



KELSO GROUP HOLDINGS PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2024

KELSO GROUP HOLDINGS PLC

COMPANY INFORMATION

Directors

J D Brooke
J H Goold
M A Kirkland
Sir N Knowles
J D Charters
S J Rajani

Company secretary

MSP Corporate Services Limited

Registered number

11504186

Registered office

Eastcastle House
27-28 Eastcastle Street
London
United Kingdom
W1W 8DH

Independent auditor

Royce Peeling Green Limited
Chartered Accountants & Statutory Auditor
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KELSO GROUP HOLDINGS PLC

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KELSO GROUP HOLDINGS PLC

CHAIRMAN AND CEO REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Chairman's statement

It became clear shortly after Kelso Group Holdings plc was established as a listed cash shell in July 2021 that the UK small and mid-cap IPO market was experiencing a significant downturn. The UK stock market has seen a steady decline in the number of listed companies over the past decade, a trend that has accelerated in recent years. Between 2021 and 2024 alone, approximately 150 companies have delisted from the LSE and AIM combined, representing a significant proportion of sub-£1 billion market cap entities.

Recognising this continued and accelerated market direction, in November 2022, we redefined the strategy to become an activist investor targeting underperforming UK-listed small and mid-cap companies, rather than pursue a reverse takeover. This approach aimed to capitalise on the increasing number of undervalued opportunities. A new board, including myself, was appointed to steer this direction. Since then, we have completed three fundraising rounds, raising a total £7.8 million. As at 31 December 2024, net assets were £9.0 million versus £7.5 million the previous year end.

Our board brings extensive public market experience, and our activist approach is centered on collaborating with companies to implement strategic improvements that enhance shareholder value. We believe activism is most effective when institutional shareholders unite to drive necessary changes that drive shareholder value. In the small-cap segment, few activist investors are willing to take the lead in engaging directly with boards. Kelso aims to fill this void, supported by like-minded shareholders, and continue to believe that an investment strategy centered on activism can ultimately deliver enhanced long-term shareholder value. This is particularly relevant in today's environment, where capital constraints and a lack of natural buyers have left many fundamentally sound businesses undervalued and ignored by the wider market.

To date, we have made four active investments. Each of the investee companies have implemented a number of the strategic changes that we advocated. While we maintain that these investments are significantly undervalued, we acknowledge that realising their full potential will require time, especially given current market challenges. Importantly, after assessing potential US tariffs, we believe that, notwithstanding their potentially damaging impact on global trade, none of our investments will be directly or materially affected. Encouragingly, all but one of our core investments hold net cash, the exception being THG plc which has recently strengthened their balance sheet through a placing and the arrangement of a new long-term facility.

Our most significant recent event in November 2024 was the launch of Selkirk Group plc, a new AIM-listed cash shell, raising £7.5 million before expenses. Kelso holds an 18% stake, making us the largest shareholder. Selkirk is seeking an investment in the consumer or technology sectors. Although the initial target has not yet materialised, we are still working on other opportunities. Selkirk provides prospective IPO candidates with the advantage of rapid price discovery and the backing of a cornerstone investor from the outset. Furthermore, the initial launch attracted a number of high profile shareholders, including several prominent entrepreneurs, many of whom may participate further when a suitable deal arises. Selkirk's cash reserves continue to be protected and are generating interest income that approximately offsets operational costs.

Our target return since inception has been 25% per annum. We achieved a 55% gross return on investments in our first year. However, 2024 performance was broadly flat, reflecting the broader challenges and well documented malaise facing UK smaller listed companies. One quarter into our third year, we remain committed to achieving our three-year performance target, acknowledging that it will require strong performance throughout the remainder of 2025.

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**CHAIRMAN AND CEO REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

The board's ownership of approximately 20% of the company ensures alignment with our shareholders and we continuously review our strategy to maintain a focus on long-term value creation. At the next AGM, we will seek shareholder approval to authorise share buybacks, which we will consider if we believe the shares are undervalued. Post year-end, we have repaid our outstanding loan, leaving Kelso debt-free.

Most importantly, I would like to thank our shareholders for their continued support and patience through what has been a challenging year. We remain confident that the UK small-cap market offers exceptional value, and our strategy to identify, engage and unlock trapped value in the UK stock market, will deliver outperformance. It is my belief that our experienced team is well positioned to capitalise when conditions improve.

Sir Nigel Knowles

Sir N. Knowles
Chairman

24 April 2025

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CHAIRMAN AND CEO REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

CEO's statement

Review of 2024

Following a strong first full year in 2023 during which Kelso delivered a gross return on investments of 55%, market conditions in 2024 proved more challenging. 2024 saw a modest investment loss of £97k, equating to an approximate -1% gross return on investments.

Financial performance

We entered 2024 with net assets of £7.5 million and closed the year at £9.0 million, supported by a £1.9 million fundraise in January. Net asset value per share was substantially unchanged at 2.40p (2023: 2.41p) reflecting a broadly flat year after expenses.

The post-tax loss for the year was £388k, of which £98k represented a cash outflow with the remainder primarily attributable to unrealised investment losses. Administrative expenses totalled £483k (2023: £460k) and no board salaries were paid during the year. Kelso remains committed to preserving capital and maintaining a lean cost base.

In October 2024, Kelso utilised a third-party loan facility of c.£1 million. While this remained outstanding at year end, it was fully repaid in April 2025 and Kelso is now debt free.

Although the share prices of our investee companies have underperformed since the year end, we retain high conviction in their underlying value. All four active holdings implemented strategic, value-enhancing changes during the year. However, due to ongoing softness in small-cap equity markets, these improvements have yet to be recognised in market valuations. We continue to believe that the portfolio holds significant latent value and that this will ultimately be realised over time.

A summary of each investment is provided below as at the close of business on 17 April 2025. As at 31 March 2025 (unaudited), total gross investments were valued at £8.71 million, and net asset value per share stood at 2.0p.

Investments

NCC

Kelso holds 1.4 million shares in NCC Group plc ("NCC"), valued at approximately £1.9 million based on the current share price of c.136p. This investment represents c.27% of our portfolio.

We believe that the combined value of NCC's two distinct divisions, Cyber Security and Escode (software escrow), significantly exceeds the company's current market capitalisation of approximately £425 million.

Escode has demonstrated nearly two decades of consistent revenue and profit growth, establishing itself as the global leader in software escrow services. With EBIT margins around 50% and high-quality, long-term contracted earnings, we estimate that Escode alone could be valued at over £325 million. This implies that the Cyber Security division with c. £300m revenues is currently valued at approximately 0.3 times sales, highlighting a potential undervaluation.

In March 2025, NCC completed the sale of its non-core Fox Crypto business for c.£65 million, equivalent to 16.5 times EBITDA, resulting in a full pay down of group debt. This was in addition to, NCC's acquisition of Iron Mountain's intellectual property management business in June 2021, the second largest global competitor to Escode, for £156 million, further strengthening its market position.

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We are encouraged by NCC's strategic actions and remain confident in the company's commitment to enhancing shareholder value.

THG plc

Kelso holds 6.4 million shares in THG plc ("THG"), valued at approximately £1.8 million based on the current share price of c.28p. This investment represents c.25% of our portfolio.

In December 2024, THG completed the demerger of its Ingenuity division, streamlining its operations to focus on its core, cash-generative Beauty and Nutrition segments. In our view, this significantly simplifies the investment analysis and we find the resulting business, with its strong cashflows, simpler to value and a much more attractive proposition for market investors.

Subsequently, THG completed a debt refinancing, reducing net debt from 3.2x to 2.2x based on FY 2024 adjusted EBITDA of £92 million (excluding Ingenuity). Alongside this, the company carried out a £90 million equity fundraise, with CEO Matthew Moulding contributing £60 million, demonstrating his strong support and confidence in the business. We believe this personal investment is one of the largest ever on market investments by an individual director into any UK listed company. We also note that Frasers' has been building a stake and recently announced an 11% position. The refinancing was possible, in part, due to THG's localised US manufacturing model, which will largely insulate the business from the impact of the recently announced US tariffs.

In March 2025, THG was included in the Premium Index of the London Stock Exchange, resulting in inclusion in the FTSE 250 index. The benefits of this have not yet been seen in the share price but we believe it will enhance the company's visibility and attract increased interest from institutional investors.

Despite recent share price underperformance, we continue to believe that the value of the remaining divisions, being a world leading Beauty business and one of the world's largest Nutrition brands, is much greater than the current market capitalisation of c.£380 million.

The company's Nutrition division, principally the MyProtein brand, is one of the world's largest in its category and can more easily be benchmarked against many other global sector transactions. Recent product diversification and industry partnerships, particularly in offline channels, have yet to be fully reflected in the market valuation. Kelso believes that, in time, the brand-driven value of MyProtein will be recognised by the market, with the division alone comfortably justifying a valuation in excess of THG's current market capitalization

Despite the recent share price fall, we believe that there will ultimately be a positive step change to the value of THG. We continue to believe that the valuation uplift in THG will be more readily realised when the Beauty and Nutrition businesses become two independent businesses. Such a strategic move would unlock significant shareholder value.

Angling Direct plc

Kelso holds 2.3 million shares in Angling Direct plc ("Angling Direct"), valued at approximately £0.8 million based on the current share price of c.35p. This investment represents around 11% of our portfolio.

Angling Direct is the UK's largest fishing tackle retailer, with over 50 stores nationwide and with a strong online presence. In the financial year ended 31 January 2025, the company reported record revenues of c.£91 million, a c.12% increase from the previous year. The company is strongly cash generative and EBITDA for the same period was approximately £3.15 million, slightly ahead of market expectations.

At the time of our investment, Angling Direct had a net cash position of £17 million against a market capitalisation of £30 million. As at the latest year-end, the company had a net cash position of £15 million, still representing more than half of its current market capitalisation of approximately £26 million but valuing the business at c.4x EV/EBITDA. Over this period, the company has delivered strong cash generation, achieved a 17% increase in adjusted EBITDA, and grown revenues by 12% through continued investment in new store openings.

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CHAIRMAN AND CEO REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

The company benefits from a strong UK operating team, and we continue to believe they should focus on scaling their successful domestic business. In our view, the loss-making European operations (H1 FY25 : £2.4m revenue and £0.5m EBITDA loss) are subscale and represent an unnecessary distraction from the core, particularly given the substantial growth potential that remains in the UK market. Without these losses, Group EBITDA could be c. £1 million higher at c.£4.15 million which would result in the group trading at c.3x EV/EBITDA with strong cash conversion, resulting in at least 20% free cashflow yields prior to new store openings.

During the year, Kelso collaborated with other shareholders and the board to initiate a £4 million share buyback programme, reflecting our view that the shares are undervalued. Despite share price stagnation, which may have been mitigated by the buyback, we believe that Angling Direct's strong market position, growing revenues, and strategic focus position it for significant value appreciation.

TheWorks.co.uk plc

Kelso holds 3.85 million shares in TheWorks.co.uk plc ("The Works"), valued at approximately £0.8 million based on the current share price of c.21p. This investment represents around 11% of our portfolio.

During 2024, both Mark Kirkland and I joined the board, initiating significant changes, including the appointment of a new Chair. The company now benefits from a clearer strategic focus and a strengthened leadership team.

The Works has approximately 500 shops across the UK, generating revenues c.£280 million in FY24. The company reported a solid trading update achieving EBITDA of c.£6 million for the same period. At the same time, the board has outlined a strategy aiming to increase the store estate and improve EBITDA margins, targeting £8.5 million EBITDA for FY25. The company's current valuation equates to approximately 1x EV/EBITDA, while its targeted EBITDA would imply a multiple of c.0.5x, highlighting the potential for re-rating.

Despite this potential growth and these strategic initiatives, the company's current market capitalisation stands at approximately £12 million, which we believe undervalues the business. However, in the current stock exchange climate, this is simply too small for most institutional investors to show interest, leaving the share price languishing. We are however encouraged by recent share purchases made by the Employee Benefit Trust and Directors, which we fully support and signals confidence in the company's prospects as it approaches its year-end.

Selkirk Group plc

In November 2024, Kelso, in partnership with Belerion Capital, co-founded Selkirk Group plc ("Selkirk"), an AIM-listed cash shell. Kelso is Selkirk's largest shareholder, with an 18% stake, equivalent to 75.4 million shares, currently valued at 2.4p per share. This equates to a holding of approximately £1.84 million, representing 26% of Kelso's portfolio.

Kelso's executive directors act as advisers to Selkirk and are actively supporting the board in identifying an exciting value enhancing acquisition in the consumer or technology sectors. While the first proposed transaction has not progressed as rapidly as hoped, we are still working on it and simultaneously developing a number of alternative opportunities.

Selkirk's attraction to these targets is in being a cornerstone with a well-recognised shareholder base, coupled with the speed upon which it can transact. As public equity markets continue to offer limited capital-raising opportunities for smaller businesses, we believe listed cash shells like Selkirk, supported

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CHAIRMAN AND CEO REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

by experienced boards and aligned shareholders, offer an increasingly valuable platform for high-quality private companies to access the public markets efficiently. The lack of IPO activity in recent years underscores the growing need for innovative investment approaches.

Selkirk's income approximately matches its running costs thus preserving its cash, which remains at £7.0 million.

Outlook

While global investor sentiment towards equities remains cautious and markets continue to experience volatility, the board remains patient and focused, actively pursuing value creation opportunities both for Kelso and its investee companies. More than ever, listed companies must take proactive steps to enhance shareholder value, particularly as the public markets continue to overlook smaller businesses and often fail to reward operational improvements for some time.

All of our active investments underwent meaningful strategic improvements during 2024, which, in our view, are not yet reflected in their current share prices. We anticipate that future share price movements will be driven by step changes in value, potentially arising from corporate activity or other catalysts.

In market terms, we believe the portfolio carries a high degree of "alpha", meaning our performance may be relatively uncorrelated with broader market movements. Nonetheless, as with many UK small-cap share prices, our portfolio value has declined since the year-end. Our internal price targets remain materially above the current market valuations of all four of our active holdings. On a more positive note, despite wider global economic concerns, we note that interest rates have begun to fall, potentially easing financial conditions and improving sentiment towards UK equities over time. If this marks the start of a shift in market dynamics, now is the time to buy and the opportunity for long-term value investors in UK small caps could be significant.

Reassuringly, we do not expect any material direct impact from the potential introduction of new global tariffs across our portfolio. Furthermore, all four companies are either in a net cash position or have secured long-term, stable financing arrangements.

With strategic progress across our investments and a disciplined, value-led approach, we remain confident in our ability to deliver strong long-term returns for our shareholders. Our focus remains on identifying undervalued opportunities, supporting value-creating change, and positioning the portfolio for re-rating as market conditions improve.



J. H. Goold
CEO

24 April 2025

KELSO GROUP HOLDINGS PLC**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024****Introduction**

The directors present their report and the financial statements for the year ended 31 December 2024.

Business review

Kelso seeks to identify, engage and unlock trapped value in UK listed companies. Through active engagement and alignment with other stakeholders, taking stakes directly, Kelso aims to effect change where existing shareholders are often unable or unwilling to do so themselves.

Financial key performance indicators

Management considers the following as key performance indicators.

	2024	2023
EBITDA	£(581)k	£2,117k
Net assets value per share	2.40p	2.41p
Earnings per share	(0.10)p	0.56p
Return on Equity	(4.30)%	20.7%

Principal risks and uncertainties

The Group's activities expose it to a number of risks including portfolio risk, contract for differences risk, capital management risk, interest rate risk, foreign exchange risk, credit risk and liquidity risk. The policies for managing these risks are regularly reviewed and agreed by the Board.

(a) Market risk**Portfolio risk**

The Group invested in listed shares in the period. In doing so, the Group's portfolio of investment is exposed to market fluctuations. Management closely monitors the market price of their investment to minimise adverse risk and are monitoring the stock market for opportunities to diversify the portfolio.

Contract For Differences risk

The Group invested in Contract For Differences (CFD) in the year. Management is experienced in CFD trading and has chosen a highly respected CFD provider to minimise counterparty risks or delays.

Cash flow and fair value interest rate risk

As at 31 December 2024 the Group held a loan repayable within a year. As the loan is a fixed rate, short term loan, the Group's exposure to interest rate risk has been minimised.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Principal risks and uncertainties (continued)

(b) Credit risk

The Group has minimal credit risks as trade receivables remained low due to both volume and credit worthiness of the customer. Other receivables relate to corporation tax and are considered fully recoverable.

(c) Liquidity risk

Cash balances and borrowings are managed so as to maximise interest earned and minimise interest paid, while maintaining the liquidity requirement of the business. When seeking borrowings, the directors' consider the commercial terms available and, in consultation with their advisors, consider whether such terms should be fixed or variable and are appropriate to the business.

The Group ensures it has adequate resource to discharge all of its liabilities.

(d) Capital management risk

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade in the foreseeable future. The Group also aims to optimise its capital structure of debt and equity so as to minimise its cost of capital. The Group in particular reviews its levels of borrowing and the repayment dates, setting these out against forecast cash flows and reviewing the level of available funds.

The Board considers that these remain a current reflection of the risks and uncertainties facing the Group.

Employees, social, community and human rights issues

The Group does not have any employees other than the directors, with all support services provided by external parties. Therefore, the directors believe that this information is not relevant for the year ended 31 December 2024 and have not disclosed any information to that effect.

As a Board, we believe that diversity is important as it supports good decision making and reduces the risk of groupthink by providing different viewpoints, ideas and challenge. As part of this, we believe that it is important for our Board to be diverse in terms of gender, ethnic and social backgrounds and have a broad range of perspectives to help us make better strategic decisions and lead by example in creating an inclusive culture for our people.

The Board considered and approved the board composition, with no change throughout the year. Sir N Knowles is the acting Chairman. At 31 December 2024, the company had 5 male directors and 1 female director.

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Directors' section 172 statement

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regards to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Group are appropriately informed by s172 factors.

Section 172 of the Companies Act 2006 requires the Directors to act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, having regard to various factors, including the matters listed below.

- a. The likely consequences of any decisions in the long term;
- b. The interests of the Group's employees;
- c. The need to foster the Group's business relationship with suppliers, customers and others;
- d. The impact of the Group's operations on the community and environment;
- e. The desirability of the Group maintaining a reputation for high standards of business conduct; and
- f. The need to act fairly as between members of the Group.

The Directors believe that they have acted in the way most likely to promote the success of the Group for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

During the year ended 31 December 2024, the Group has sought to act in a way that upholds these principles. The shareholders will be fully aware, through various announcements, shareholder meetings and financial communications, of the Board's broad and specific intentions and the rationale for its decisions.

The Group pays creditors promptly and keeps its costs to a minimum to protect shareholders funds. The Group promotes the concept of ESG (Environment, Sustainability, Governance) to its shareholders and suppliers. Our ethos is to provide an opportunity to make a positive impact on the community and the environment.

The interests of the Group 's employees

Although the Group has no employees, the directors who undertake functional activities on behalf of the Group are subject to high standards of compliance and conduct training, The Group requires all employees to comply with the FCA's individual conduct rules: to act with integrity; to act with due skill, care and diligence; to be open and cooperative with the FCA and other regulators; to pay due regard to the interests of customers and treat them fairly; and to observe proper standards of market conduct.

Our investor stakeholder

Our investor stakeholder group are interested in the success and sustainability of the business. We conduct extensive engagement with our investors throughout the year with regular reporting in the form of announcements and Annual General Meeting.

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**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
Future developments**

As mentioned in the Chairman's report, the group do not expect the investment portfolio to be materially affected by the new global tariffs since the year end.

This report was approved by the board on 24 April 2025 and signed on its behalf.

Mark Kirkland

M A Kirkland
Director

KELSO GROUP HOLDINGS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report and the financial statements for the year ended 31 December 2024.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, Remuneration report (shown within the Directors report), Directors' report and the consolidated financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

The directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's position, performance, business model and strategy.

KELSO GROUP HOLDINGS PLC**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024****Principal activity**

The principal activity of the Group is that of investment.

Internal control

The Board has the primary responsibility for the oversight of the Group's system of internal controls including controls over financial reporting. The Board seeks to ensure that the Group operates within a framework of prudent and effective controls that allow risks to be identified, assessed and managed.

Policies and manuals in relation to International Financial Reporting Standards (IFRS) and a Financial Control Framework (FCF) are in place across the Group. FCF is a first line framework that supports the Committee in enabling it to understand and assess the design and effectiveness of controls over financial reporting, covering IFRS and climate and other non-financial reporting. FCF is a risk-based approach with management identification, documentation, testing, remediation (as required), reporting and certification over key financial reporting-related controls.

The Board has completed its review and approval of the effectiveness of the Group's system of internal control policies and procedures, during the year and up to the date of this report, in accordance with the requirements of the guidance on risk management, internal control and related financial and business reporting published by the FRC. During this review, the Board did not identify any weaknesses which were determined to be significant to the preparation of the financial statements.

Substantial shareholders

The Company has been notified of the following interests of 3% or more in its issued share capital as at 31 December 2024:

	Shareholding 31 Dec 2024	%
Mr J H Goold	41,916,666	11.16
Mr M Moulding	39,021,501	10.39
Mr J Walker	26,400,000	7.03
Mr J D Brooke	22,000,000	5.86
Killik Asset Mgt	20,186,404	5.37
Hargreaves Lansdown Asset Mgt	13,573,468	3.61
Mr A Monro	13,406,072	3.57
Mr M K Bolland	13,333,333	3.55
Mr I R Moore	12,333,333	3.28

Results and dividends

The loss for the year, after taxation and non-controlling interests, amounted to £388,251 (2023 - profit £1,534,314).

The directors did not recommend a payment of a dividend during the year.

KELSO GROUP HOLDINGS PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Corporate governance

The directors intend, so far as appropriate given the Group's size and the constitution of the Board, to comply with the QCA Guidelines on Corporate Governance. As at 31 December 2024, the board comprises 6 members, 3 of whom are executives and 3 are non-executives. As the Group's business has developed sufficiently, the directors have set up an audit committee and a remuneration committee comprising of three executive directors and three non-executive directors.

Audit committee

The Committee continues to monitor its non-financial controls and governance arrangements to uphold the Group's commitment to the highest standards of integrity and ethical behaviour. Each meeting includes reviews of risk and compliance related activities and focuses on monitoring the integrity of the Group's Financial Statements and announcements relating to the Group's financial performance.

The Committee also assists the Board in determining that the Annual Report and Consolidated Financial Statements, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's position, performance, business model and strategy.

The Committee oversees the relationship with the external auditor, including monitoring all matters associated with their appointment, remuneration, performance and independence. The Committee considered the requirements of the Companies Act 2014 in relation to the Directors' Compliance Statement and is satisfied that appropriate steps have been undertaken by the Company to ensure that it is materially compliant with its relevant obligations.

Directors' remuneration

The Board believes they have the relevant expertise and experience to determine the Group's framework for the remuneration of its directors including the design of an equity settled performance related Management Incentive Plan (MIP). There was no remuneration paid in the year other than remuneration accruing under the MIP. Based on the group's performance to date and future growth expectations, the directors MIP provision increased by £94,296 for the year (2023: £107,616) and the accumulated MIP provision at the year end was £201,912 (2023: £107,616).

There are no agreements between the Group and its directors providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise), except for those relating to normal notice periods. Any termination payments in lieu of notice would consist solely of base pay, which is currently nil, and the cost of providing benefits for the outstanding notice period. Any statutory requirements will be observed. Our standard practice is to include within the directors' contractual terms mitigation provisions as regards to payments in lieu of notice.

The rules of the Group's share plans contain provisions under which options and awards to participants, including directors, may vest on a takeover or change of control of the Group or transfer of undertaking.

Employees

The Group has no employees other than the directors.

KELSO GROUP HOLDINGS PLC**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024****Directors**

The directors who served during the year and their interests in the Group's issued ordinary share capital were:

	31/12/24
J D Brooke	22,000,000
J H Goold	41,916,666
M A Kirkland	6,200,000
Sir N G Knowles	3,500,000
J D Charters	200,000
S J Rajani	3,333,333

The directors who served during the year were:

J D Brooke
J H Goold
M A Kirkland
Sir N Knowles
J D Charters
S J Rajani

Biography of the directors are disclosed on Kelso's website at kelsopl.com/who-are-we/

Directors' indemnities

Directors' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Group.

The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2024 financial year and remain in force for all current and past Directors of the Group.

Matters covered in the strategic report

Future developments and principal risks and uncertainties are included in the strategic report.

Acquisition of own shares

In 2023, Kelso Group Holdings Plc cancelled 4,550,000 of its own shares at a cost of £91,000. There were no acquisition of own shares during 2024.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom for the year is 40,000kWh or lower.

Based on the Group's size and operations, the Board has considered the related climate-related risks and opportunities on the group to be minimal and has decided against reporting on climate-related financial disclosures at this time. The group's position on the Task Force on Climate-related Financial Disclosures (TCFD) is being continually monitored and will be reviewed when the Board considers the impact of climate-related risks and opportunities to be relevant to the Group.

KELSO GROUP HOLDINGS PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Subsequent events

During April 2025, the outstanding loan and contract for difference were settled in full.

Auditor

The auditor, Royce Peeling Green Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 24 April 2025 and signed on its behalf.



M A Kirkland
Director

KELSO GROUP HOLDINGS PLC**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KELSO GROUP HOLDINGS PLC****Opinion**

We have audited the financial statements of Kelso Group Holdings PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the Consolidated statement of profit or loss and other comprehensive income, the Consolidated statement of financial position, the Company Statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in equity, the Company Statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group and company financial statements is applicable law and UK adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2024 and of the Group's loss for the year then ended;
- the Group and parent Company financial statements have been properly prepared in accordance with IFRSs ; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Discussions with the directors regarding the Group and parent Company's plans and timelines;
- Review of expenditure and overheads and reviewed the high level forecasts; and
- Review of post year end investment activity and fund raising.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

KELSO GROUP HOLDINGS PLC

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KELSO GROUP HOLDINGS PLC
(CONTINUED)**

Our approach to the audit

The scope of our audit was the audit of the Group and parent Company for the year ended 31 December 2024. The audit was scoped by obtaining an understanding of the Group and parent Company and their environment, including the Group and parent Company's system of internal control and assessing the risks of material misstatement.

Audit work to respond to the assessed risks was planned and performed directly by the engagement team which performed full scope audit procedures.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

How our scope addressed this matter

Carrying value of investments within the Balance Sheet and the realised and unrealised gains / (losses) reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income due to their material values.

For a sample of investments, we agreed the addition to the contract, confirming the correct amount was recognised on acquisition;

We agreed a sample of investment share prices at the year end to third party source to validate the valuation;

We confirmed legal title of the investments is with the Group;

For realised gains / (losses), we obtained the disposal contract note confirming the amount received on disposal and comparing to the carrying value to ensure the realised gain / (loss) is correct; and

For unrealised gains / (losses) at year end, we checked and agreed the accuracy of the calculation by comparing the carrying value to the year end market value.

Our conclusion

Based on the procedures performed, we are satisfied that the carrying value of investments and the realised and unrealised gains / (losses) are not materially misstated.

KELSO GROUP HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KELSO GROUP HOLDINGS PLC (CONTINUED)

Key Audit Matter

How our scope addressed this matter

Under ISA (UK) 240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements, there is a presumed significant risk of management override of the system of internal controls.

We considered the potential for the manipulation of financial results to be a significant fraud risk.

Our work in this area included:

The primary responsibility for the prevention and detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity.

Review of journals processed during the period and in the preparation of the financial statements to determine whether these were appropriate;

Management are responsible for establishing a sound system of internal control designed to support the achievement of policies, aims and objectives and to manage risks facing an entity; this includes the risk of fraud.

Review of bank transactions throughout the period and since the year end for material, round sum or unusual amounts and evidenced these back to appropriate documentation;

Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Review of key estimates, judgements and assumptions within the financial statements for evidence of management bias and agreement of any such estimates to appropriate supporting documentation; and

Assessment of whether the financial results and accounting records included any significant or unusual transactions where the economic substance was not clear.

Our conclusion

Based on the procedures performed, we are satisfied that the accounting records and financial statements are free from material misstatements in this respect.

KELSO GROUP HOLDINGS PLC

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KELSO GROUP HOLDINGS PLC
(CONTINUED)**

Key Audit Matter

How our scope addressed this matter

Valuation and accounting treatment of the Management Incentive Plan (“MiP”) share option scheme given the basis of the calculations and vesting period variability.

We discussed and agreed the basis of the calculation with key management, challenging the key assumptions;

We reviewed and agreed the calculation of the MiP, making reference to the underlying agreement;

We undertook sensitivity analysis of the key calculation inputs to assess the impact on the valuation of the MiP.

We reviewed the target growth rate within the MiP calculation as it is a key assumption. This was reviewed against the aggregated historic growth rate of the company, forecast future growth rate of the company and overall average growth rate of small market capitalisation companies, ensuring the growth rate was reasonable and achievable.

Our conclusion

Based on the procedures performed, we are satisfied that the MiP has been calculated correctly and is free from material misstatement.

Based on the work done around the target growth rate, despite the recent volatility in growth rate, we are satisfied that the target growth rate used is appropriate.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality.

We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Materiality for the Group financial statements as a whole was set at £264,000 (2023: £203,000), based on 2.5% of the Gross Assets of the Group (2023: 2.5% of Gross Assets). This was considered an appropriate level of materiality given the limited trading activity of the Group and the Gross Assets are considered to be of the most interest to the users of the financial statements at this stage of operations. Performance materiality was set at £198,000 (2023: £152,000), being 75% of materiality (2023: 75% of materiality). We report to the Board any corrected or uncorrected misstatements arising exceeding £8,000 (2023: £8,000).

KELSO GROUP HOLDINGS PLC**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KELSO GROUP HOLDINGS PLC
(CONTINUED)**

A specific materiality level was set in relation to the Income Statement and Balance Sheet items other than Investments at £27,000 (2023: £102,000), based on 5% of (Loss)/Profit Before Taxation of the Group. This was considered an appropriate level of materiality. Specific performance materiality was set at £20,000 (2023: £76,000), being 75% of materiality (2023: 75% of materiality). We report to the Board any corrected or uncorrected misstatements arising exceeding £700 (2023: £5,000).

Other information

The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

KELSO GROUP HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KELSO GROUP HOLDINGS PLC (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and parent Company which were contrary to applicable laws and regulations, including fraud.
- Our audit procedures in relation to fraud included but were not limited to:
 - Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
 - Gaining an understanding of the internal controls established to mitigate risks related to fraud;
 - Discussing amongst the engagement team the risks of fraud; and
 - Addressing the risks of fraud through management override of controls by performing journal entry testing.

KELSO GROUP HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KELSO GROUP HOLDINGS PLC (CONTINUED)

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

Other matters which we are required to address

We were appointed by The Board on 7 March 2023 to audit the financial statements for the year ended 31 December 2022 and subsequent financial periods. Our total uninterrupted period of engagement is three years, covering the periods ending 31 December 2022 to 31 December 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and parent Company and we remain independent of the Group and parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Royce Peeling Green Limited

Jonathan Hayward BA FCA (Senior Statutory Auditor)

for and on behalf of

Royce Peeling Green Limited

Chartered Accountants
Statutory Auditor

The Copper Room
Deva City Office Park
Trinity Way
Manchester
M3 7BG

Date: 28 April 2025

KELSO GROUP HOLDINGS PLC**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 £	2023 £
Revenue	6	(97,343)	2,577,401
Gross (loss)/profit		(97,343)	2,577,401
Administrative expenses		(483,310)	(460,430)
(Loss)/profit from operations		(580,653)	2,116,971
Finance income	7	2,209	3,714
Finance expense	7	(90,385)	(121,217)
Income from fixed assets and dividends	7	115,500	31,500
(Loss)/profit before tax		(553,329)	2,030,968
Tax credit/(expense)	11	164,526	(471,436)
(Loss)/profit for the year		(388,803)	1,559,532
Total comprehensive income		(388,803)	1,559,532
(Loss)/profit for the year attributable to:			
Owners of the parent		(388,251)	1,534,314
Non-controlling interests		(552)	25,218
		(388,803)	1,559,532
		2024 Pence	2023 Pence
Earnings per share attributable to the ordinary equity holders of the parent			
Profit or loss			
Basic	12	(0.10)	0.56
Diluted	12	(0.10)	0.55
Profit or loss from continuing operations			
Basic	12	(0.10)	0.56
Diluted	12	(0.10)	0.55

The notes on pages 31 to 53 form part of these financial statements.

KELSO GROUP HOLDINGS PLC
REGISTERED NUMBER: 11504186

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 £	2023 £
Assets			
Current assets			
Trade and other receivables	14	16,179	6,722
Cash and cash equivalents	16	118,369	240,332
Current asset investments	15	10,406,036	7,868,400
Total assets		<u>10,540,584</u>	<u>8,115,454</u>
Liabilities			
Non-current liabilities			
Deferred tax liability	26	201,473	274,913
		<u>201,473</u>	<u>274,913</u>
Current liabilities			
Trade and other liabilities	17	307,477	305,527
Loans and borrowings	18	995,001	-
		<u>1,302,478</u>	<u>305,527</u>
Total liabilities		<u>1,503,951</u>	<u>580,440</u>
Net assets		<u><u>9,036,633</u></u>	<u><u>7,535,014</u></u>

KELSO GROUP HOLDINGS PLC
REGISTERED NUMBER: 11504186

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2024

	Note	2024 £	2023 £
Issued capital and reserves attributable to owners of the parent			
Share capital	19	3,755,700	3,129,750
Share premium reserve	20	4,364,753	3,194,577
Capital redemption reserve	20	45,500	45,500
Other reserves	20	201,912	107,616
Retained earnings	20	602,942	991,193
		<u>8,970,807</u>	<u>7,468,636</u>
Non-controlling interest	21	65,826	66,378
Total equity		<u>9,036,633</u>	<u>7,535,014</u>

The financial statements on pages 22 to 53 were approved and authorised for issue by the board of directors on 24 April 2025 and were signed on its behalf by:

Mark Kirkland

M A Kirkland
 Director

The notes on pages 31 to 53 form part of these financial statements.

KELSO GROUP HOLDINGS PLC
REGISTERED NUMBER: 11504186

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 £	2023 £
Assets			
Non-current assets			
Other non-current investments	13	2,974,998	2,974,998
		<u>2,974,998</u>	<u>2,974,998</u>
Current assets			
Trade and other receivables	14	5,560,380	2,768,949
Cash and cash equivalents	16	1,942	15,738
		<u>5,562,322</u>	<u>2,784,687</u>
Total assets		<u>8,537,320</u>	<u>5,759,685</u>
Liabilities			
Non-current liabilities			
Deferred tax liability	26	-	(56,259)
		<u>-</u>	<u>(56,259)</u>
Current liabilities			
Trade and other liabilities	17	57,210	14,398
Loans and borrowings	18	995,001	-
		<u>1,052,211</u>	<u>14,398</u>
Total liabilities		<u>1,052,211</u>	<u>(41,861)</u>
Net assets		<u>7,485,109</u>	<u>5,801,546</u>
Issued capital and reserves attributable to owners of the parent			
Share capital	19	3,755,700	3,129,750
Share premium reserve	20	4,364,753	3,194,577
Capital redemption reserve	20	45,500	45,500
Retained earnings	20	(680,844)	(568,281)
Total equity		<u>7,485,109</u>	<u>5,801,546</u>

KELSO GROUP HOLDINGS PLC
REGISTERED NUMBER: 11504186

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2024

The Company's loss for the year was £112,563 (2023 - £25,160).

The financial statements on pages 22 to 53 were approved and authorised for issue by the board of directors on and were signed on 24 April 2025 its behalf by:

Mark Kirkland

M A Kirkland
Director

The notes on pages 31 to 53 form part of these financial statements.

KELSO GROUP HOLDINGS PLC**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 £	2023 £
Cash flows from operating activities			
(Loss)/profit for the year		(388,803)	1,559,532
Adjustments for			
Tax charges	11	(164,526)	471,436
Finance income	7	(2,209)	(3,714)
Finance expense	7	90,385	121,217
Unrealised loss/(gain) on current assets investments	6	424,502	(1,432,303)
Share-based payment expense	10,23	94,296	107,616
Income tax expense	11	(107,330)	-
		<u>(53,685)</u>	<u>823,784</u>
Movements in working capital:			
(Increase)/decrease in trade and other receivables		(7,564)	2,284
Increase in trade and other payables		16,544	64,806
		<u>(44,705)</u>	<u>890,874</u>
Cash generated from operations			
		<u>(44,705)</u>	<u>890,874</u>
Net cash (used in)/from operating activities			
		<u>(44,705)</u>	<u>890,874</u>
Cash flows from investing activities			
Payments to acquire current assets investments	15	(6,310,045)	(9,972,293)
Proceeds on sale of current assets investments	15	3,360,406	3,536,196
		<u>(2,949,639)</u>	<u>(6,436,097)</u>
Net cash used in investing activities			
		<u>(2,949,639)</u>	<u>(6,436,097)</u>
Cash flows from financing activities			
Issue of ordinary shares	19	1,796,126	5,619,927
Issue of A ordinary shares		-	41,160
Purchase of ordinary shares for cancellation		-	(91,000)
Contract for difference funding		169,430	-
Proceeds from other borrowings		995,001	-
Finance expense	7	(90,385)	(121,217)
Finance income	7	2,209	3,714
		<u>2,872,381</u>	<u>5,452,584</u>
Net cash from financing activities			
		<u>2,872,381</u>	<u>5,452,584</u>
Net decrease in cash and cash equivalents			
		<u>(121,963)</u>	<u>(92,639)</u>
Cash and cash equivalents at the beginning of year		240,332	332,971
Cash and cash equivalents at the end of the year	16	<u>118,369</u>	<u>240,332</u>

The notes on pages 31 to 53 form part of these financial statements.

KELSO GROUP HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital	Share premium	Capital redemption reserve	Other reserves	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
	£	£	£	£	£	£	£	£
At 1 January 2024	3,129,750	3,194,577	45,500	107,616	991,193	7,468,636	66,378	7,535,014
Comprehensive income for the year								
Loss for the year	-	-	-	-	(388,251)	(388,251)	(552)	(388,803)
Total comprehensive income for the year	-	-	-	-	(388,251)	(388,251)	(552)	(388,803)
Contributions by and distributions to owners								
Issue of share capital	625,950	1,170,176	-	-	-	1,796,126	-	1,796,126
Share based payments	-	-	-	94,296	-	94,296	-	94,296
Total contributions by and distributions to owners	625,950	1,170,176	-	94,296	-	1,890,422	-	1,890,422
At 31 December 2024	<u>3,755,700</u>	<u>4,364,753</u>	<u>45,500</u>	<u>201,912</u>	<u>602,942</u>	<u>8,970,807</u>	<u>65,826</u>	<u>9,036,633</u>

The notes on pages 31 to 53 form part of these financial statements.

KELSO GROUP HOLDINGS PLC**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share capital	Share premium	Capital redemption reserve	Other reserves	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
	£	£	£	£	£	£	£	£
At 1 January 2023	475,250	320,150	-	-	(497,621)	297,779	-	297,779
Comprehensive income for the year								
Profit for the year	-	-	-	-	1,534,314	1,534,314	25,218	1,559,532
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,534,314</u>	<u>1,534,314</u>	<u>25,218</u>	<u>1,559,532</u>
Contributions by and distributions to owners								
Issue of share capital	2,700,000	2,919,927	-	-	-	5,619,927	-	5,619,927
Shares cancelled during the year	-	-	45,500	-	(45,500)	-	-	-
Shares cancelled during the year	(45,500)	-	-	-	-	(45,500)	-	(45,500)
Share based payments	-	-	-	107,616	-	107,616	-	107,616
Shares cancelled during the year	-	(45,500)	-	-	-	(45,500)	-	(45,500)
Shares issued	-	-	-	-	-	-	41,160	41,160
Total contributions by and distributions to owners	<u>2,654,500</u>	<u>2,874,427</u>	<u>45,500</u>	<u>107,616</u>	<u>(45,500)</u>	<u>5,636,543</u>	<u>41,160</u>	<u>5,677,703</u>
At 31 December 2023	<u>3,129,750</u>	<u>3,194,577</u>	<u>45,500</u>	<u>107,616</u>	<u>991,193</u>	<u>7,468,636</u>	<u>66,378</u>	<u>7,535,014</u>

The notes on pages 31 to 53 form part of these financial statements.

KELSO GROUP HOLDINGS PLC**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 January 2023	475,250	320,150	-	(497,621)	297,779
Comprehensive income for the year					
Profit for the year	-	-	-	(25,160)	(25,160)
Total comprehensive income for the year	-	-	-	(25,160)	(25,160)
Contributions by and distributions to owners					
Issue of share capital	2,700,000	2,919,927	-	-	5,619,927
Shares cancelled during the year	-	-	45,500	(45,500)	-
Shares cancelled during the year	(45,500)	-	-	-	(45,500)
Shares cancelled during the year	-	(45,500)	-	-	(45,500)
Total contributions by and distributions to owners	2,654,500	2,874,427	45,500	(45,500)	5,528,927
At 31 December 2023	3,129,750	3,194,577	45,500	(568,281)	5,801,546
At 1 January 2024	3,129,750	3,194,577	45,500	(568,281)	5,801,546
Comprehensive income for the year					
Loss for the year	-	-	-	(112,563)	(112,563)
Total comprehensive income for the year	-	-	-	(112,563)	(112,563)
Contributions by and distributions to owners					
Issue of share capital	625,950	1,170,176	-	-	1,796,126
Total contributions by and distributions to owners	625,950	1,170,176	-	-	1,796,126
At 31 December 2024	3,755,700	4,364,753	45,500	(680,844)	7,485,109

The notes on pages 31 to 53 form part of these financial statements.

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****1. Reporting entity**

Kelso Group Holdings PLC (the 'Company') is a public limited company incorporated in the United Kingdom. The Company's registered office is at Eastcastle House, 27-28 Eastcastle Street, London, United Kingdom, W1W 8DH. These consolidated financial statements comprise the Company and its subsidiary (collectively the 'Group' and individually 'Group companies'). The principal activity of the parent company is that of a holding company and the principal of Kelso Ltd is that of an investment company.

2. Basis of preparation

The Group's consolidated and the Company's individual financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations as adopted by the UK (collectively IFRSs). They were authorised for issue by the Company's board of directors on .

Details of the Group's accounting policies, including changes during the year, are included in note 4.

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Statement of comprehensive income in these financial statements.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 5.

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Current assets investments	Fair value

Level 1 relates to quoted prices in active markets for an identical asset. The fair value of financial investments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held is the quoted price at the balance sheet date.

Level 2 current assets investments are those valued using inputs other than quoted prices in active markets, but that are observable. The level 2 current assets investments relate to trading securities as disclosed in note 4.6 and are carried at fair value. Fair value has been based on a cost plus changes in net assets. Where the shares were acquired at par and the company has not traded since, current assets investments has been valued at cost.

KELSO GROUP HOLDINGS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. Basis of preparation (continued)

2.2 Changes in IFRSs not yet adopted

i) New standards, interpretations and amendments effective from 1 January 2024

Amendments to IFRS 16 - Leases on sales and leaseback

The Amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants.

The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period.

Amendments to IAS 7 and IFRS 7 - Statement of cash flows and IFRS 7 Financial Instruments: disclosures: Supplier Finance Arrangements

The Amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The Amendments also provide guidance on characteristics of supplier finance arrangements.

There are no new standards which have had a material impact in the annual financial statements for the year ended 31 December 2024.

The following tables summarise the impacts of adopting new accounting standards on the Company's financial statements.

ii) New standards, interpretations and amendments not yet effective

The following standards and interpretations to published standards are not yet effective:

New standard or interpretation	EU Endorsement status	Mandatory effective date (period beginning)
Lack of exchangeability – Amendments to IAS 21	Endorsed	1 January 2025

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****2. Basis of preparation (continued)****ii) New standards, interpretations and amendments not yet effective (continued)**

Annual Improvements to IFRS Accounting Standards – Amendments to:	Endorsed	1 January 2026
IFRS 1 First-time Adoption of International Financial Reporting Standards;	Endorsed	1 January 2026
IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;	Endorsed	1 January 2026
IFRS 9 Financial Instruments;	Endorsed	1 January 2026
IFRS 10 Consolidated Financial Statements; and	Endorsed	1 January 2026
IAS 7 Statement of Cash flows	Endorsed	1 January 2026
Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	Endorsed	1 January 2026
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Amendments to the Classification and Measurement of Financial Instruments	Endorsed	1 January 2026
Amendments to IAS 28 Investments in Associates and Joint Ventures	Exposure draft	Exposure draft
IFRS 18 Presentation and Disclosure in Financial Statements	Endorsed	Effective 1 January 2027

The directors anticipate that the adoption of these Standards in future periods will not have an impact on the results and net assets of the Company, however, it is too early to quantify this.

The directors anticipate that the adoption of other Standards and interpretations that are not yet effective in future periods will only have an impact on the presentation in the financial statements of the Company.

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****3. Functional and presentation currency**

These consolidated financial statements are presented in British Pound Sterling (GBP), which is the Company's functional currency. All amounts have been rounded to the nearest Pound, unless otherwise indicated.

4. Material accounting policies**4.1 Cash and cash equivalents**

Cash comprises cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****4. Material accounting policies (continued)****4.2 Basis of consolidation (continued)**

The Group classifies certain subsidiaries as current asset investments where it holds them exclusively with a view to subsequent disposal in the near term, or where such subsidiaries do not form part of the Group's long-term strategic operations. These investments are not eliminated on consolidation based on the nature and intention of the investment and are carried at fair value through profit or loss (FVTPL) in accordance with IFRS 9 Financial Instruments. Changes in fair value are recognised in the profit or loss in the period in which they arise. Fair value is determined using observable market inputs where available or internal valuation techniques otherwise, which involve estimation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and its calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent account under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****4. Material accounting policies (continued)****4.3 Revenue**

Revenue consists mainly of gains made on investment in listed companies shares. Investment income recognised in net income for fair-value investments consists of realised gains and losses resulting from the disposal of, and unrealised gains or losses resulting from the holding of trading investments. Income from current assets investments consists of dividends receivable.

Realised gains and losses are recognised on the disposal of the trading investments.

Unrealised gains and losses are measured based on the fair value of the consideration received or receivable. Unrealised gains and losses are recognised in the statement of profit and loss to the extent that it is probable that the economic benefits or costs can be reliably measured and will flow to the Group.

Income from consultancy services are recognised when the service has been provided.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is possible that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.4 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****4. Material accounting policies (continued)****4.5 Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

4.6 Investments

The Group holds equity investments which are classified as trading, based on the Group's intent to sell the security at the right price.

Trading securities are those investments which are purchased principally for the purpose of selling them in the near term. Trading securities are carried at fair value on the consolidated statements of financial condition with changes in fair value recorded in the consolidated statements of income during the period of the change.

The Group classifies certain subsidiaries as current asset investments where it holds them exclusively with a view to subsequent disposal in the near term, or where such subsidiaries do not form part of the Group's long-term strategic operations. These investments are not eliminated on consolidation based on the nature and intention of the investment and are carried at fair value through profit or loss (FVTPL) in accordance with IFRS 9 Financial Instruments. Changes in fair value are recognised in the profit or loss in the period in which they arise. Fair value is determined using observable market inputs where available or internal valuation techniques otherwise, which involve estimation.

4.7 Non-controlling interests

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The Group includes one subsidiary, Kelso Ltd, with non-controlling interests arising in 2023. The non-controlling interests, including the share options represented 0.2% of the total shareholding. No dividends were paid in the year.

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****4. Material accounting policies (continued)****4.8 Share options**

The A Shares issued by Kelso Ltd represent equity-settled share based payment arrangements under which the Group receives services as a consideration for the additional rights attached to these equity shares, over and above their nominal price.

Equity-settled share-based payments to certain of the Directors and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is expensed, with a corresponding increase in equity, on a straight-line basis from the grant date to the expected exercise date. Where the equity instruments granted are considered to vest immediately, the services are deemed to have been received in full, with a corresponding expense and increase in equity recognised at grant date.

The dilutive effect of outstanding share-based payments is reflected as share dilution in the computation of diluted Earnings per share.

5. Accounting estimates and judgements**5.1 Judgement**

When preparing the Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Management Incentive Plan

The Group provides for the compensation to management arising from the Management Incentive Plan as estimated by reference to the share price performance and dividends in the year. The compensation is attached to rights Kelso Ltd will have the right to convert the compensation entitlement in Kelso Ltd A shares into ordinary shares in Kelso Group Holdings Plc at the end of year 3 and at any time in years 4 and 5. Management has applied judgement in forecasting the future growth of the Group and its investments.

The directors believe that there were no other significant judgements required with regard to the application of the Company's accounting policies in preparing these financial statements.

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****5. Accounting estimates and judgements (continued)****5.2 Estimates and assumptions**

Estimate and assumption

The valuation of the investment portfolio is determined in accordance with the Group's valuation principles. All listed investments are measured at fair value and based on active market prices. Unrealised holding gains and losses are recognised in other comprehensive income. On sale, net gains and losses previously accumulated in other comprehensive income are transferred to retained earnings. Deferred tax provision is made on the unrealised gain at the year end on the assumption that the gain will be realised and the Group will continue to be profitable.

Estimates included within these financial statements relate to the Management Incentive Plan (MIP). The directors believe that the non-market performance conditions of the MIP will be met and a return hurdle between 8% and 15% p.a will be achieved by year 3. The directors believe that none of these estimates carry a significant estimation uncertainty, nor do they bear a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the foreseeable future.

6. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	2024 £	2023 £
Realised gains on investments	286,049	1,145,098
Unrealised (loss)/gains on investments	(424,502)	1,432,303
Consultancy fees receivable	41,110	-
	<u>(97,343)</u>	<u>2,577,401</u>

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****7. Finance income and expense****Recognised in profit or loss**

	2024 £	2023 £
Finance income		
Interest on:		
- Bank deposits	1,979	3,714
Total interest income arising from financial assets measured at amortised cost or FVOCI	<u>1,979</u>	<u>3,714</u>
Dividends received - listed investments	115,500	31,500
Other interest receivable	230	-
Total finance income	<u>117,709</u>	<u>35,214</u>
Finance expense		
Interest on Contract for Difference	44,038	121,217
Loan interest payable	46,347	-
Total finance expense	<u>90,385</u>	<u>121,217</u>
Net finance income/(expense) recognised in profit or loss	<u><u>27,324</u></u>	<u><u>(86,003)</u></u>

8. Expenses by nature

	2024 £	2023 £
Professional fees	234,198	291,613
Interest on Contract for Difference	44,038	121,217
Share based payments costs	94,296	107,616
	<u><u>372,532</u></u>	<u><u>520,446</u></u>

9. Auditor's remuneration

During the year, the Group obtained the following services from the Group's auditor and its associates:

	2024 £	2023 £
Fees payable for the audit of the Group's financial statements	<u><u>26,450</u></u>	<u><u>23,500</u></u>

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****10. Employee benefit expenses**

Group

Employee benefit expenses (including directors) comprise:

Management Incentive Plan	94,296	107,616
	<u>94,296</u>	<u>107,616</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company listed in the Directors' report.

	2024 £	2023 £
Management Incentive Plan	94,296	107,616
	<u>94,296</u>	<u>107,616</u>

The monthly average number of persons, including the directors, employed by the Group during the year was as follows:

	2024 No.	2023 No.
Directors	6	6
	<u>6</u>	<u>6</u>

11. Tax expense**11.1 Income tax recognised in profit or loss**

	2024 £	2023 £
Current tax		
Current tax on (losses)/profits for the year	(1,893)	196,523
Adjustments in respect of prior years	(89,189)	-
Total current tax	<u>(91,082)</u>	<u>196,523</u>
Deferred tax expense		
Origination and reversal of timing differences	(73,444)	274,913
Total deferred tax	<u>(73,444)</u>	<u>274,913</u>
Total tax (credit)/charge	<u>(164,526)</u>	<u>471,436</u>

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****11. Tax expense (continued)****11.1 Income tax recognised in profit or loss (continued)**

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2024 £	2023 £
(Loss)/profit for the year	(388,803)	1,559,532
Income tax expense	(164,526)	471,436
(Loss)/profit before income taxes	<u>(553,329)</u>	<u>2,030,968</u>
Tax using the Company's domestic tax rate of 25% (2023:25%)	(138,332)	507,742
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	8,198	37,454
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	-	(8,801)
Dividends from UK companies	(28,875)	-
Unrelieved tax losses carried forward	83,591	(56,259)
Adjustments in respect of previous periods	(89,189)	-
Marginal relief	81	(8,700)
Total tax expense	<u><u>(164,526)</u></u>	<u><u>471,436</u></u>

Changes in tax rates and factors affecting the future tax charges

There were no factors that may affect future tax charges.

KELSO GROUP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

12. Earnings per share

(i) Basic earnings per share

	2024 Pence	2023 Pence
From continuing operations attributable to the ordinary equity holders of the Company	(0.10)	0.56
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.10)	0.56

(ii) Diluted earnings per share

	2024 Pence	2023 Pence
From continuing operations attributable to the ordinary equity holders of the Company	(0.10)	0.55
Total diluted earnings per share attributable to the ordinary equity holders of the Company	(0.10)	0.55

(iii) Reconciliation of earnings used in calculating earnings per share

	2024 £	2023 £
(Loss)/profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	(388,251)	1,534,314
(Loss)/profit from continuing operations attributable to the ordinary equity holders of the Company:		
Used in calculating basic earnings per share	(388,251)	1,534,314
Used in calculating diluted earnings per share	(388,251)	1,534,314
(Loss)/profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	(388,251)	1,534,314

(iv) Weighted average number of shares used as the denominator

	2024 Number	2023 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	370,439,261	280,343,904

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****12. Earnings per share (continued)**

(iv) Weighted average number of shares used as the denominator (continued)

The Company has potential ordinary shares in the form of share options emanating from an equity-settled share-based payment scheme as shown in Note 23.1. These could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share because they are anti-dilutive for this year. As such, diluted earnings per share are equal to basic earnings per share.

13. Other non-current investments

Company

	2024 £	2023 £
Investments in subsidiary companies	2,974,998	2,974,998

The company holds 99.8% of ordinary shares and voting rights in Kelso Ltd. The registered office of Kelso Ltd is at Eastcastle House, 27-28 Eastcastle Street, London, United Kingdom, W1W 8DH. The principal activity of Kelso Ltd is that of an investment company.

14. Trade and other receivables

Group

	2024 £	2023 £
Trade receivables	7,427	-
Prepayments and accrued income	6,859	6,722
Other receivables	1,893	-
Total current portion	16,179	6,722

Company

	2024 £	2023 £
Receivables from subsidiaries	5,560,380	2,763,195
Total financial assets other than cash and cash equivalents classified as loans and receivables	5,560,380	2,763,195
Prepayments and accrued income	-	5,754
Total trade and other receivables	5,560,380	2,768,949

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****15. Current assets investments**

Group

	2024 £	2023 £
Listed investments	10,393,536	7,868,400
Unlisted investments	12,500	-
Fair value	<u>10,406,036</u>	<u>7,868,400</u>

Listed investments

	2024 £	2023 £
Investments b/f	7,868,400	-
Purchases	6,310,045	9,972,293
Sales	(3,360,406)	(3,536,196)
Fair value (loss)/gain	(424,503)	1,432,303
Fair value	<u>10,393,536</u>	<u>7,868,400</u>

Unlisted investments

	2024 £	2023 £
Purchases	12,500	-
Fair value	<u>12,500</u>	<u>-</u>

Unlisted investments relate to an investment in a newly formed entity, Berwick Group Holdings Plc and its subsidiary companies, being Peebles Group Plc, Hawick Group Holdings Plc and Hawick Subsidiary Limited. Whilst wholly owned and controlled by Kelso Ltd at the year end, they have been set up for strategic corporate actions planned in the short-term and are therefore current investments in substance. On this basis, these have been included in current asset investments and have not been eliminated on consolidation. There has been no trade or activity in these entities since incorporation during the year.

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****16. Notes supporting statement of cash flows**

Group

	2024 £	2023 £
Cash at bank available on demand	118,369	240,332
Cash and cash equivalents in the statement of cash flows	<u>118,369</u>	<u>240,332</u>

Company

	2024 £	2023 £
Cash at bank and available on demand	<u>1,942</u>	<u>15,378</u>

Reconciliation of net debts

	1 January 2024	Cash flows	non-cash changes		31 December 2024
	£	£	New finance leases	Changes in market value and exchange rates	£
Cash and cash equivalents	240,332	(121,963)	-	-	118,369
Bank overdrafts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>240,332</u>	<u>(121,963)</u>	<u>-</u>	<u>-</u>	<u>118,369</u>
Loans	-	(995,001)	-	-	(995,001)
Contract for difference	<u>-</u>	<u>(169,430)</u>	<u>-</u>	<u>-</u>	<u>(169,430)</u>
	<u>-</u>	<u>(1,164,431)</u>	<u>-</u>	<u>-</u>	<u>(1,164,431)</u>
Net debt	<u>240,332</u>	<u>(1,286,394)</u>	<u>-</u>	<u>-</u>	<u>(1,046,062)</u>

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****17. Trade and other payables**

Group

	2024 £	2023 £
Trade payables	21,969	40,678
Other payables - tax and social security payments	12,743	12,743
Other payables	181,930	-
Accruals	90,835	55,583
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	<u>307,477</u>	<u>109,004</u>
Corporation tax payable	-	196,523
Total trade and other payables	<u><u>307,477</u></u>	<u><u>305,527</u></u>

Company

	2024 £	2023 £
Trade payables	7,440	-
Accruals	37,027	1,655
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	<u>44,467</u>	<u>1,655</u>
Other payables - tax and social security payments	<u>12,743</u>	<u>12,743</u>
Total current portion	<u><u>57,210</u></u>	<u><u>14,398</u></u>

18. Loans and borrowings

Group

	2024 £	2023 £
Current		
Other loans	<u>995,001</u>	<u>-</u>
Total loans and borrowings	<u><u>995,001</u></u>	<u><u>-</u></u>

The loan from third parties is secured over the assets of the Group.

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****19. Share capital****Issued and fully paid**

	2024 Number	2024 £	2023 Number	2023 £
Ordinary shares of £0.01 each				
At 1 January	312,975,000	3,129,750	47,525,000	475,250
Shares issued	62,594,999	625,950	270,000,000	2,700,000
Shares cancelled	-	-	(4,550,000)	(45,500)
At 31 December	<u>375,569,999</u>	<u>3,755,700</u>	<u>312,975,000</u>	<u>3,129,750</u>

On 30 January 2024, Kelso Group Holdings PLC issued 62,594,999 ordinary shares for cash for a value of £1,877,850. The total number of ordinary shares in issue at the year end was 375,569,999. All the shares have the same right to receive dividends and the repayment of capital and represents one vote at the shareholders' meeting.

20. Reserves**Share premium**

This reserve records the amount above the nominal value received for shares sold, net of transaction costs.

Capital redemption reserve

The Capital redemption reserve is a non-distributable reserve which represents the nominal value of its own shares bought back by the Group.

Other reserves

Other reserves consists of the assessed value of share based payments for services received which are yet to be converted into class A ordinary shares. Any amounts in relation to share options that expire or are not exercised will be transferred to distributable reserves.

Retained earnings

This balance represents the cumulative profit and loss made by the Group, net of distributions to owners.

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****21. Non-controlling interests**

	2024 £	2023 £
Balance at beginning of the year	66,378	-
Share of (loss)/profit for the year	(552)	25,218
Non-controlling interests	-	41,160
	<u>65,826</u>	<u>66,378</u>

22. Financial instruments - fair values and risk management**22.1 Financial risk management objectives**

The Group only deals in basic financial instruments. In the current period the Group's financial instruments comprise cash and cash equivalents and accruals which arise directly from its operations. All financial assets and liabilities are recognised at amortised cost. The Group does not use financial instruments for speculative purposes.

Portfolio risk

The group invested in listed shares in the period. In doing so, the group's portfolio of investment is exposed to market fluctuations. Management closely monitors the market price of their investments to minimise adverse risk and are monitoring the stock market for opportunities to diversify and reduce the portfolio risk.

Contract For Differences risk

The group invested in Contract For Differences (CFD) in the period. Management is experienced in CFD trading and have chosen a highly respected CFD provider to minimise counterparty risks or delays. All CFDs' were repaid in April 25.

Financial Risk Factors

The Group's activities expose it to mainly liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Liquidity Risk

The Group has to date financed its operations from cash reserves funded from share issues, Management's objectives are now to manage liquid assets in the short term through closely monitoring costs and raising funds through the issue of shares.

The Group has no borrowing facilities that require repayment and therefore has no interest rate risk exposure.

Capital Management Risk

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to holders of the parent, comprising issued share capital and retained earnings. Consistent with others in the industry, the Group reviews the gearing ratio to monitor the capital.

KELSO GROUP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

22. Financial instruments - fair values and risk management (continued)

22.1 Financial risk management objectives (continued)

This ratio is calculated as the net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity (including capital, reserves and retained earnings). This gearing ratio will be considered in the wider macroeconomic environment.

Fair Values

Management have assessed that the fair values of cash and short-term deposits and accruals approximate to their carrying amounts due to the short-term maturities of these instruments.

KELSO GROUP HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

23. Share based payments

23.1. Employee share option plan of the Group

Details of the employee share option of the Group

During the year ended 31 December 2023, the board set up a management incentive plan ("MIP") in the company's newly formed subsidiary, Kelso Ltd. The MIP is focused on aligning the participants with shareholders and investment returns. The principal terms are as follows:

The MIP is linked to total shareholder return (share price performance plus dividends). Participants of the MIP hold A shares in Kelso Ltd.

Kelso Limited will have the right to convert to shares in Kelso Group Holdings Plc, the value to be calculated as follows:

- Subject to achieving a return hurdle for Kelso shareholders of 8% p.a., an entitlement to 15% of the value created
- Subject to achieving a return hurdle for Kelso shareholders of 15% p.a., an entitlement of 20% of the value created
- For returns between these hurdle rates, an entitlement of between 15% and 20% of value created calculated on a straight line basis .
- Standard good/bad leaver provision
- MIP shares may vest a third each on the third, fourth and fifth anniversaries. 50% of MIP shares, once converted into Kelso shares, will be locked up for one year.

The MIP currently includes 6 participants who are entitled to a share of the MIP at the end of the third and anytime during 4th and 5th year, based on growth in net asset value. The exercise period is on the third, fourth and fifth anniversary.

Employee services are measured indirectly with reference to the fair value of the equity instruments granted and has been done by applying the modified grant date method. The grant date fair value of the equity instruments has been determined at the grant date on 14 April 2023 at 3.00p per share based on the market value at that date, with no downward adjustment value expected.

The Board has estimated that the non-market performance conditions will be met with an estimated growth of 9.12% p.a. The participants were entitled to 15.00% of the value created of £3,426,049 over the vesting period of 5 years. In accordance with the modified grant date method, this would entitle the participants to 6,739,350 share options at 31 December 2024, at the grant date price of 3.00p with a value of £201,912. This was recognised in equity reserves in the accounts.

The Board performed sensitivity analyses on the MIP for reasonable changes to key assumptions as well as a worst-case scenario. Determination of the MIP value is most sensitive to changes in the growth rate or return hurdle, which is the non-market performance condition linked to the MIP.

The Board is of the view that the Group will achieve an overall growth rate of 9.12% over the 5-year vesting period, against the 8% target growth rate set in the MIP, and therefore the performance condition will be met. At a minimum, to meet the 8% overall growth rate set in the MIP over the 5-year vesting period, having achieved an effective 13% growth per annum in the period from grant date of 14 April 2023 to 31 Dec 2024, the Group will need to achieve an average 6% growth rate per annum in the remaining vesting period of 3 years.

KELSO GROUP HOLDINGS PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024****24. Related party transactions**

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Details of transactions between the Company and its related parties are disclosed below.

There are no personnel considered to be key management other than the directors. The directors received compensation under the MIP but no remuneration during the year.

25. Control

There is no controlling party. A list of substantial shareholders is disclosed in the directors' report.

26. Deferred tax

	Group 2024 £	Group 2023 £	Company 2024 £	Company 2023 £
Deferred tax - balance b/fwd	(274,913)	-	56,259	-
Deferred tax - charge to profit or loss	73,440	(274,913)	(56,259)	56,259
At end of year	<u>(201,473)</u>	<u>(274,913)</u>	<u>-</u>	<u>56,259</u>
	Group 2024 £	Group 2023 £	Company 2024 £	Company 2023 £
Tax losses	-	56,259	-	56,259
Unrealised investment gains	(251,950)	(358,076)	-	-
Management incentive plan	50,477	26,904	-	-
	<u>(201,473)</u>	<u>(274,913)</u>	<u>-</u>	<u>56,259</u>

KELSO GROUP HOLDINGS PLC

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

27. Events after the reporting date

During April 2025, the outstanding loan and contract for difference were settled in full.

KELSO GROUP HOLDINGS PLC**COMPANY DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2024**

	2024 £	2023 £
Less: overheads		
Administration expenses	(9,957)	(81,431)
Operating loss	<u>(9,957)</u>	<u>(81,431)</u>
Finance income	-	12
Finance expense	(46,347)	-
Tax on loss on ordinary activities	(56,259)	56,259
Loss for the year	<u><u>(112,563)</u></u>	<u><u>(25,160)</u></u>

KELSO GROUP HOLDINGS PLC**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	2024 £	2023 £
Administration expenses		
Consultancy	-	12,278
Legal and professional	9,599	34,200
Auditors' remuneration	-	9,996
Accountancy fees	-	24,700
Bank charges	-	257
Sundry expenses	358	-
	<u>9,957</u>	<u>81,431</u>
	2024 £	2023 £
Finance expense		
Other loan interest payable	<u>46,347</u>	<u>-</u>
	2024 £	2023 £
Finance income		
Bank interest receivable	<u>-</u>	<u>12</u>
	2024 £	2023 £
Taxation		
Deferred tax - current year	<u>56,259</u>	<u>(56,259)</u>
	<u>56,259</u>	<u>(56,259)</u>