.

#### Currency risk

The Company is exposed to currency risk on those of its investments which are denominated in a currency other than the Company's functional currency which is pounds sterling. The only other significant currency within the investment portfolio is the US dollar. Approximately 63% of the investment portfolio of the subsidiaries is denominated in US dollars.

The Company does not hedge the currency exposure related to its investments. The Company regards its exposure to exchange rate changes on the underlying investment as part of its overall investment return and does not seek to mitigate that risk through the use of financial derivatives.

The Company is exposed to translation currency risk on sales and purchases which are denominated in a currency other than the Company's functional currency. The currency in which these transactions are denominated is principally US dollars.

The Company's exposure to foreign currency risk was as follows:

31 December					
2024			2023		
GBP	USD	Other	GBP	USD	Other

Financial assets	£'000	£'000	£'000	£'000	£'000	£'000
Investments	1,037	6,805		2,847	17,394	613
Amounts receivable from subsidiaries	17,803	2	-	15,014	-	-
Right-of-use assets	14	-	-	42	-	-
Operating and other receivables	231	-	-	135	-	-
Cash	11,280	366	-	8,680	347	-
Operating and other payables	(462)	-	-	(438)	-	-
<u>Amount payable to subsidiaries</u>	<u>(921)</u>	<u>-</u>	<u>-</u>	<u>(2,493)</u>	<u>-</u>	<u>-</u>
<b>Net exposure</b>	<b>28,982</b>	<b>7,173</b>	<b>-</b>	<b>23,787</b>	<b>17,741</b>	<b>613</b>

The aggregate net foreign exchange profit recognised in profit or loss were:

	31 December	
	2024 £'000	2023 £'000
Net foreign exchange profit/(loss) on investments	232	(1,141)
Net foreign exchange profit/(loss) on non-investments	90	(42)
<b>Total net foreign exchange profit/(loss) recognised in profit before income tax for the year</b>	<b>322</b>	<b>(1,183)</b>

At 31 December 2024, the rate of exchange was USD 1.25 = £1.00 (2023: 1.27 = £1.00).

A 10% strengthening of the US dollar against the pound sterling would have increased equity and increased profit by £0.8 million at 31 December 2024 (2023: increased equity and increased profit by £2.0 million). This assumes that all other variables, in particular interest rates, remain constant. A weakening of the US dollar by 10% against the pound sterling would have decreased equity and decreased the profit for the year by £0.7 million (2023: decreased equity and decreased the profit for the year by £1.6 million). This level of change is considered to be reasonable based on observations of current conditions.

#### Interest rate risk

At the reporting date, the Company's cash is exposed to interest rate risk and the sensitivity below is based on these amounts.

An increase of 100 basis points in interest rates at the reporting date would have increased equity by £116,000 (2023: increase of £118,000) and increased the profit for the year by £116,000 (2023: increased the profit £118,000). A decrease of 100 basis points would have decreased equity and increased the loss for the year by the same amounts. This level of change is considered to be reasonable based on observations of current conditions.

#### Fair values

All items not held at fair value in the Statement of Financial Position have fair values that approximate their carrying values.

#### Other market price risk

Equity price risk arises from equity securities held as part of the Company's portfolio of investments. The Company's management of risk in its investment portfolio focuses on diversification in terms of geography and sector, as well as type and stage of investment.

The Company's investments comprise unquoted investments in its subsidiaries. The subsidiaries' investment portfolios comprise investments in quoted and unquoted equity and debt instruments. Quoted investments are quoted on the main stock exchanges in London and New York. A proportion of the unquoted investments are held through funds managed by external managers.

As is common practice in the venture and development capital industry, the investments in unquoted companies are structured using a variety of instruments including ordinary shares, preference shares and other shares carrying special rights, options and warrants and debt instruments with and without conversion rights. The investments are held for resale with a view to the realisation of capital gains. Generally, the investments do not pay significant income.

The significant unobservable inputs used at 31 December 2024 in measuring investments categorised as level 3 in note 11 are considered below:

- Unquoted securities (carrying value £17.5 million) are valued using the most appropriate valuation technique such as a revenue-based approach, an earnings-based approach, or a discounted cash flow approach. These investments are sensitive to both the overall market and industry specific fluctuations that can impact multiples and comparable company valuations. In most cases the valuation method uses inputs based on comparable

quoted companies for which the key unobservable inputs are:

- revenue multiples in the range 1.5-2.5 times, also dependent on attributes at individual investment level; and
- Discounts applied of up to 40%, to reflect the illiquidity risk of the unquoted companies. The discount used requires the exercise of judgement taking into account factors specific to individual investments such as size and rate of growth compared to other companies in the sector.

2. Investments in funds (carrying value £5.9 million) are valued using the reported NAV from the general partners of the fund interests with adjustments made for calls, distributions and foreign currency movements since the date of the report (if prior to 31 December 2024). The reported NAVs of the funds are fair value based. The Company also carries out its own review of individual funds and their portfolios to satisfy ourselves that the underlying valuation bases are consistent with our basis of valuation and knowledge of the investments and the sectors in which they operate. However, the degree of detail on valuations varies significantly by fund and, in general, details of unobservable inputs used are not available.

Two of the Company's subsidiaries' underlying investments are valued using discounted cash flow ("DCF") models. These models rely on detailed cash flow forecasts and on substantial subjective judgemental inputs and the derived valuations are sensitive to small changes in these inputs as follows:

#### **Castle View - valuation £6.5 million**

A key driver of value is the right to receive Deferred Management Fee ("DMF") income in the future when units are resold. The current valuation assumes that 8 units will be resold each year in the future. With all other inputs being equal, applying an average unit turnover range of 5 to 9 units would result in a valuation range of £3.4 million to £7.1 million.

A discount rate of 11.1% has been applied to the valuation which reflects the entry IRR in December 2023. To demonstrate sensitivity, with all other inputs being equal, a discount range of 9% to 12% would result in a valuation range of £7.6 million to £6.2 million.

#### **Dacian Petroleum - valuation £9.3 million**

The valuation of Dacian Petroleum is sensitive to the following inputs:

- Oil price;
- Production levels; and
- Discount rate.

An oil price of 75 per barrel has been used in the valuation, being Dacian's expectation of the average oil price during 2025. The effect of a decrease or increase in oil price of 5 per barrel, with all other inputs being equal, would result in a valuation of between £7.5 million and £11.2 million.

The effect of a decrease or increase in production of 5%, with all other inputs being equal, would result in a valuation of between £7.8 million and £10.9 million.

A discount rate of 15% has been applied to the valuation which reflects a slight increase on the coupon of 14% on the original Senior Loan Notes before the anticipated conversion. To demonstrate sensitivity, with all other inputs being equal, a discount range of 14% to 16% would result in a valuation range of £9.8 million to £8.8 million.

The valuation of the investments in subsidiaries makes use of multiple interdependent significant unobservable inputs and it is impractical to sensitise variations of any one input on the value of the investment portfolio as a whole. Estimates and underlying assumptions are reviewed on an ongoing basis however inputs are highly subjective. Changes in any one of the variables, earnings or revenue multiples or illiquidity discounts could potentially have a significant effect on the valuation.

The reported values of the level 3 investments would change, should there be a change in the underlying assumptions and unobservable inputs driving these values. The Company has performed a sensitivity analysis to assess the overall impact of a 10% movement in these reported values of investments, on the profit for the year. The effect on loss is shown in the table below:

	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Effect of 10% decrease in investment value	(784)	(2,085)
Effect of 10% increase in investment value	784	2,085

#### Capital management

The Company's total capital at 31 December 2024 was £36.2 million (2023: £42.1 million) comprising equity share capital and reserves. The Company had no borrowings at 31 December 2024 (2023: £nil).

In order to meet the Company's capital management objectives, the Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- Working capital requirements and follow-on investment capital for portfolio investments, including calls from funds;
- Capital available for new investments; and
- The annual dividend policy and other possible distributions to shareholders.

#### 21. Capital commitments

	31 December	
	2024 £'000	2023 £'000
Outstanding commitments to funds	2,458	2,661

The outstanding commitments to funds comprise unpaid capital calls in respect of funds where a subsidiary of the Company is a limited partner. At the balance sheet date it is not expected that these outstanding commitments will be called.

As of 31 December 2024 the Company has no other contingencies or commitments to disclose (2023: £nil).

#### 22. Related party transactions

During the year, the Company paid rent of £32,780 (2023: £32,780) to The Rayne Foundation for its office space. Robert Rayne was the Chairman of The Rayne Foundation.

During the year the following transactions occurred with Group companies:

31 December 2024	Advanced to £	Received from £	Interest receivable / (payable) £	Dividends/ fees received £	Balance due from/ (due to) £
			£	£	£
LMS Capital Group Limited	14,000	8,000,000	2,122	8,000,000	48,052
LMS Capital Holdings Limited	8,061,499	5,970,862	(314,791)	-	(412,852)
LMS Co-Invest Limited	43,444	-	6,550	59,370	173,101
Lion Investments Limited	158,196	260,000	223,455	109,761	4,747,718
Tiger Investments Limited	1,128	-	-	-	-
LMS Tiger Investments (II) Limited	-	-	-	-	1,828
Cavera Limited	-	243,047	-	-	-
LMS Retirement Living Limited	1,857,604	12,017	352,119	126,828	8,074,860
Lioness Property Investments Limited	-	-	220,379	-	4,627,958
Lion Property Investments Limited	33	190,882	(16,637)	-	(508,434)
Westpool Investment Trust plc	37,077	36,367	-	129,285	129,321
LMS Capital (Bermuda) Limited	229,053	226,888	-	933	1,743

31 December 2023	Advanced to £	Received from £	Dividends/ fees received £	Balance due from/ (due to) £
			£	£
LMS Capital Group Limited	45,012,930	45,000,000	45,000,000	31,930
LMS Capital Holdings Limited	45,175,126	30,325,581	-	(2,188,698)
LMS Co-Invest Limited	150,956	301,327	120,130	63,737
Lion Investments Limited	418,911	535,127	-	4,516,306
Tiger Investments Limited	6,436	-	-	(1,128)
LMS Tiger Investments (II) Limited	10,551,301	10,580,158	-	1,828
Cavera Limited	46,790	5,000	-	243,047
LMS Retirement Living Limited	5,750,326	-	-	5,750,326
Lioness Property Investments Limited	6,848,764	-	-	4,407,579
Lion Property Investments Limited	6,469	-	-	(300,948)
Westpool Investment Trust plc	11,900,544	-	-	(674)
LMS Capital (Bermuda) Limited	12,750,211	3,796,079	-	(1,355)
International Oilfield Services Limited	10,001,614	9,681,266	-	-

Details of Directors' remuneration are disclosed in note 6.

### 23. Subsequent events

On 13 March the Company announced that following engagement with key shareholders, the Board had reached the conclusion that shareholder value would be best served by a managed realisation of the Company's assets and returns of capital over time. Further details can be found in the Viability Statement and in the Basis of preparation accounting policy.

There are no other subsequent events that would materially affect the interpretation of these Financial Statements.

### 24. Subsidiaries

The Company's subsidiaries are as follows:

Name	Country of incorporation	Holding %	Activity
LMS Capital (Bermuda) Limited	Bermuda	100	Investment holding
LMS Capital Group Limited	England and Wales	100	Investment holding
LMS Capital Holdings Limited	England and Wales	100	Investment holding
Lioness Property Investments Limited	England and Wales	100	Investment holding
Lion Property Investments Limited	England and Wales	100	Investment holding
Lion Investments Limited	England and Wales	100	Investment holding
Tiger Investments Limited	England and Wales	100	Investment holding
LMS Tiger Investments (II) Limited	England and Wales	100	Investment holding
Westpool Investment Trust plc	England and Wales	100	Investment holding
Cavera Limited	England and Wales	100	Dormant
LMS Co-Invest Limited	England and Wales	100	Trading
LMS Retirement Living Limited	England and Wales	100	Investment holding

The registered office addresses of the Company's subsidiaries are as follows:

Subsidiaries incorporated in England and Wales: 3 Bromley Place, London, United Kingdom, W1T 6DB.

Subsidiaries incorporated in Bermuda: Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

International Oilfield Services Limited, a company registered in Bermuda, was dissolved on 2 December 2024. Lion Cub Property Investments Limited was dissolved on 7 January 2025.

### 25. Net asset value per share

The net asset value per ordinary share in issue is as follows:

	31 December	
	2024	2023
Net assets (£'000)	36,155	42,141
Number of ordinary shares in issue	80,727,450	80,727,450
Net asset value per share (pence)	44.79	52.20

NAV per share is considered to be an Alternative Performance Measure ("APM").

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