

12 January 2021

THG plc

Fourth quarter trading statement

Q4 2020 revenue growth of +51% YoY outperforms previous guidance of +40% to +45%

Group revenue growth accelerated in Q4 2020 vs Q3 2020, with an especially strong performance in THG Beauty and increasing momentum in Ingenuity Commerce contract wins

FY 2021 revenue growth guidance raised to +30% to +35%

THG plc ("THG" or the "Group"), the global technology platform specialising in taking brands direct to consumers ("D2C"), announces its trading update for the three months ended 31 December 2020 ("Q4").

Q4 2020 Group Trading Performance

| | Revenue | | | Revenue | | | Revenue | | |
|--------------------|--------------|--------------|---------------|---------------|---------------|----------------|----------------|---------------|--|
| | Q4 2020 | Q4 2019 | Q4 2020 | Q3 2020 | H1 2020 | FY 2020 | FY 2019 | FY | |
| | £m | £m | Growth | Growth | Growth | £m | £m | Growth | |
| THG Beauty | 298.2 | 179.4 | +66.2% | +45.0% | +55.4% | 751.3 | 478.3 | +57.1% | |
| THG Nutrition | 158.2 | 113.4 | +39.6% | +42.8% | +30.5% | 561.6 | 412.9 | +36.0% | |
| THG OnDemand (1) | 42.4 | 23.4 | +80.9% | +79.6% | +58.1% | 102.9 | 59.9 | +71.9% | |
| THG Ingenuity | 40.3 | 34.7 | +16.0% | +10.1% | +0.6% | 137.1 | 127.9 | +7.2% | |
| Other | 19.7 | 19.1 | +3.2% | (7.0)% | (4.4)% | 59.5 | 61.2 | (2.8)% | |
| Group Sales | 558.7 | 370.0 | +51.0% | +38.7% | +35.8% | 1,612.5 | 1,140.2 | +41.4% | |
| Memo: | | | | | | | | | |
| D2C Online Revenue | 468.8 | 303.8 | +54.3% | +51.3% | +47.8% | 1,361.8 | 903.0 | +50.8% | |
| Ingenuity Commerce | 7.3 | 3.0 | +144.0% | +171.4% | +171.6% | 19.3 | 7.4 | +160.4% | |

(1) THG Lifestyle has been renamed THG OnDemand to reflect the evolution of its model from purely a retailer of lifestyle products into a personalised, often licensed and subscription based, print on-demand retailing model.

Q4 2020 highlights

- On 7th December 2020, following a strong peak trading performance, management raised Q4 2020 revenue guidance from a range of +16.0% to +25.0% to a revised range of +40.0% to +45.0%. Strong momentum across all channels continued through December, now resulting in Q4 2020 revenue growth of +51.0%.
- THG delivered Q4 2020 Group revenue of £558.7m, versus £370.0m in Q4 2019. This represented an acceleration in the growth rate to +51.0% from the Q3 2020 growth rate of +38.7%.
- The Group added over 3.5m new active customers during Q4 2020 alone, with over 10.7m added during the full year.
- App users across the Group reached 2.6m by the period end, compared to less than 0.1m at the end of 2019, providing a powerful new channel in which to engage with consumers.
- Gross margin expansion during H2 2020 enabled the Group to accelerate investments in people, additional global distribution centres, technology and new customer acquisition, while maintaining stable EBITDA

margins. These investments should play a key role in underpinning long-term revenue growth.

- A combination of significant investments made over the past two years and the fantastic efforts of our warehouse colleagues produced a strong operational performance, despite unprecedented levels of demand.

FY21 outlook & guidance

In the recent trading update on 7th December 2020, medium-term revenue guidance was reiterated at +20% to +25%. On 29th December 2020, THG announced the acquisition of Dermstore.com, with anti-trust approval expected during January 2021.

Following the strong momentum with which THG has finished 2020, along with the expected contribution from Dermstore.com, management now expects FY 2021 revenue growth to be between +30% and +35% ahead of FY 2020.

Ingenuity Commerce contracts update

Following a range of contract wins announced in the 7th December 2020 Trading Update, THG Ingenuity Commerce today announces a further selection of D2C and trade partnerships within the beauty and consumer verticals.

New business pipeline conversion continued at pace throughout 2020. Whilst new project implementations tend to be phased to avoid the peak trading period, the growth rate for Ingenuity Commerce revenue of +144.0% in Q4, plus the combination of recent contract wins and the current new business pipeline, provide a great deal of confidence and visibility for the new financial year. Growth will be supported by the investments made into the Business Development structure which increased from 5 to 54 employees through the year.

Beauty

- Galderma: Global dermatology company Galderma has partnered with THG Ingenuity to launch its Acnecide D2C UK website. The end-to-end contract will include trading, marketing, logistics, customer services and payment solutions.
- Creed: Fragrance brand Creed has agreed a deal with THG Ingenuity to fully internationalise its digital brand presence across Europe and the UAE, including personalisation.
- Erborian (L'Occitane Group): Skincare brand Erborian, part of the L'Occitane Group, is launching a D2C localised site via THG Ingenuity across Spain, with scope to enter additional international markets and expand its global reach.

Brand and Consumer

- GlaxoSmithKline (Consumer Healthcare): GlaxoSmithKline is partnering with THG Ingenuity to deliver an end-to-end solution for its Vitamins portfolio in the UK, with a D2C site and support across hosting, marketing, trading, logistics, payments and customer services.
- AkzoNobel: Following the announcement of THG's 10-year partnership with Homebase, leading UK paint brand Dulux, part of AkzoNobel, is working with THG Ingenuity to launch an exclusive new website for its Dulux Heritage collection as a concession within Homebase. The partnership between the three companies forms part of AkzoNobel's strategy to increase its D2C sales via digital channels.
- Vimto: Soft drinks brand Vimto is working with THG Ingenuity to digitise its proposition in the UK, with the agreement including a new D2C website, fulfilment and client services.

Matthew Moulding, Executive Chairman and CEO commented:

"I am pleased to report another strong performance through Q4 2020, during what has been a transformational year for THG. Due to the focus and dedication of our rapidly growing global workforce we have delivered some significant milestones in 2020.

"Following our successful listing on the London Stock Exchange in September 2020, we have accelerated our sales growth across all areas of the Group, underpinned by record new customer numbers. We have also started reinvesting capital raised at IPO, including over £360m in M&A, principally within the US beauty sector.

"Furthermore, we have also invested significantly in our people, creating 3,000 new jobs during 2020, largely within the U.K, but also across our international operations. During 2020, we have made significant progress in commercialising our Ingenuity Platform, fast becoming a major global player in taking brands direct to consumers.

"Each of these milestones further underpin THG's strategic growth pillars outlined at IPO, giving management significant confidence when looking ahead to 2021 and beyond, and driving the increase in our guidance for the year ahead.

"I would like to thank all our dedicated colleagues who have risen to the challenge to deliver such a strong performance in difficult and unprecedented global circumstances."

Analyst and investor conference call

THG plc will today host a conference call and audio webcast for analysts and investors at 8.30am (UK time) via the following links:

Audio webcast: <https://brmedia.news/chv5n>

Conference call:

UK dial-in: +44 33 0606 1118
US dial-in: +1 646 813 7960
Room number: 670095
Participant PIN: 2230

Please note questions will only be taken via the conference phone, and not the audio webcast.

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 businesses:

THG Ingenuity: Provides an end-to-end direct-to-consumer e-commerce solution for consumer brand owners under Software as a Service licences, in addition to stand-alone digital services, including hosting, studio content and 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, Command, 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 nine 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 OnDemand: Personalisation and customisation is a key offering within THG OnDemand, enabling brands to offer unique products to a vast range of consumers across THG's global territories through websites including Zavvi, IWOOT and Pop in a Box.

Other: Luxury D2C websites including Coggles, AllSole and MyBag, in addition to THG Experience. The latter comprises prestige events 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

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