

26 October 2020

THG Holdings plc

Third quarter trading statement

Group revenue growth accelerated in Q3 2020 vs H1 2020, with increasing momentum in Ingenuity growth and 2020 revenue guidance upgraded

THG Holdings plc ("THG" or the "Group"), the global technology platform specialising in taking brands direct to consumers, today announces its trading update for the three months ended 30 September 2020 ("Q3").

Q3 2020 Group Trading Performance

| | Q3 2020 Sales £m | H1 2020 Sales £m | YTD 2020 Sales £m | Q3 Growth % | H1 Growth % | YTD Growth % |
|---------------------|---------------------|---------------------|-------------------------|----------------|-------------------|-----------------|
| THG Beauty | 157.5 | 295.6 | 453.1 | +45.0% | +55.4% | +51.6% |
| THG Nutrition | 145.4 | 258.0 | 403.4 | +42.8% | +30.5% | +34.7% |
| THG Ingenuity | 35.4 | 61.4 | 96.9 | +10.1% | +0.6% | +3.9% |
| THG Lifestyle | 24.4 | 36.1 | 60.6 | +79.6% | +58.1% | +66.1% |
| Other | 15.3 | 24.5 | 39.8 | (7.0)% | (4.4)% | (5.4)% |
| THG Group | 378.1 | 675.7 | 1,053.7 | +38.6% | +35.8% | +36.8% |
| <i>Memo:</i> | | | | | | |
| D2C Online Revenues | 320.2 | 572.8 | 893.0 | +51.3% | +47.8% | +49.0% |
| Ingenuity Commerce | 5.1 | 6.9 | 12.0 | +171.4% | +171.6% | +171.5% |

Q3 2020 Highlights

- Q3 Group revenue increased to £378.1m +38.6% year-on-year, representing an acceleration vs the reported H1 2020 revenue growth rate of +35.8%.
- Direct-to-Consumer ("D2C") Online revenues increased to £320.2m +51.3%, year-on-year, compared to +47.8% growth reported at H1 2020.
- The Ingenuity Division saw its high margin Ingenuity Commerce revenues grow to £5.1m, +171.4% year-on-year during Q3 2020 (H1 2020: +171.6%). Overall, the Ingenuity Division grew at 10.1% during Q3 (H1 2020: +0.6%), when including broader Ingenuity services, including beauty manufacturing and product development for third parties.
- New customer acquisition continues to be very strong, while repeat purchase rates continue to improve from both new and existing customers.
- Throughout the quarter operating costs were stable, with margins unchanged due to continued re-investment. The Group operates with less than 2% returns from customers, with no notable impact on these through the Covid-19 pandemic.

- Significant positive net cash position of c. £420m as at 30 September 2020, with over £900m of liquidity available to the Group.

Ingenuity Update and Innovations

The Group expanded Ingenuity's functionality and distribution reach during the period with the launch of three new warehouses in the US, UK and Singapore, bringing the Group total to 17 warehouses and fulfilment sites across four continents, all supported by Voyager, THG's proprietary warehouse management system. Furthermore, the Group added 12 new integrated couriers providing over 25 different service options, supporting express delivery services in all key territories globally.

THG launched its patent-pending Foundation Finder enabling customers to easily transition from the high street to online in providing proprietary colour matching technologies. Furthermore, the Group launched Omniverse, its proprietary Customer services social platform, integrated into Facebook to expedite customer interactions.

Finally, following the acquisition of Perricone MD on 30 September 2020, the business has now been fully integrated onto the Ingenuity technology and operating platform.

Outlook and Guidance

At IPO, the Group guided to FY 2020 revenue of c. £1.43bn, representing a growth rate of c. +25%. However, following the Group's strong Q3 performance and continued momentum so far in Q4, the Group is raising FY 2020 revenue guidance to a range of c. £1.48bn to c. £1.52bn (+30% to +33%).

Q4 remains a key and important trading period each year, typically accounting for c. 30% to c. 32% of Group revenue each year, with Black Friday playing a key role.

The Ingenuity Commerce pipeline remains very robust with enquiries for THG's services at an all-time high and numerous partnerships at advanced stages.

Governance

The Group is committed to increasing the resources available to the Board sub-committees through the appointment of independent special advisors and is pleased to report the following appointments across the Audit & Risk and Sustainability committees:

- **Damian Sanders:** Damian was until recently a Senior Audit Partner at Deloitte in Manchester and was a member of Deloitte's North West Leadership Team. He was appointed to the Board of Cineworld plc in August this year as an independent Non-Executive Director. Damian is an FCA member of the Institute of Chartered Accountants in England & Wales, bringing extensive financial and commercial experience to the Group. He has acted as an advisor and a corporate governance specialist to a number of FTSE Boards for over 20 years.
- **Adam Waller:** Adam is a Senior Private Business Tax Partner for PricewaterhouseCoopers and the Office Senior Partner for the Manchester practice. He has over 25 years' experience advising businesses and will advise THG on its tax governance and policy. He is a Chartered Tax Adviser and holds an MBA from Manchester Business School.
- **Alan McGill:** Alan has over 22 years' experience of working with large, global complex businesses and auditing their operations and results. Alan is a Partner at PricewaterhouseCoopers, London and he leads its Sustainability Reporting, Measurement and Assurance practice on a global basis.

The Group remains committed to appointing an additional Independent Non-Executive Director within its first 12 months of admission as a public listed company.

Matthew Moulding, Group CEO and Executive Chairman commented:

"I am pleased to report a strong period of trading in our first quarterly update as a public company, including an upgrade to revenue growth guidance for 2020. I would like to thank all our colleagues for their huge contribution to date. Our strong organic revenue growth across

all divisions, numerous THG Ingenuity partnership deals, and the recent acquisition of luxury skincare brand Perricone MD, demonstrates our strategic direction and progress in the period.

Our decision to list on the London Stock Exchange provides us with a strong platform to raise the profile of both Ingenuity and our Brands, and further supports their strong organic growth. Our acquisition strategy remains unchanged, with a focus to complement organic growth with brand IP and Ingenuity infrastructure additions.

THG has a very strong balance sheet, enabling us to further invest across each of our growth pillars. THG's core competencies leave it exceptionally well placed and we are witnessing increased opportunities, in scale and volume, for selective acquisitions across all our divisions and geographies.

I am delighted to announce the establishment of our Advisory panel with the first three appointments made to provide additional counsel and support to THG's Board sub-committees. This is a transformational step for THG and we look forward to making additional appointments over the medium term."

Analyst and investor conference call

THG Holdings plc will today host a webcast for analysts and investors at 8.30am (UK time) via the following link:

<https://webcasting.brmedia.co.uk/broadcast/5f90237fc4d0076f2b9446cf>

A replay will subsequently be available via the same link and on the Group's website:

<https://www.thg.com/results-reports-and-presentations>

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Notes to editors

THG (www.thg.com) is a vertically integrated digital-first consumer brands group, retailing its own brands, in beauty and nutrition plus third-party brands, via its proprietary technology platform to an online and global customer base. THG is powered by THG Ingenuity, its proprietary end-to-end e-commerce technology, infrastructure and brand building platform. THG's business is operated through the following five businesses:

THG Ingenuity: Provides an end-to-end D2C e-commerce solution for consumer brand owners under Software as a Service licences, in addition to stand-alone digital services, including hosting, studio content, translation services and Beauty product development and manufacturing.

THG Nutrition: A manufacturer and online D2C retailer of nutrition and wellbeing products and owner of the world's largest sports nutrition brand Myprotein, including its family of brands Myvegan, Myvitamins, MP Clothing and Myprotein Pro.

THG Beauty: The globally pre-eminent digital-first brand owner, retailer and manufacturer in the prestige beauty market, combining its prestige portfolio of eight owned brands across skincare, haircare and cosmetics, the provision of a global route to market for over 850 third-party beauty brands through its portfolio of websites, including Lookfantastic, Skinstore and Mankind and the beauty subscription box brand GLOSSYBOX.

THG Lifestyle: Consisting of consumer and luxury brands, including Coggles, AllSole and Mybag as well as Zavvi, IWOOT and Pop In A Box. Personalisation and customisation is a key offering within THG Lifestyle, enabling the brands to offer unique products to a vast range of consumers across THG's global territories.

THG Experience: Prestige events locations at Hale Country Club & Spa, King Street Townhouse Hotel and the Great John Street Hotel providing deeply experiential brand building environments, most notably in support of THG Society, the Group's proprietary influencer marketing platform.

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