

22 April 2021

THG PLC
The Proprietary Digital Consumer Brands Group
ACQUISITION OF BRIGHTER FOODS LIMITED

£43.0m investment in best-in-class nutrition bar formulation and production capability

FY 2022 impact for THG of c. £20.0m revenues and c. £6.5m adjusted EBITDA, post c. £3.0m of cost synergies

THG PLC ("THG" or the "Group"), the proprietary technology platform specialising in taking brands direct to consumers ("D2C"), has conditionally agreed to acquire Brighter Foods Limited ("Brighter"), a specialist developer and manufacturer of snack bars, from Real Good Food plc for £43.0m, payable in cash.

The acquisition of Brighter enables THG to bring in-house decades of product know-how and innovative resource in the formulation and production of high quality, healthier snack bars. Brighter develops and manufactures for globally pre-eminent confectionery, wellness and breakfast food brands and has already reformulated the majority of THG Nutrition's bar range, underpinning the c. £3.0m cost synergy. The acquisition enables THG Nutrition to reduce lead-times for new product launches significantly, while ensuring product IP remains exclusive, and also delivers substantial cost synergies.

Financial Impact

- Subject to Real Good Food plc shareholder approval, THG has agreed to acquire Brighter for £43.0m on a cash and debt-free basis.
- The transaction is expected to complete on or around 11 May 2021.
- For the 12 months prior to March 2021, Brighter generated £19.8m in revenues and £3.7m adjusted EBITDA.
- The acquisition is not expected to be material to the Group's near-term financial performance, and therefore guidance remains unchanged for FY 2021.
- For FY 2022, incremental revenue of c. £20.0m and adjusted EBITDA of c. £6.5m is expected.

THG is committed to investing in and building best-in-class BRC AA Grade product innovation and manufacturing facilities, in support of its THG Nutrition portfolio of global, digital-first brands including Myprotein, Myvegan, Myvitamins, Exante and Command. The acquisition of Brighter reflects a continuation of this vertical integration strategy, further enhancing the Group's new product development and in-house manufacturing capabilities, complementing the acquisitions of nutrition product suppliers, Claremont Ingredients Limited ("Claremont") and David Berryman Limited ("Berryman's") undertaken in December 2020.

Matthew Moulding, Executive Chairman and CEO of THG commented:

"We are delighted to announce our first major acquisition within THG Nutrition in 2021. Brighter highly complements our developed vertical integration strategy and strengthens our capabilities in the growing convenience and snack bar market. Nutritional bars are a high growth category for THG, with significant product extension opportunity across all our brands.

"The Brighter team bring a wealth of bar manufacturing and product development expertise, and in line with the Claremont and Berryman's acquisitions, enables THG to significantly accelerate the launch of further product innovation into global markets, while increasing the proportion of THG Nutrition products wholly manufactured in-house."

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ENDS

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, 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 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 Beauty: The globally pre-eminent digital-first brand owner and retailer 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 1,000 third-party beauty brands through its portfolio of websites, including Lookfantastic, Dermstore, Skinstore and Mankind and the beauty subscription box brand GLOSSYBOX.

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 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.

THG (eco): THG (eco) is the driving force behind the Group's sustainability action plan. THG Eco covers the core pillars of THG's sustainability commitment: the planet, sustainable resources, people and livelihoods.

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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