

7 December 2020

THG Holdings plc

Trading Update

Accelerated revenue growth during peak trading, driving an upgrade to FY 2020 outlook

Continued momentum in THG Ingenuity with a broad range of new contract wins

THG Holdings plc (“THG” or the “Group”), the global technology platform specialising in taking brands direct to consumers, today announces a trading update following the October and November sales period, during which sales performance for the Group has been ahead of expectations across all divisions.

Peak trading summary

The Group has seen new customer acquisition trends further accelerate into Q4 across all divisions, supported by very strong performances during Singles Day, Black Friday and Cyber Week. New active customers in November totalled over 1.7m (+74% YoY), with almost 900,000 new customers in Cyber Week alone. In addition, both customer retention rates and average spend per customer have seen continuing positive trends, further underpinning a very strong performance during the most important trading period of the year.

These positive trends have been broad based across all brands and territories, resulting in the Group now expecting a significant outperformance for both Q4 and the FY 2020, versus previous guidance.

Update to FY 2020 outlook: Doubling Q4 revenue growth guidance

At the time of our Q3 trading update on 26th October 2020, the Group guided to FY 2020 revenue growth of +30% to +33%, compared to FY 2019 (FY 2020 revenue of £1.48bn to £1.52bn).

Following the continued acceleration in new customer numbers, and a very strong performance through peak trading, the Group now expects FY 2020 revenue growth to be in the following ranges:

- Q4 revenue growth expected to be between +40% and +45% year-on-year (versus previous guidance of +16% to +25%)
- Revised Q4 growth expectations reflect a further acceleration from both the Q3 and H1 growth rates of +38.6% and +35.8% respectively
- FY 2020 revenue growth now expected to be between +38% and +40% year-on-year (versus previous guidance of +30% to +33%)
- FY 2020 revenue now expected to be between £1.57bn to £1.60bn

In line with the Q3 trading update, the Group continues to expect stable adjusted EBITDA margins for FY20.

The Group maintains medium-term guidance of annual revenue growth of +20% to +25% and stable adjusted EBITDA margins.

THG will announce its Q4 trading update on Tuesday 12th January 2021.

Analyst consensus can be found on the Group’s Investor Relations website.

Ingenuity contracts update

THG Ingenuity today announces a selection of new direct-to-consumer (“D2C”) partnerships across a range of verticals within THG Ingenuity Commerce.

Gaming

- Microsoft: The gaming giant has launched its Rare merchandise website using THG Ingenuity, drawing on its capabilities to ensure rapid turnaround of print-on-demand merchandise such as branded clothing and accessories, in line with the release of new video games.

Licensing

- Warner Bros. Consumer Products: The global entertainment company has agreed a D2C contract which includes wholesale and B2B trading rights, as well as enabling further digital growth across the UK, EU, US and APAC territories.
- The Pokémon Company International: The brand has agreed an international contract with THG Ingenuity across more than 20 European territories.

Retail

- Jack Wills: British clothing brand Jack Wills, part of Frasers Group, will be THG Ingenuity's first project with the Group, as part of a wider partnership agreement. THG Ingenuity will deliver a full end-to-end ecommerce solution for Jack Wills, including fulfilment and digital brand building. The deal covers the US, Australia and Asia-Pacific, allowing the British brand to expand its presence in key international territories.
- Vita Coco: The coconut water company has partnered with THG Ingenuity to launch a UK D2C store, which will shortly be followed by sites in Germany and France as the brand grows its presence in Europe.

Beauty

- Antipodes Skincare: The natural and organic New Zealand skincare brand has launched a D2C website in the UK, as part of plans to expand its digital reach. The beauty brand also plans to launch D2C sites in North America and Europe via THG Ingenuity.
- Note Cosmetique: The cosmetics brand has agreed a D2C partnership with THG Ingenuity to build a UK and US digital presence with potential for further global growth, following the brand's plans to accelerate its digital transformation as a result of the COVID-19 pandemic. The end-to-end contract spans merchandising, trading, fulfilment, hosting, translations and brand development.

Brexit

Since the UK voted to leave the EU in 2016, THG has undertaken significant infrastructure investments to mitigate any potential negative impacts. These include the opening in 2018 of a 800,000 sq. ft. manufacturing and distribution centre in Poland, from which the vast majority of the Group's European customers are serviced. While the full extent of Brexit terms remain unknown, the Group is well positioned ahead of the transition period ending to minimise any possible future disruption.

Analyst and investor conference call

THG Holdings plc will today host a webcast for analysts and investors at 8.30am (UK time) via the following link:

<https://webcasting.brrmedia.co.uk/broadcast/5fc75ec92ac82b2af52e254b>

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.

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, 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, the beauty subscription box brand GLOSSYBOX and the product developer and manufacturer Acheson & Acheson.

THG Lifestyle: Consisting of consumer and luxury brands, including Coggles, AllSole and Mybag as well as Zavvi, IWOOT and Pop In A Box. Personalisation and customisation is a key offering within THG Lifestyle, enabling the brands to offer unique products to a vast range of consumers across THG's global territories.

THG Experience: Prestige events locations at Hale Country Club & Spa, King Street Townhouse Hotel and the Great John Street Hotel providing deeply experiential brand building environments, most notably in support of THG Society, the Group's proprietary influencer marketing platform.