

25 October 2022

**THG PLC**

**Third quarter trading statement for the period ended 30 September 2022**

**Q3 2022 Group revenue growth of +2.1% YoY, and +3.8% across Beauty, Nutrition and Ingenuity**

**+10.2% YoY Beauty and Nutrition revenue growth in core territories<sup>[1]</sup> with localised infrastructure**

**Full year revenue, adjusted EBITDA and cash guidance unchanged**

THG PLC ("THG" or the "Group"), the proprietary technology platform specialising in taking brands direct to consumers ("D2C") globally, announces its third quarter trading update for the period ended 30 September 2022 ("third quarter" or "Q3 2022").

**Q3 2022 highlights**

- THG Beauty and THG Nutrition core territories delivered revenue growth of +10.2%, ahead of the Group growth rate overall of +2.1%.
- Growth of +4.9% and +2.9% in THG Beauty and THG Nutrition respectively reflects continued share gains in strategic markets.
- Consumer behaviour during the third quarter remained stable and consistent, reflecting the resilience of beauty, health and wellness categories, with:
  - stable Average Order Values ("AOVs");
  - repeat rates in line with the first half; and
  - growth in new customers acquired through Apps continuing to drive higher AOVs and order frequency vs non-app sales.
- THG Ingenuity re-positioned under CEO Vivek Ganotra to focus on larger, higher contract value clients, leveraging the Group's proprietary technology platform and end-to-end proposition. Ingenuity has a strong and growing pipeline of these opportunities in addition to expanding propositions across the existing client base.
- Dilutive revenues across THG OnDemand and Other divisions scaled back in territories awaiting delivery of localised personalisation infrastructure.
- Positive start to Q4 with momentum expected to accelerate as the Group enters its peak trading period.

**Additional new banking facilities and guidance**

- The key terms of the recently signed incremental £156 million banking facility, provided equally by existing lenders, BNP Paribas, HSBC, and NatWest, include:
  - three-year term;
  - pari passu ranking with the Group's existing term loan B;
  - no additional covenants; and
  - 350 bps fixed margin above SONIA.
- All debt facilities are covenant light, long-dated (Term Loan B, December 2026) with fully fixed and hedged interest costs.
- Group stock levels are normalising following the recent completion of the global logistics roll-out program, resulting in a steady unwind of the working capital investment made in the previous two years.
- YTD Group revenue growth of +8.8% (+9.9% across Beauty, Nutrition and Ingenuity) is in line with expectations, supporting FY 2022 revenue growth guidance of +10.0% to +15.0% which remains unchanged.
- Full year adjusted EBITDA guidance is maintained between a range of £100 to £130 million

pre Software-as-a-Service ("SaaS") cost reclassification.  
Guidance for cash on hand at year-end of c. £500m remains unchanged, with an additional £170m undrawn revolving credit facility available.

### Q3 2022 Group Trading Performance

£m	Q3 2022	Q3 2021	YoY <sup>[2]</sup> Growth	2 Year Growth
THG Beauty	259.7	247.6	+4.9%	+64.9%
THG Nutrition	163.8	159.3	+2.9%	+12.7%
THG Ingenuity	51.7	51.1	+1.3%	+45.9%
THG OnDemand	24.5	30.1	-18.5%	+2.2%
Other	18.9	19.8	-4.4%	+20.2%
<b>Group Revenue</b>	<b>518.6</b>	<b>507.8</b>	<b>+2.1%</b>	<b>+37.2%</b>
<i>Ingenuity Commerce Revenue</i>	12.3	11.7	+5.9%	+144.5%

£m	YTD 2022	YTD 2021	YoY Growth	2 Year Growth
THG Beauty	812.4	708.4	+14.7%	+79.3%
THG Nutrition	496.0	487.6	+1.7%	+22.9%
THG Ingenuity	155.8	136.9	+13.9%	+60.9%
THG OnDemand	75.6	81.6	-7.4%	+27.2%
Other	55.6	52.1	+6.6%	+35.6%
<b>Group Revenue</b>	<b>1,595.4</b>	<b>1,466.6</b>	<b>+8.8%</b>	<b>+51.4%</b>
<i>Ingenuity Commerce Revenue</i>	35.2	30.0	+17.6%	+194.0%

#### **Matthew Moulding, CEO commented:**

"Another strong quarter of delivery across our Beauty and Nutrition divisions has enabled market share growth in our key global territories. We remain committed to our strategy of supporting our customers around the globe through investment in price protection, without compromising on quality or choice. As commodity prices ease further, we remain well positioned to grow margins into 2023, whilst reducing pricing to consumers. This positions the Group well in continuing to expand market share. As cost of living pressures rise, customers are continuing to prioritise beauty, health and wellness categories and, through investing in bringing them into and retaining them within the THG ecosystem, we are laying the foundations for our future growth.

"The fourth quarter has started positively, and we are well positioned from a logistics and supply perspective to meet the significant uplift in demand anticipated during the cyber period, whilst continuing to deliver a high-quality customer experience.

"I'm delighted to confirm the signing of the recently announced £156 million of incremental capital from three long-standing lending partners on highly attractive terms. Given the current market environment, this is a strong endorsement of the Group's long-term business model, alongside the recently announced increased investment from Qatar Investment Authority."

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### Notes to editors

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

**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 1,300 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 brands (Myvegan, Myvitamins, MP Activewear and MyPRO), with a vertically-integrated business model, supported by global THG production facilities.

**THG Ingenuity:** Ingenuity Commerce provides an end-to-end direct to consumer e-commerce solution for consumer brand owners under 'Software as a Service' (SaaS) licences. The wider Ingenuity division provides stand-alone digital services, including hosting, studio content, translation services and beauty product development and manufacturing.

**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

*Certain statements included within this announcement may constitute "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. 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. No responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast. This announcement does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares or other securities in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares or other securities of the Company. Past performance cannot be relied upon as a guide to future performance and persons needing advice should consult an independent financial adviser. Statements in this announcement reflect the knowledge and information available at the time of its preparation.*

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<sup>[1]</sup> Core territories includes the UK, US and key international territories with attractive market sizes and THG local infrastructure (accounting for over 50% of Group Q3 2022 revenue).

<sup>[2]</sup> YoY defined as year-on-year statutory sales growth. Numbers and table subject to rounding.

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