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

Trading Update

Huddled Group plc (AIM:HUD), the circular economy e-commerce business, is pleased to provide an update on its unaudited Q2 2024 trading, along with a progress update on the performance of the Group's businesses.

Overview

Having invested heavily in the Group's core foundation pillars of stock, customer acquisition and fulfilment we are starting to see returns on our investment. The Group expects to report H1 2024 revenue of no less than £5.2m. Trading in the second quarter of 2024 saw solid progress delivering £3.1m of revenue for the period, an increase of circa 46% vs Q1 2024.

Group

At the end of June 2024, we had circa £3.3m of cash in the business, plus approximately £1.3m in stock. Whilst we expect cash to reduce further as we continue to invest in scaling our acquisition marketing along with the expansion of our fulfilment capacity, we believe these investments will continue to deliver results and move the operating divisions into monthly profitability by the end of the year.

As previously announced, we had identified new warehouse premises, although following discussions with our current landlord we have agreed in principle additional space at our current warehouse with effect from January 2025, doubling our existing capacity. This will not only allow us to avoid the disruption to operations which a full move would have entailed but will result in substantially lower capital expenditure and occupancy costs. The additional capacity will allow us to fulfil orders for both Food Circle Supermarket and Boop Beauty from the same fulfilment centre, helping deliver further synergies and cost savings, as well as allowing us to increase the quantity of orders we can process for Discount Dragon. We have recently moved to three shifts during weekdays and two shifts at weekends allowing us to process circa 36,000-40,000 parcels per month, this will, we believe, scale further when the additional space comes on board.

We are excited as to the growth potential of Group and believe our model and strategy will, in time, create a sizeable and profitable business. We believe we have demonstrated there is demand for big brand products at value, along with a growing recognition of the environmental impact of surplus consumer goods going to waste. With our broad offering of products, we can see the uptake to purchase is not only reassuring but also recurring due to the nature of our consumable product mix.

Discount Dragon

- Q2 2024 revenue was £2.77m an increase of 29.9% from the prior quarter (Q1 2024: £2.13m)
- Revenue in June 2024 broke through the £1m barrier for the first time
- Q2 orders placed increased 16.1% to 74.0k (Q1 2024: 63.7k)
- Average Order Value (AOV) increased 12.4% to £36.87 in Q2 2024 (Q1 2024: £32.80)

We are pleased with the progress achieved at Discount Dragon. Revenue continues to grow at pace, increasing circa 30% in Q2 2024 versus Q1 2024. The business added circa 20,900 new customers in Q2 2024.

Monthly revenue from Discount Dragon surpassed the £1m mark in June 2024, with over £750,000 coming from returning customers.

As part of our evolving customer acquisition strategy, Discount Dragon is midway through a two-week trial of TV and radio advertisements, consisting of regional tests on ITV1 and radio advertising spots on Heart and LBC.

Food Circle Supermarket

- Q2 2024 post-acquisition^[1] revenue of £0.35m
- Q2 2024 post-acquisition¹ orders placed totalling 9.8k
- Q2 2024 post-acquisition¹ AOV of £35.83

Food Circle Supermarket has bedded in well, with the rebrand to Nutricircle due to be fully completed in August 2024.

Food Circle Supermarket's revenue during the entirety of Q2 2024 (inclusive of the pre-acquisition period) increased circa 54% vs Q1 2024, reflecting the initial marketing and stock investment made by the Group in the post-acquisition period. The business added 3,027 new customers between 12 April and 30 June 2024.

Boop Beauty

Following our investment into Boop Beauty as announced on 8 July 2024, the business is currently offline and is due to be relaunched in September 2024. We intend to build on the proposition and brand, delivering surplus quality cosmetic brands at value-driven pricing. We have been pleased by the reception from the beauty industry and press to the deal and look forward to offering previous and new customers cosmetics at value when the site re-launches.

Let's Explore

Following the agreement announced in May 2024 to partner with the Vodiatic distributor, Wicked Vision, which sees them run the day-to-day operations of the business, we have been pleased with the ongoing development of the sales pipeline for both Vodiatic and the Let's Explore range.

Earlier this month, the new Vodiatic Pro product, which includes a new and improved headset and 100 VR experiences, was launched on QVC USA. The new product was received well with all 6,000 units ordered selling out across two airings, generating over \$200,000 in revenue for the business (of which Huddled currently owns 75%).

As in previous years, we expect most of Let's Explore's trade to take place during Q4 and we look forward to providing a further update on the division's progress in due course.

Martin Higginson, CEO of Huddled Group plc said:

"We are delighted with the progress we have made during the first half of the financial year. It is apparent to us that our business model, centred around helping suppliers effectively manage their surplus stock by buying products often destined for waste at a significant discount to their retail value and offering these goods to customers at heavily discounted prices, is highly relevant."

"Food Circle Supermarket has been a welcome addition to the Huddled family, and we are formulating an exciting growth plan including the rebrand to Nutricircle in August. We believe Boop will follow a similar pattern following its re-launch in September. We believe, having tested the offering within Discount Dragon, that there is demand for discounted cosmetics and perfumes."

"We continue to invest for growth, predominantly in customer acquisition marketing, but also in improving the performance of our websites and we have made some tactical hires to support these initiatives."

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^[1] Covering the period 12 April - 30 June 2024

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