

18 January 2022

# THG PLC

## Fourth quarter trading statement for the period ended 31 December 2021

**Q4 2021 Group revenue of £711.7m, +29.7%<sup>1</sup> YoY and +95.7% 2 year growth**

**FY 2021 revenue of £2.2bn, +37.9%<sup>1</sup> YoY and +95.0% 2 year growth**

**Strong revenue growth expected for FY 2022; +22.0% to +25.0% YoY, including £108.0m - £112.0m for Ingenuity Commerce**

THG PLC ("THG" or the "Group"), the global proprietary technology platform specialising in taking brands direct to consumers ("D2C"), announces a trading update for the period ended 31 December 2021 ("Fourth Quarter" or "Q4 2021").

## Q4 & FY 2021 Group Trading Performance

£m	Q4 2021	Q4 2020	YoY <sup>2</sup> Growth	YoY Growth CCY	2 Year Growth	2 Year Growth CCY
THG Beauty	407.9	298.5	36.7%	38.9%	127.4%	130.4%
THG Nutrition	171.8	158.9	8.1%	12.1%	51.6%	55.6%
THG OnDemand	46.5	41.9	10.9%	13.1%	101.1%	101.7%
THG Ingenuity	57.4	40.5	41.8%	42.7%	65.4%	70.7%
Other	28.0	20.0	39.7%	37.6%	44.6%	42.1%
<b>Group Revenue</b>	<b>711.7</b>	<b>559.8</b>	<b>27.1%</b>	<b>29.7%</b>	<b>92.4%</b>	<b>95.7%</b>
Ingenuity Commerce Revenue	15.4	7.3	111.1%	111.1%	415.0%	415.0%
Annual Revenue Run-Rate (ARR)	61					

£m	FY 2021	FY 2020	YoY Growth	YoY Growth CCY	2 Year Growth	2 Year Growth CCY
THG Beauty	1,116.3	751.6	48.5%	51.4%	133.4%	137.8%
THG Nutrition	659.5	562.3	17.3%	20.8%	59.7%	63.3%
THG OnDemand	128.1	101.3	26.5%	29.4%	119.3%	122.1%
THG Ingenuity	194.3	137.3	41.4%	43.4%	51.8%	56.5%
Other	80.2	61.1	31.3%	28.0%	28.0%	25.5%
<b>Group Revenue</b>	<b>2,178.3</b>	<b>1,613.6</b>	<b>35.0%</b>	<b>37.9%</b>	<b>91.1%</b>	<b>95.0%</b>
Ingenuity Commerce Revenue	45.4	19.3	135.2%	135.2%	512.3%	512.3%

<sup>1</sup> Any reference to revenue growth throughout this document is on a constant currency basis ("CCY"). Removing fluctuations arising from translation of foreign exchange by restating prior year numbers at current year exchange rates.

<sup>2</sup> YoY defined as year-on-year statutory sales growth.

**Matthew Moulding, CEO commented:**

*"We are delighted to report significant growth across all divisions during the peak Q4 trading period and to have delivered record annual sales of £2.2billion.*

*"The operational resilience and performance of our Ingenuity infrastructure was a highlight, dispatching over one million units per day at peak periods. The investment we have made in automation in the UK delivered year-on-year efficiencies, and we are on track to launch our first AutoStore facility in the US during Q2 2022, supplementing the six warehouses added to the network across three continents during 2021.*

*"2021 marked our first full year as a public company and I would like to express my gratitude to all THG colleagues for their dedication and hard work in helping us achieve such a strong performance for the year. Despite challenging conditions, we have scaled revenue and expanded our business model, particularly THG Ingenuity, well ahead of expectations given at our IPO 16 months ago. At the same time, we welcomed c.3,000 new employees across the world to the Group, the majority of whom are within the U.K., and completed many transformational projects, including the opening of our 1m sq. ft. U.K. technology campus, ICON.*

*"During the year, the Group also invested around one billion pounds across infrastructure, technology and M&A to further develop the long-term growth prospects of our key trading divisions. We remain committed to our strategy of investing for growth across our global fulfilment network and technology platform.*

*"The new year has started well, and we remain confident in delivering our strategic growth plans during 2022 and beyond."*

**Outlook and guidance**

Momentum coming into 2022 remains strong across the Group following an acceleration in organic revenue growth in Q4 vs. Q3 2021 and with a substantial pipeline of site launches within THG Ingenuity. While the early part of 2022 is expected to be a more challenging comparable period due to global lockdowns in H1 2021, and record commodity prices within our Nutrition division, the Board expects FY 2022 revenue growth of +22.0% to +25.0% (CCY).

FY 2021 adjusted EBITDA margin is expected to be in the range of 7.4% to 7.7%, compared to market expectations of c.7.9%, after taking into account c.90bps of adverse foreign currency movements.

For FY 2022, the Group expects adjusted EBITDA margins to improve throughout the year as we see the benefits of 2021 investments in automation offsetting inflationary pressures, in addition to the increasing mix of revenues generated from Ingenuity Commerce. The phasing is expected to be weighted to the second half of the year, given movements in raw material prices, transport costs and currencies.

**Q4 & FY 2021 highlights**

- Q4 2021 revenue growth of +29.7%, with accelerated momentum in organic sales during peak underpinning a full year revenue increase of +37.9%.
- THG Beauty delivered sales growth of +38.9%, with six orders per second placed during the peak cyber period. Post platform migration, meaningful customer service improvements were realised including a 0.8 day average reduction in delivery service in the US for Dermstore, and an extended seven hour next day delivery cut-off time for Cult Beauty UK customers due to THG Ingenuity's expansive courier relationships.
- THG Nutrition delivered revenue of £171.8m, +12.1% YoY, with FY 2021 sales +20.8% vs FY 2020. Growth was broad based with the UK and US delivering growth of +70% on a 2 year basis, with a call out performance in Japan for Singles Day.
- Enhanced consumer order value and frequency metrics across app users with 6.8m app downloads since 2020 launch (FY 2021: 4.2m), now accounting for c.7% of D2C Group sales<sup>3</sup>.
- Influencers continued to play an important role in marketing, generating c.23% of Nutrition Cyber month sales (November 2021) and c.11% of total Group D2C revenue for FY 2021 on a tracked<sup>4</sup> basis (vs 9% in FY 2020).
- Demand in our large consumer and technology markets remains strong and we continue to win customers at expected levels, with +89% growth in new D2C

customers to the Group in 2021 vs. 2019. New and existing customer behaviour metrics remain consistent with the pre-pandemic environment; notably, revenue from returning Lookfantastic and Myprotein customers represented c.80% of sales in FY 2021, with stable average order values.

- Total cash of over £530m at year end plus an undrawn facility of £170m, on long dated 3-5 year terms.

#### **Ingenuity Commerce update**

- FY 2021 revenue growth of 135.2% to £45.4m, with material new client wins in late Q4 contributing from Q1 2022 onwards, supporting our re-iteration of FY 2022 revenue guidance of £108.0m - £112.0m.
- Site number growth during the year was driven by enterprise-scale corporates across a diverse range of categories with over 75% of live sites in major international territories (UK, US, France, Germany, China, Japan and Australia).
- Average recurring revenue per website in Q4 2021 increased to £0.24m reflecting the increase in Gross Merchandise Value processed during the peak quarter.

<sup>3</sup> Excluding Dermstore and Cult Beauty.

<sup>4</sup> Tracked is based on revenues via link last click attribution and codes which may have a last click attribution of other digital channels.

	<b>Q4 2021</b>	<b>Q3 2021</b>	<b>Q2 2021</b>
Number of live client websites <sup>5</sup>	187	163	133
Average recurring revenue per website <sup>6</sup> (£m)	0.24	0.17	0.17
Recurring Revenue % <sup>7</sup>	72%	59%	55%
Annual Revenue Run-Rate <sup>8</sup> (£m)	61	44	37

<sup>5</sup> Number of websites defined as website with a specific domain name/URL live at the end of the period.

<sup>6</sup> Average recurring revenue per website is presented on an annual basis.

<sup>7</sup> Based on total Ingenuity Commerce revenue.

<sup>8</sup> Annual Revenue Run-rate is based on annualised recurring revenue and trailing 12 months non-recurring revenue.

#### **Analyst and investor conference call**

THG will today host a conference call and webcast for analysts and investors at 9.00am (UK time) via the following links:

To register for the webcast, please use the below link:

[https://brimedia.news/THG\\_Q421](https://brimedia.news/THG_Q421)

To ask questions, you must dial in via conference line using the below details:

- Room number: 7571352
- UK dial in: +44 (0)330 336 9601

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

##### **Investor enquiries:**

Kate Grimoldby, Head of Investor Relations

[Investor.Relations@thg.com](mailto:Investor.Relations@thg.com)

##### **Media enquiries:**

**Powerscourt - Financial PR adviser**

Victoria Palmer-Moore/Nick Dibden/Nick Haynes

Tel: +44 (0) 20 7250 1446

[thg@powerscourt-group.com](mailto:thg@powerscourt-group.com)

##### **THG PLC**

Viki Tahmasebi

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

**ENDS**

**Notes to editors**

THG ([www.thg.com](http://www.thg.com)) is a vertically integrated, global, digital-first consumer brands group, retailing its own beauty and nutrition brands, plus leading third-party brands, via its proprietary, end-to-end, e-commerce technology, infrastructure and brand-building platform (THG Ingenuity). THG's business is operated through the following businesses:

**THG Ingenuity:** Ingenuity Commerce provides end-to-end technology services charged to third party clients for digital commerce solutions. Ingenuity Infrastructure underpins the Ingenuity Commerce offering, and is charged to third parties as a single stand-alone service. Services include hosting, content creation through THG Studios, translation services and beauty product development and manufacturing.

**THG Beauty:** The globally pre-eminent digital-first brand owner, retailer and manufacturer in the prestige beauty market, combining its portfolio of eight owned brands across skincare, haircare and cosmetics, the provision of a global route to market for over 1,000 third-party beauty brands through its portfolio of websites, including Lookfantastic, Dermstore, Cult Beauty and Mankind and the beauty subscription box brand GLOSSYBOX.

**THG Nutrition:** A group of digital-first Nutrition brands, which includes the world's largest online sports nutrition brand Myprotein, and its family of brands (Myvegan, Myvitamins, MP Clothing and Myprotein Pro), with a vertically integrated business model, supported by six THG production facilities.

**THG OnDemand:** Personalisation and customisation services to major brands and global publishing houses, typically under licensing agreements, enabling brands to offer unique products to consumers through websites including Zavvi, IWOOT and Pop in a Box.

**Other:** Luxury D2C websites including Coggles, AllSole and MyBag, as well as THG Experience, which comprises prestige locations at Hale Country Club & Spa, King Street Townhouse Hotel and Great John Street Hotel, providing deeply experiential brand building environments, most notably in support of THG Society, the Group's proprietary influencer marketing platform.

#### **Cautionary Statement**

*This announcement may include "forward-looking statements" in respect of the Group's operations, performance, prospects and/or financial condition. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words and words of similar meaning as "anticipates", "aims", "due", "could", "may", "will", "should", "expects", "believes", "intends", "plans", "potential", "targets", "goal" or "estimates". By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Factors which may cause future outcomes to differ from those foreseen in forward-looking statements include, but are not limited to, those identified in the "Risk Management" section of the Group's 2020 Annual Report. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. Additionally, forward looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.*

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