

10 May 2021

THG PLC
The Digital Brands Group

ACQUISITION OF BENTLEY LABORATORIES LLC

\$255m acquisition of New Jersey based prestige beauty developer and manufacturer, subject to regulatory approval in the United States

FY 2022 impact for THG of c. \$77m revenues and c. \$15m adjusted EBITDA

THG PLC ("THG" or the "Group"), the proprietary technology platform specialising in taking brands direct to consumers ("D2C"), has conditionally agreed to acquire Bentley Laboratories LLC ("Bentley"), an innovative developer and manufacturer of prestige skincare and haircare products. The total consideration of \$255m represents a c. 17x FY 2022 adjusted EBITDA multiple, with the transaction expected to complete within 30 days, following regulatory approval in the US. The deal is immediately earnings enhancing.

Strategic Impact

- THG is already an important customer of Bentley through the existing development and manufacturing of award-winning products for THG's prestige Perricone MD brand ("Perricone"). The acquisition of Bentley immediately allows THG to internalise the production of Perricone (and other THG brands) and to accelerate the programme of new product development.
- The acquisition enables THG to further enhance the services provided to partner brands via its in-house innovation and product development expertise ("THG Labs"), complementing its existing UK beauty manufacturing facilities.
- Bentley already partners with over 70 prestige beauty brands globally. This provides a huge opportunity to improve the service to these brands even further by offering the full range of Ingenuity services.

Financial Impact

- THG has agreed to acquire Bentley from its founder and The Riverside Company for \$255m on a cash and debt-free basis.
- Bentley is expected to contribute sales of c. \$77m (c. £55m) and adjusted EBITDA of c. \$15m (c. £11m) in FY 2022.
- US Regulatory approval is anticipated within 30 days, and therefore Bentley is expected to contribute sales of c. \$35m (c. £25m) and adjusted EBITDA of c. \$7m (c. £5.0m) for the remainder of FY 2021.

Matthew Moulding, Executive Chairman and CEO of THG commented:

"The US is an important growth market for THG. This investment within our THG Labs division supports the Group's vertical integration strategy, while further deepening our close and important relationships with brand owners across the global beauty industry."

"Bentley provides THG with US-based, pre-eminent in-house skincare and haircare new product development capabilities and manufacturing, which will be leveraged across THG's expanding own beauty brand portfolio, as well as THG's partner brands across Ingenuity and Beauty to embed THG even more deeply as a strategic partner to clients."

Further Information

Established in 2002 in New Jersey, Bentley has demonstrated fast and profitable growth, supported by longstanding relationships with over 70 leading prestige beauty brands. Bentley operates a high touch model focused on innovation, with the expertise and production capabilities to handle complex ingredients and formulas across a range of product categories. This expertise is highly valued by its customers with over 700 new products launched since 2017, specialising in clean beauty (over 270 clean beauty formulas developed as of FY 2020).

Led by an experienced management team, Bentley is differentiated by its end-to-end service offering encompassing product design and development, formulation development, turnkey packaging solutions, international sourcing and product testing. Bentley is FDA OTC Licensed, ISO 9001:2015 certified and holds the USDA Organic Certification across the United States and Canada, supporting its focus on high quality and compliance standards.

THG intends to build upon Bentley's success by supporting its next phase of growth and providing Bentley's existing brand partners with continued exceptional service as well as access to THG's Ingenuity platform and digital brand-building capabilities.

Investor enquiries - THG plc

Kate Grimoldby/Clara Melia

Investor.Relations@thg.com

Media enquiries -

Powerscourt - Financial PR adviser

Victoria Palmer-Moore/Nick Dibden/Nick Hayns

Tel: +44 (0) 20 7250 1446

thg@powerscourt-group.com

THG plc

Viki Tahmasebi

Viki.tahmasebi@thg.com

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.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

ACQBRGDUBBBDGBG