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8 January 2024

Huddled Group plc
("Huddled", the "Company" or the "Group")

Trading Update

Huddled Group plc, focused on building a portfolio of e-commerce brands, is pleased to report an update on unaudited trading results for the year ending 31 December 2023 ("FY 2023"), along with an update on the Group's recent acquisition of Discount Dragon and Q4 2023 trading headline numbers.

FY 2023 highlights

- Revenue from continuing operations (constituting Discount Dragon and Let's Explore) of £2.2m
- Net cash of £4.2m as at 31 December 2023
- Further cash of \$1.25m due to be received in February 2024 from the settlement of the loan note by the buyer of the Immotion Location Based Entertainment VR business
- Profit of £15.1m on disposal of the LBE and Uvisan divisions
- Share buyback programme returned £11.5m to shareholders during the year (net of share option exercise proceeds of £1.2m)

The Group's revenue from continuing operations in the year was £2.2m with almost all of this falling in the last quarter of the year during which the acquisition of Discount Dragon was completed and the Let's Explore division entered its peak trading period.

The Group ended the year with £4.2m cash following significant investment in stock, completion of the October off-market buybacks and outflows of circa £1.1m in relation to the Discount Dragon acquisition (repayment of loans and payment of advisors' fees associated with the acquisition).

Divisional updates

Discount Dragon

Since completion of the acquisition of Discount Dragon on 17 October 2023 the business has continued to grow strongly.

- Post-acquisition revenue of £1.5m (17 October - 31 December 2023)
- Q4 revenue increased 37.3% to £1.8m (Q3: £1.3m)
- Q4 orders placed increased 18.3% to 48.5k (Q3: 41.0k)
- Q4 Average order value (AOV) increased 15.9% to £35.96 (Q3: £31.03)

The early performance of Discount Dragon has exceeded management's expectations. Our early significant cash investment in additional stock, including the Motatos stock acquisition, has powered Q4 trading, as well as underpinning our intent to expand the breadth and depth of the product range.

The period ahead is about investing for growth, with a number of initiatives planned to support the continued growth in our key metrics and drive efficiency - these include:

- **Customer acquisition:** Marketing campaigns to drive higher levels of new customer acquisition across multiple channels.
- **Warehouse facilities:** New warehouse facilities are being explored to drive efficiency and process. In the meantime, we are confident that the current facility has the capacity to process circa 30,000 orders per month.
- **Stock:** Continued investment in stock and broadening of the Group's supplier relationships to enable us to extend both the depth and breadth of SKU's offered to customers.

We are very pleased with the acquisition and excited by the growth potential of this business, and whilst there is much work to be done, we believe we are in a sub-sector of the grocery market where demand has never been stronger.

Let's Explore

- FY 2023 revenue £0.7m
- Circa 30,000 Vodiac units sold in 2023
- Over 7,000 Let's Explore units sold in Q4 2023

Sales of the now established Vodiac product have been encouraging with circa 30,000 headsets sold during the year via its distributor. Sales have been generated mainly via TV shopping channels, including QVC in UK and USA, TSC in Canada and TVSN in Australia.

Our new Let's Explore range has been well received. the move to immersive learning has definitely hit a chord with parents and children, underpinning our belief in the revised product range. Whilst it took longer than expected to ~~complete our product range by mid November this year in line with demand for the product both in the UK~~

reposition our advertising message. By mid-November this was in flow and demand for the products both in the UK and USA was strong. In Q4 we sold just over 7,000 units predominantly through Amazon. We plan to take these learnings into the retail space and make the range an 'all year round' offering based around immersive learning. We have sufficient stock, of circa 15,000 units to ensure continuity of supply to both Amazon and direct to consumer. In addition, we are in the process of appointing a distributor for this product range to enable us to extend our offering into the retail space.

Martin Higginson - CEO Huddled Group plc said:

"The recent acquisition of Discount Dragon has been an exciting addition to the Group. The current consumer environment is delivering record trading in the discount sector, and we feel that being able to offer great products, including many of the biggest brands, delivered to the customer's door, at significantly discounted prices is a compelling proposition.

"The Let's Explore business continues to progress and we believe that with modest investment we can create a profitable business in the immersive learning space. This is something we believe can, in the foreseeable future, deliver solid returns for the Group.

We have a solid balance sheet and we will invest throughout the year ahead to drive growth across our businesses. We look forward to updating the market on our progress."

Enquiries:

For further information please visit www.huddled.com/investors, or contact:

Huddled Group plc

Martin Higginson
David Marks
Daniel Wortley

investors@huddled.com

Cavendish Capital Markets Limited
(Nomad and Sole Broker)

Adrian Hadden
Charlie Combe
Dan Hodkinson

Tel + 44 (0) 207 7220 0500

Alma Strategic Communications
(Financial PR)

Rebecca Sanders-Hewett
Sam Modlin
Kieran Breheny

huddled@almastrategic.com

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