

30<sup>th</sup> September 2020

## THG Holdings plc

### THG ACQUIRES LUXURY SKINCARE BRAND PERRICONE MD

*Acquisition further strengthens THG's leadership in specialty beauty retailing*

THG Holdings plc ("THG" or the "Group"), the global technology platform company, specialising in taking brands direct to consumers, today announces the acquisition of Perricone MD, a pre-eminent US prestige skincare brand, for \$60 million in cash.

Founded in 1997, Perricone MD is a science-led topical skincare brand. Its skincare formulations and supplements address a broad range of dermatological needs, supported by extensive clinical and consumer studies. The brand has approximately 100 product patents and is committed to no-animal testing, clean ingredients and gluten free formulations.

As the digital-strategic leader in the beauty market, the Group is able to be extremely selective with acquisitions and it has acquired 100% of Perricone MD for a 1x continuing sales multiple. Perricone MD is profitable at the EBITDA level although THG anticipates minimal impact in the current financial year. As Perricone MD is transitioned by THG Ingenuity into a digital-first and global brand it is expected to be earnings accretive by the end of the financial year 2021, achieving double digit EBITDA margins consistent with previous THG Beauty brand acquisitions.

Perricone MD will join the Group's Beauty portfolio of own brands, which includes ESPA, Christophe Robin, Grow Gorgeous, Illamasqua, Mio Skincare, Mama Mio, Eyeko and Ameliorate.

*"Perricone MD has a strong heritage, a loyal customer base and is a truly exciting addition to THG's beauty portfolio,"* said Matthew Moulding, Founder, Chairman and CEO of THG. *"The online beauty and skincare sector is growing rapidly, and this acquisition enables us to further strengthen our position as the world's leading pure-play speciality beauty brand owner and retailer."*

THG's stated Beauty M&A strategy is to acquire industry-leading brands and intellectual property, typically constrained by store-based retail channels and limited geographic reach. Through immediate implementation of THG's Ingenuity Platform, Brands gain direct access to consumers across the globe. This enables THG's Brands to reach a truly global audience, whilst directly controlling every element of the consumer experience and delivering materially accretive margins.

Mr. Moulding added: *"Perricone MD will now benefit from the powerful and sustainable infrastructure of THG Ingenuity, which has a proven track record of scaling revenues and enhancing the margins of acquired brands."*

THG has been executing this own brand beauty acquisition strategy for the last four years, with over 50% of revenues across its existing portfolio of seven existing beauty brands now generated from direct-to-consumer sales globally online.

Lookfantastic has been an important long-term partner for Perricone MD, enabling THG to build a significant understanding of the brand over many years. In the last 12 months, Perricone MD has seen very significant sales growth on Lookfantastic, which has given further confidence in the acquisition rationale of the brand.

Immediately post acquisition, THG will launch Perricone MD on its THG Ingenuity technology platform, delivering the following benefits:

- A proprietary, end-to-end platform: trading, merchandising, marketing, real-time data
- 14 THG fulfilment centres globally, powered by proprietary management software
- 180+ integrated couriers reaching 195+ destinations, with express delivery for key markets
- 29 data centres globally ensuring rapid website speeds across all key markets
- 50+ payment options across 40 currencies, localising consumer payment options
- 7 content studios delivering digital brand building and content creation (**THG Studios**)
- In-house digital marketing and a proprietary influencer platform (**THG Society**)
- 6,000 native linguist network delivering specialised translation services (**THG Fluently**)
- Proprietary fraud prevention platform, featuring device fingerprinting, data matching against known fraud, API capability and business intelligence tools (**THG Detect**)
- International customer service, with integrated translation services and with communication via email, live chat, iMessage, WhatsApp, Weibo, ABC, Revoo and other local platforms
- In-house product development and manufacturing (BRC A Grade, FDA-approved)

In line with THG's broader strategy, the Group also remains focused on making investments across technology, sustainability and infrastructure. The purpose of these investments will be to further enhance its unique-end-to-end ecommerce platform, delivering digital and sustainability transformation programmes for 3<sup>rd</sup> party brands, in addition to powering THG's own brands.

THG intends to report its first trading update (covering Q3 2020) to the market on 26<sup>th</sup> October 2020.

## ENDS

For more information, please contact:

### THG

*For investor enquiries, Matt Rothwell*

[Matt.Rothwell@thehutgroup.com](mailto:Matt.Rothwell@thehutgroup.com)

+44 7788 334 569

*For media enquiries, Viki Tahmasebi*

[Viki.Tahmasebi@thg.com](mailto:Viki.Tahmasebi@thg.com)

+44 7966 028 340

### Instinctif Partners

**(Public relations advisor to THG)**

*Guy Scarborough*

+44 7917 178 920

*Damian Reece*

+44 7931 598 593

### Notes to Editors

#### About THG

THG is an international online retailer and technology company. Founded in 2004 by CEO Matthew Moulding, Manchester-based THG now operates 200+ localised websites, retailing goods in 169 countries. In the year to 31 December 2019, the Group grew sales by 24% to £1.14bn, with 66% of sales generated internationally. More than half of THG's sales come from its own brand products. THG owns Lookfantastic and Myprotein amongst other brands operating primarily in the beauty and wellbeing sector.

#### About THG Ingenuity

THG Ingenuity is THG's end-to-end ecommerce platform, powering THG's own business as well as those of brands and retailers around the world. THG Ingenuity comprises access to THG's international infrastructure across warehouse fulfilment, digital content studios and event spaces, an end-to-end proprietary software solution required to operate and scale retail brands, and a suite of in-house consultative and management services across trading, marketing and brand strategy. It is one of the only platforms that is underpinned by proven expertise as it has demonstrably scaled brands globally and now powers 3<sup>rd</sup> party brands on a SAAS basis.

THG Ingenuity is partnered with leading retailers across the globe, including Groupe L'Occitane, PZ Cussons Beauty and Nintendo. THG Ingenuity helped the Group dispatch over 80 million items during the year ended 31 December 2019 to customers across the world and saw THG reach the top of the Sunday Times profit track for two consecutive years.

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