

RNS Strategy/Company/Operations Update

## **THG UPDATE**

[KELSO GROUP HOLDINGS PLC](#)

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Kelso Group Holdings PLC  
12 May 2023

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### **Kelso Group Holdings Plc ("Kelso" or the "Company")**

#### **THG Update**

Kelso notes THG's announcement whereby it has terminated discussions with Apollo. We note the comment about previous views of the board being on 'public record' which we take to mean the previous rejection of 170p a share from a year ago.

Kelso is pleased to see that the current positive trading momentum has continued during 2023 with improved profitability and cash neutrality in the current year. We note the comments about cashflow positivity in 2024 and a 9% EBITDA target in the medium term, which would produce £200m EBITDA on c.£2.22bn of sales.

Kelso previously made a clear statement setting out what we would like to see THG do. This included a focus on cash generation, a move to the premium index of the LSE from the standard index, a share buyback which we would urge the company to enact rapidly, clear shareholder communication and a clear value realisation plan.

Kelso invested in THG because it believes in its strong underlying value. We believe more strongly in this view following this morning's announcements (RNS and LinkedIn) which clearly show the board of THG and Apollo also share this view. We also note the tailwinds from reduced whey prices and logistics costs and reiterate our previous comments about the sum of the parts valuation of the business being well above the current market value. We commend Matt Moulding on his open and honest LinkedIn post and look forward to being able to remain a shareholder of this exciting company.

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

<b>Kelso Group Holdings Plc</b>	<b>+44 (0) 75 4033 3933</b>
John Goold, Chief Executive Officer	
Mark Kirkland, Chief Financial Officer	
Jamie Brooke, Chief Investment Officer	

<b>Zeus (Broker)</b>	<b>+44 (0) 20 3829 5000</b>
Nick Cowles, Matt Hogg (Investment Banking)	
Ben Robertson (Corporate Broking)	

#### **About Kelso**

Kelso was established in 2022 to identify, engage and unlock trapped value in the UK stock market. Kelso's strategy is to invest in situations where there is an anomaly between the intrinsic value and prospects of a company and its stock market valuation. Kelso will, in particular, look for situations where it believes the sum of the parts of a business is greater than the current value. The company completed a fundraising of £3m in January 2023. Kelso believes that the current market conditions are such that there are situations where UK listed companies' valuations are not appropriately matched to their underlying intrinsic value. There may be instances where Kelso itself could be used as a vehicle by an undervalued company to spin off a subsidiary into its own listing. Such a transaction would undoubtedly constitute a reverse takeover for Kelso.

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