

21 June 2023

THG PLC
AGM Trading Statement

Strong profitability progression with cash generation ahead of expectations in H1 2023

FY 2023 guidance unchanged

THG PLC ("THG" or the "Group") provides the following update on trading ahead of its Annual General Meeting (AGM) later today.

The Group has had a strong Q2 2023, with a continued successful focus on profitability and cash generation. A significant increase in H1 2023 profitability is expected, with Adjusted EBITDA in the range of £44m to £47m (H1 2022: £32.3m), and continuing^[1] Adjusted EBITDA in the range of £47m to £50m. Guidance for FY 2023 remains unchanged as disclosed at the time of the FY 2022 results in April, with Adjusted EBITDA expected to be in line with the company consensus^[2].

Free cash flow performance for the 12 months to 30 June 2023 is ahead of expectations and anticipated to be a c. £40m outflow. The Group remains well on track to deliver free cash flow neutrality^[3] for the full year, with adjusting items materially lower than the prior year.

THG Nutrition has had a particularly strong start to the year, with the pricing decision to support consumers through exceptional market-wide inflationary conditions in FY 2022 now paying dividends. Commodity prices continue to ease, with further margin benefits expected in H2 2023.

In THG Beauty, our online retail platforms have focussed on profitable sales in markets where our localised infrastructure can deliver economies of scale. We expect further sales momentum in the second half of the year, supported by beauty manufacturing as the temporary industry-wide de-stocking comes to an end.

THG Ingenuity continues to make good progress on building its client base across higher value enterprise accounts and its network of global strategic alliances and remains on track to add £1bn incremental GMV to the platform across Technology, Digital and Operational services during FY 2023. In addition to partnerships with BigCommerce, AutoStore, PwC and Elastic Path announced to date, Ingenuity has recently partnered with Commercehub, one of the world's largest commerce networks, to extend Ingenuity's marketplace solution and create a complementary, managed marketplace offering.

For the Group, Adjusted EBITDA margin accretion into FY 2024 and beyond will be driven by annualised commodity pricing benefits, ongoing automation efficiencies and operating leverage, in addition to normalised capital expenditure, underpinning positive free cash flow guidance for FY 2024.

Corporate Governance

THG also announces that it has been notified that Founder and Chief Executive Officer Matthew Moulding has today transferred the Special Share held by him and, as a result, all rights of the Special Share have now ceased in accordance with THG's articles of association. The Special Share will be cancelled by THG.

The Group's intention in relation to moving to a premium listing remains as stated in its FY 2022 results in April, with timing subject to the final outcome of the FCA's review for reform of the listing regime.

In a separate announcement today, the Board has also made changes to its composition with the addition of Helen Jones as independent Non-Executive Director, in addition to Iain McDonald stepping down from the Remuneration Committee to focus on his Sustainability and Nomination Committee commitments.

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THG PLC

ENDS**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 complete digital commerce solution, Ingenuity, to an online and global customer base. THG's business is operated through the following divisions:

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. It is a global route to market for over 1,300 third-party premium 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 of brands (Myvegan, Myvitamins, MP Activewear and MyPRO), with a vertically-integrated business model, supported by global THG production facilities.

THG Ingenuity: Ingenuity provides a complete digital commerce solution for consumer brand owners across its three pillars of technology, digital and operations. Being part of the THG group, a global digital brand owner in Beauty & Nutrition, Ingenuity is uniquely placed to bring relevant, practical, and international expertise in every area of commerce.

^[1] Continuing Adjusted EBITDA excludes the discontinued OnDemand and ProBikeKit businesses. During H1 2023, the variance between reported Adjusted EBITDA and continuing Adjusted EBITDA is expected to be c. £3m. This reflects good progress in exiting the THG OnDemand business and the disposal of ProBikeKit.

^[2] As dated 19.06.23 and available at [Analyst Consensus - The Hut Group \(THG\)](#).

^[3] Group free cash flow is calculated after working capital, net capital expenditure, adjusting items, tax and financing (prior to debt capital repayments and deferred consideration on acquisitions).

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