

INVESTMENT IN THG PLC UPDATE

[KELSO GROUP HOLDINGS PLC](#)

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Kelso Group Holdings Plc ("Kelso" or the "Company") Investment in THG Plc ("THG") Update

Kelso, the main market listed investment company, updates its shareholders on its investment in THG Plc ("THG"). Kelso notes today THG's interim results for the half-year ended 30 June 2023 ("Interim"), which remains Kelso's main investment.

We are generally pleased with the operational and financial performance of THG, however, the lack of strategic update is disappointing. There is no mention of plans for the medium-term structure of the business or regarding the move to the Premium Segment of the London Stock Exchange. These matters are important to shareholders; we think that today's material share price fall is due to the lack of clarity on these plans. Several comments were made in the Q&A meeting this morning around the potential future structure of the business which we believe would have been beneficial to be included in the Interim results.

It was pleasing to see full year expectations reiterated at c. £120m. For the period, EBITDA was slightly above market expectations at £50.1m, driven by a strong performance in THG Nutrition of c.£47m, an increase of 72% year on year. In our view, THG Nutrition will continue to perform strongly in H2 and whilst performance in THG Beauty declined year on year, it is encouraging to note that it has returned to growth at the start of the second half.

Kelso believes the true value of the group will only be realised when THG Nutrition is divested, albeit supported by Ingenuity, whether majority owned by THG or not. We have said before that we believe THG Nutrition has a value significantly more than the current market capitalisation, and plays strongly into the global trend for large snack companies to diversify into healthier products. Given the significant recovery in THG Nutrition this year, we believe that now is the time to be exploring the strategic options around this business.

Shareholders would appreciate an update regarding the potential move to the Premium Segment. Most UK active fund managers and index funds are benchmarked or indexed against the Premium Segment and so do not consider shares listed on the Standard List, as THG currently is. Moving to the Premium Segment would force these funds to consider THG. As a result, we believe that THG should embrace the UK stock market and move as quickly as possible to the Premium Segment, regardless of future potential changes that may be brought by the UK Listing Authority.

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About Kelso:

Kelso was established in November 2022 to identify, engage and unlock trapped value in UK listed companies. Through active engagement and alignment with other stakeholders, Kelso aims to effect change where existing shareholders are often unable or unwilling to do so themselves. Kelso is run by John Goold (CEO), Mark Kirkland (CFO and Strategy) and Jamie Brooke (CIO) each of which have over 25 years of experience in the quoted and unquoted UK small and mid-cap market.

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