

NS Acquisition

ANGLING DIRECT PLC NEW INVESTMENT

KELSO GROUP HOLDINGS PLC

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

Angling Direct Plc new investment

Mello conference

Kelso, the main market listed investment company, is pleased to announce that it will be speaking on Thursday 30 November at the Mello conference at the Clayton Hotel Chiswick, Chiswick High Road, London, W4 5RY Chiswick, where the Company will be outlining its views on current market conditions and its investment case.

In the year to date over 30 companies, with a market capitalisation between £50 million and £1 billion have exited the UK market via acquisition to trade or private equity, in many cases yielding high exit premiums. This highlights the current low valuations and the short-term opportunity for investors, but if the lack of investor interest in UK listed companies is unabated, we see this trend continuing. Kelso will benefit from this current extreme under-valuation but, as a strong supporter of the UK listed market, believes there will continue to be attractive investment opportunities for the medium term, particularly at the smaller end of the market.

New investment in Angling Direct Plc ("Angling")

Kelso is pleased to announce that it purchased 2.32 million ordinary shares in Angling, at an average price of 35.1p, representing 3.0% of the total issued share capital in the company.

Angling is the largest specialist fishing retailer in the UK with an estimated UK market share of 12%, according to the company, being approximately 8x larger than any other UK competitor. From IPO in 2017 to today, Angling has grown its stores from 15 to 46, with revenue growth from £21 million¹ to £83 million¹ expected for the year ending January 2024, with EBITDA growth from £0.8 million¹ to an expected £2.7 million¹. Despite the fact that revenue is expected to have grown 4x since IPO and EBITDA is expected to grow c.2.4x to the current year end, Angling's current share price of 40p is less than two thirds of the issue price of 64p. Its current market cap, of which c.60% (£17.6m) is in net cash, is almost exactly the same market cap as on IPO, and lower than the capital raised since IPO. Angling has also grown their online revenue to c.40% of total revenue creating an effective omni channel distribution model. Angling is currently trading on a 5.0x EV/EBITDA to January 2024 (pre IFRS 16) and 4.2x for the following year to January 2025 (pre IFRS 16).

		At IPO	Current
Number of stores		15	46
Share price (pence)		64	40
Number of issued shares (million)		42.8	77.3
Market cap (£m)		27.4	31.0
Capital raised (£m)		7.5	33.0
Revenue (£m) ¹		21.0	83.0
EBITDA (£m) ¹	Pre-IFRS	0.8	2.7
Net (debt)/cash ²	Pre-IFRS	(1.4)	17.6
EV	Pre-IFRS	28.8	13.4
EV/EBITDA ¹	Pre-IFRS	36.0x	5.0x

¹ At IPO: year ended 31 January 2017, Current: year ending 31 January 2023

² At IPO: as at 31 January 2017, Current: as at 31 July 2023

Since IPO, Angling has successfully grown its portfolio and there continues to be significant opportunity for Angling to grow its UK business towards 20% of the UK market. The European business is early stage and approaching break-even; despite

Europe being a potential opportunity, the commitment to this part of the business, particularly given its own shares trade on such a low multiple, needs to be reviewed before further significant capital investment.

Kelso also believes that Angling has surplus capital and that some of the £17.6 million of net cash, being c.60% of the market cap, should be used to buy back a portion of its equity whilst the shares are at or close to the current level.

John Goold commented:

"Kelso is delighted to become a small shareholder in Angling Direct whilst acknowledging that the top 4 holders control 66% of the company. Given the potential growth of the business and current low valuation, a sustained investor relations strategy along with a buy back would, in our view, significantly enhance value for shareholders."

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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.

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