

17 September 2024

THG PLC

Interim results for the half-year ended 30 June 2024

Group continuing revenue and adjusted EBITDA growth of +2.2% CCY and +1.6% respectively

Record H1 adjusted EBITDA across Beauty and Ingenuity helping to offset transitory headwinds in Nutrition

Improving momentum in Nutrition, expected to exit Q3 in revenue growth

THG PLC to apply to transfer to the Equity Shares (commercial companies) ("ESCC") category

Progressing options to demerge Ingenuity, resulting in a highly cash generative group

THG PLC ("THG" or the "Group"), announces its interim results for the half-year ended 30 June 2024 ("H1 2024").

H1 2024 Group trading performance

<i>£m</i>	H1 2024	H1 2023 ^[1]	YoY ^[2] change	CCY ^[3] change
THG Beauty	531.0	502.5	+5.7%	+6.9%
THG Nutrition	299.9	336.7	-10.9%	-7.5%
THG Ingenuity (external)	80.2	71.2	+12.6%	+14.1%
Group (continuing)^[4] revenue	911.1	910.4	+0.1%	+2.2%
Discontinued revenue	22.9	58.9	-61.2%	-60.7%
Total revenue	934.0	969.3	-3.6%	-1.7%
Continuing adj EBITDA^[5]	52.3	51.5	+1.6%	
Continuing adj EBITDA %	5.7%	5.7%	-	
Adj EBITDA^[6]	48.8	47.1	+3.6%	
Adj EBITDA %	5.2%	4.9%	+30bps	
Operating loss ^[7]	(84.4)	(99.5)		
Net Debt^[8]	(350.5)	(268.3)		

Matthew Moulding, CEO of THG, commented:

"The Group continued to deliver against its strategic priorities through H1, with the performances of both Beauty and Ingenuity particularly strong. Reporting another 6-month period of continuing sales and adjusted EBITDA growth was especially pleasing given the FX headwinds suffered within our Nutrition business, which negatively impacted H1 profitability by a further c.£5m. Local manufacturing and fulfilment is now live in Japan which will steadily scale to reduce exposure.

"Beauty revenue growth of +6% supported a record H1 adjusted EBITDA performance, an improvement of c.170% as the business model changes we made to focus on more profitable orders located closer to our global distribution hubs, come to fruition.

"Further contract wins within Ingenuity is underpinning a steady acceleration in external revenue growth following the

repositioning of the business to focus on higher value, multi-service clients. H1 adjusted EBITDA was a record performance, up +227% YoY, almost double the previous best performance in H1 2021.

"The major rebrand of our Myprotein business is nearing completion, and despite the transitory rebrand disruption this has brought, we have seen positive reactions from global consumers, major offline retailers, and licensing partners alike.

"Recent retail listings include GNC and Meijer in the US, as well as WH Smith and Holland & Barrett in the UK. Within licensing, we entered into an exciting new long-term partnership with Müller, with co-branded dairy products launched across major retailers. Now the rebrand is largely complete, our innovation pipeline will reaccelerate.

"Momentum in Nutrition is especially pleasing, with an expected return to revenue growth in September, providing a strong platform for both peak trading and the year ahead.

"Following the completion of the FCA listing regime review, we are taking the appropriate steps to transfer to the ESCC category. We welcome the output to simplify the listing regime, and expect the Group to be eligible for inclusion in the FTSE UK Index Series.

"Finally, after extensive discussions with shareholders over the past 12 months, THG is progressing options to demerge THG Ingenuity, leaving our highly profitable and cash generative global Beauty and Nutrition businesses within THG PLC. The appropriate tax clearances have been received, while the necessary separation work has previously been undertaken."

Outlook and guidance

- The second half of the year remains the Group's most profitable and cash generative period, with revenue growth and seasonal weighting in Beauty and Ingenuity expected to largely mitigate the Nutrition YoY decline.
- We are pleased with underlying trading patterns and notably a recent improvement in Nutrition which we expect to exit Q3 in revenue growth, supported by a recovery in average selling prices ("ASPs"). A key variable beyond our control is the Japanese Yen headwind (H1 2024 impact: c.£5m), however, overall we expect to be towards the lower end of the analyst consensus EBITDA range^[9].
- Our estimates are supported by:
 - Beauty and Ingenuity delivering YoY adjusted EBITDA margin progression for the full year, with Ingenuity adjusted EBITDA anticipated to be ahead of market expectations, noting the strong H1 performance and the new customer wins in Q3.
 - an improving revenue performance in online Nutrition as ASPs normalise following the extensive global rebrand. Q3 exit revenue growth supports this view, coupled with a similar 12-month revenue trajectory evidenced during the previous Myprotein rebranding in 2018.
 - offline Nutrition revenues continuing to deliver substantial growth, with adjusted EBITDA margins already in line with medium-term guidance (c.12%), supported by an increasing number of licensing partnerships.
 - distribution cost and headcount management initiatives delivering a much greater level of operational leverage.
- Year-end net debt is expected to be broadly unchanged YoY, with an improvement in cash generated from operating activities and lower capex in H2. Working capital improvements will come from the receipt of previously trapped European VAT, and normalisation of the business mix between Beauty and Nutrition.
- Nutrition adjusted EBITDA margin recovery back to medium-term guidance (c.12%) in FY 2025 (FY 2023: 13.5%) will be supported by, normalising ASPs, significant growth in offline retail and licensing sales, and a greater proportion of Japan orders being locally fulfilled and manufactured.

£m	THG Beauty	THG Nutrition	THG Ingenuity	Other	Central	Inter-group elimination	Continuing Total	Discontinued categories	H1 2024 Total
Revenue	531.0	299.9	80.2	-	-	-	911.1	22.9	934.0
Inter-segment revenue	-	-	225.6	-	-	(225.6)	-	-	-
Total revenue	531.0	299.9	305.8	-	-	(225.6)	911.1	22.9	934.0
adj EBITDA	32.6	19.6	11.0	-	(10.9)	-	52.3	(3.5)	48.8
<i>adj EBITDA %</i>	<i>6.1%</i>	<i>6.5%</i>	<i>3.6%</i>		-	-	5.7%	(15.4)%	5.2%

H1 2023 segmental summary^[10]

£m	THG Beauty	THG Nutrition	THG Ingenuity	Other	Central	Inter-group elimination	Continuing Total	Discontinued categories	H1 2023 Total
Revenue	502.5	336.7	71.2	-	-	-	910.4	58.9	969.3
Inter-segment revenue	-	-	248.8	-	-	(248.8)	-	-	-
Total revenue	502.5	336.7	320.0	-	-	(248.8)	910.4	58.9	969.3
adj EBITDA	12.1	46.9	3.4	-	(10.9)	-	51.5	(4.4)	47.1
<i>adj EBITDA %</i>	<i>2.4%</i>	<i>13.9%</i>	<i>1.0%</i>		-	-	5.7%	(7.5)%	4.9%

H1 2024 financial highlights

- Group CCY continuing revenue of £911.1m, +2.2% YoY, with strong growth in Beauty and external Ingenuity helping offset online Nutrition.
- Total CCY revenue of £934.0m (-1.7% YoY) includes £22.9m (H1 2023: £58.9m) of revenue relating to discontinued categories as the Group continued to execute its plan of business simplification and operations streamlining. Group UK revenues grew strongly at +9.9%.
- Customer loyalty and direct engagement continues to build, driven by App participation which accounted for 26.0% of Group D2C revenue (H1 2023: 16.1%).
- Adjusted gross margin remained broadly stable, with Beauty and Ingenuity margin progression offsetting a lower than anticipated result in Nutrition, driven by rebrand product clearance and the return of whey price inflation through Q2. Gross margin has expanded in THG Beauty through online retail, as previous actions to de-prioritise lower margin territories continue to yield progress.
- Substantial reduction in adjusted distribution costs YoY to 11.5% of revenue, reflecting the continued optimisation of the Group's automation investment and ongoing efficiencies in the global delivery network. These optimisations have accelerated the speed of order processing and delivery to the end customer, enabling much later order cut off thresholds and shorter delivery times from point of order. These market leading service standards to customers, allied with the efficiency of operations are now playing an impactful role in supporting Ingenuity recurring revenue growth.
- Administrative costs remain well controlled, with ongoing refinements to marketing strategies and greater app participation helping to offset inflation in marketing, and investment to enhance brand awareness. Organisational effectiveness initiatives implemented in Q3 2024 will further rationalise Group headcount YoY, as we drive a leaner structure to support sustainable growth and margin progression.
- Continuing adjusted EBITDA for the Group was in line with prior year (H1 2024: £52.3m vs H1 2023: £51.5m) at a margin of 5.7%, reflecting effective management of costs, and the improving profitability of Beauty and Ingenuity, offsetting lower Nutrition online ASPs, Asia FX headwinds and whey input cost inflation. On a reported basis (inclusive of losses from discontinued categories), adjusted EBITDA improved to £48.8m (H1 2023: £47.1m).
- The successful exit of loss-making discontinued categories and non-core assets generated a one-off non-cash charge of

the successful execution of new marketing programmes categories and non-core assets generated a one-off net cash charge of £9.3m, contributing to the operating loss of £84.4m (H1 2023: £99.5m), an improvement of £15.1m YoY.

- Underlying cash generation^[11] improved c.12% over the last 12 months (vs LTM June 2023), with an outflow of £63.8m (LTM H1 2023: £72.6m). Working capital movements reflect ongoing inventory efficiencies and sales mix towards Beauty (typically shorter payment terms for third party suppliers), with capex investments largely into Ingenuity operational infrastructure and platform development (a 25.2% reduction YoY).
- The Group had cash and available facilities of £457.7m at the period end, and expects to refinance its existing debt facilities, largely maturing in December 2026, within the next 12 months.

Business strategic and operational highlights

THG Beauty

- Stand-out performance delivered by THG Beauty with a record H1 adjusted EBITDA of £32.6m (H1 2023: £12.1m), following the successful execution of the market prioritisation strategy, retail and own-brand revenue growth.
- Volume recovery within beauty manufacturing (following prior year destocking) alongside cost saving initiatives implemented during 2023, has supported margin progression back to historical averages and in line with adjusted EBITDA medium-term guidance (H1 2024: 6.1% vs H1 2023: 2.4%).
- Brand partnerships continue to strengthen with increasing share of retail brand investment, curated edits to aid product discovery, and new and exclusive launches notably within fragrance, indie and dermatological skincare.
- Active customers in THG Beauty (LTM^[12]: 8.4m, -1.6%), reflects the strategic decision to target marketing investment towards more profitable territories and products, whilst retaining higher spending and higher frequency customers. This improvement in mix is delivering greater profitability per order across a more efficient cost base. Active customers were in growth across the UK, US and MENA key markets (LTM: +3.0%).
- Lookfantastic has significantly improved its UK brand equity through Q2^[13], growing spontaneous brand awareness (+3%), brand consideration (+7%) and brand preference (+18%), supported by 5* Trustpilot scores. It continues to attract beauty enthusiasts into its loyalty scheme (2.4m customers registered) with spend per customer over 20% higher.
- Following the announcement of a global licensing partnership deal with luxury hotel amenities supplier Vanity group, THG Beauty's prestige own brand portfolio is set to expand its presence into Park Plaza and Atour hotels, capturing brand awareness in a further 46,000 rooms across the UK, Europe and China.

THG Nutrition

- H1 adjusted EBITDA of £19.6m (H1 2023: £46.9m) was incrementally impacted by c.£5m YoY due to continued FX headwinds in Asia, principally the weaker Japanese Yen (Myprotein's second largest market). Following a two-year project, local manufacturing recently commenced which will steadily scale to reduce exposure to Japanese Yen FX movements.
- With the rebrand now largely complete, peak disruption from the Myprotein rebranding has been felt. Performance was adversely affected by stock rotation into the rebranded Myprotein packaging, impacting online ASPs, which were c.11% lower YoY, with the smaller curated ranges for offline global retail seeing minimal disruption.
- Promotional activity was higher than anticipated online as old branded stock was sold through. Whilst this reduced online ASPs, this gave more value to our online customers and protected developing offline relationships by removing a need to use offline clearance channels. Myprotein last underwent a rebrand in 2018, at which point ASPs reduced by c.8% (vs FY 2017 +c.8%), before returning to growth of +c.14% in 2019.
- Customer reaction to the rebrand has been positive, with brand awareness, consideration and perception all demonstrating YoY improvements, notably via connections to HYROX and Formula 1. Myprotein benchmarks highly in

driving customers efficiently through the funnel from consideration to purchase, supported by an +18% increase in new app users YoY.

- Offline performance continues to be strong, helping to mitigate the total brand sales decline to -6.8% CCY. The rebrand has been fundamental in enabling access to new retail markets and partners, allowing Myprotein to expand its reach and accelerate growth in retail and licencing. During the first half, THG Nutrition has developed partnerships with:
 - Müller to create a tailored range of high-protein dairy products that cater for the active health-conscious customer. The long-term 'Müller x Myprotein' collaboration has launched in a range of retailers, supported by online and offline activations.
 - Pre-eminent US specialist health retailer 'GNC', for in store distribution to broaden awareness and complement the US D2C strategy. Building on partnerships with Costco and Meijer.
 - 'HYROX', the fastest growing mass participation sport, to develop a performance range with hydration support in mind. The range is available D2C, in addition to Sports Direct and Sainsbury's.
 - Specialist UK food brand 'Kirsty's' to create a nutritionally balanced, high protein 'on-the-go' and convenience range. Launching in Ireland in October and available in selected UK grocers from Q1 2025, this partnership takes Myprotein into a new fast-growing convenience category.

THG Ingenuity

- Further to implementing a simplified and focused go-to-market strategy, substantial growth in high-quality external recurring revenues ^[14] has been delivered (+33% June), with new clients onboarded and a strengthening pipeline.
- Substantially improved adjusted EBITDA margin performance (H1 2024: 3.6% / H1 2023: 1.0%), due to a planned shift away from lower-value clients and a focus on more profitable services.
- Leveraging our investment in automated fulfilment capabilities, during H1 we accelerated our business development focus towards clients requiring fulfilment and courier management services to improve their checkout to delivery experience. Improvements in order processing efficiency has enabled a market-leading next-day delivery cut-off to 1am, meeting the increasing demands from customers for shopping flexibility.
- Across the three pillars of e-commerce enablement; technology, digital marketing and fulfilment, Ingenuity is the partner of choice for an increasing roster of international brands and retailers. New and expanded partnerships developed in key markets during H1 2024 included:
 - *CDS Superstores T/A Wilko and The Range*: Fulfilment and courier management services for the home and garden retailer over a three year term, utilising recent automation investment at THG Ingenuity's Omega distribution centre;
 - Global partnership with *HYROX*, building on the successful THG Nutrition collaboration. THG Ingenuity will provide a complete commerce solution of technology, fulfilment and digital marketing services, enabling HYROX to build on the brand demand and continue its rapid global growth;
 - *Holland & Barrett*: Building on the recent D2C fulfilment partnership, THG Ingenuity has extended its service offering into THG Studios for digital creative and content production for a selection of new product launches in support of their programme of change to become the trusted health and wellness partner globally;
 - *Disney*: Expanded strategic relationship to deliver creative production of product and lifestyle content for Disney Store global sites, and television commercial content plus user generated content for social platforms;
 - *ACG*: Enabling the wellness innovation company to launch four full-service e-commerce experiences for specialist brands Eimele and SRW in the US and ANZ. An additional 15 sites (including UK) are due to launch across their portfolio by the end of 2025.

In a separate announcement today, the Group announces its intention to transfer the listing category of all its ordinary shares to the ESCC category.

Analyst and investor conference call

THG will today host a conference call and webcast for analysts and institutional investors at 9.00am (UK time) via the following links:

To register for the webcast, please use the below link:

<https://stream.brrmedia.co.uk/broadcast/66c4bd2ba1c3df3d282ca936>

To ask questions, you must dial in via conference line using the below details:

- Confirmation password: THG Interim Results
- UK dial in: +44 (0) 33 0551 0200
- US dial in: +1 786 697 3501

A playback of the presentation will be available on THG's investor website at www.thg.com/investor-relations later today.

For further information please contact:

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ENDS

Notes to editors

THG PLC operates three distinct businesses in Beauty, Nutrition and Ingenuity, each scaled from the UK to hold global leading positions in their respective sectors.

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.

THG PLC

Interim results for the half-year ending 30 June 2024

Chief Financial Officer Review

Our H1 performance was characterised by profit improvements in THG Beauty and THG Ingenuity from both a cash and adjusted EBITDA margin perspective, offset by a more challenging performance in THG Nutrition.

- Group Adjusted EBITDA increased by c. £1.7m YoY on a reported basis and £0.8m on a continuing basis, with luxury goods classified as discontinued categories in the first half, following the sale to the Frasers Group. Within this, we saw overall gross margin reflect the mix of the three businesses including a marked improvement in Beauty sales performance. Distribution costs saw a notable improvement YoY, with administrative spend broadly neutral.
- THG Beauty adjusted EBITDA margin of 6.1% (H1 2023: 2.4%) has more than doubled YoY following a return to revenue growth, the positive impact of the strategy to focus on higher margin sales and the normalisation of manufacturing profitability.
- THG Ingenuity revenue improved with double digit percentage growth in external sales to £80.2m (H1 2023: £71.2m). This topline growth, combined with cost efficiencies, more efficient fulfilment services and restructuring activities led to adjusted EBITDA margin more than trebling YoY to 3.6%.
- H1 2024 has been a more challenging period for THG Nutrition than anticipated, driven by online D2C channels with offline retail and licensing continuing to make progress. Revenue was adversely impacted by stock rotation into the rebranded Myprotein packaging, impacting online ASPs. Recent volatility in whey commodities and persistent weakness of the Japanese Yen FX headwinds from Asian currencies has also impacted key markets. The consumer environment remains uncertain in specific territories where inflation and rising interest rates have impacted the cost of living.

The Group operating loss decreased to £84.4m (vs H1 2023 £99.5m). Most notably, distribution costs have reduced as a percentage of revenue, including the rationalisation of headcount. Positive management actions continue with the exiting of loss making categories. Cash adjusted items have reduced substantially relative to historic levels, but were higher YoY at £10.5m vs. £5.2m due to the restructuring actioned in the first half as well as the costs of integrating Biossance.

Net debt before lease liabilities at H1 2024 totalled £350.5m (H1 2023: £268.3m). Liquidity remains strong however, despite the weaker online Nutrition performance, with cash of over £287.7m which when combined with the undrawn RCF leaves c. £450m of liquidity. We have seen strong capital discipline with capex spend in H1 of £53.9m vs. £72.1m in H1 2023. This capital discipline combined with stable financing costs, and a continued positive working capital trajectory, led to the last 12 months free cash outflow being broadly consistent with year-end, but for the £52.0m disposal proceeds received in H1 of 2023.

CONSOLIDATED INCOME STATEMENT

ALTERNATIVE PERFORMANCE MEASURES [\[15\]](#)

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 (Restated) £'000	Movement
Adjusted gross profit	395,653	424,157	(28,504)
Gross margin % (adjusted)	42.4%	43.8%	(1.4)%
Adjusted distribution costs	(107,541)	(143,713)	(36,172)
As a % of total revenue	11.5%	14.8%	3.3%
Adjusted administrative costs	(239,337)	(233,349)	5,988
As a % of total revenue	25.6%	24.1%	(1.5)%
Adjusted EBITDA	48,773	47,095	1,678
Adjusted EBITDA %	5.2%	4.9%	0.3%
EBITDA losses from discontinued categories	3,530	4,404	(874)
Continuing adjusted EBITDA	52,303	51,499	804
Continuing adjusted EBITDA %	5.7%	5.7%	-

STATUTORY RESULTS

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	Before Adjusted Items £'000	Adjusted Items £'000	Total £'000	Before Adjusted Items £'000	Adjusted Items £'000	Total £'000
Revenue	933,969	-	933,969	969,260	-	969,260
Cost of sales	(553,661)	(8,896)	(562,557)	(554,721)	(7,174)	(561,895)
Gross profit	380,308	(8,896)	371,412	414,539	(7,174)	407,365
Distribution costs	(117,469)	(3,652)	(121,121)	(152,504)	(3,715)	(156,219)

Distribution costs	(117,705)	(5,052)	(122,757)	(122,504)	(5,715)	(128,219)
Administrative costs	(326,881)	(7,826)	(334,707)	(330,090)	(5,427)	(335,517)
Other operating expense	-	-	-	(15,081)	-	(15,081)
Operating loss	(64,042)	(20,374)	(84,416)	(83,136)	(16,316)	(99,452)

Group revenue decreased by 3.6% to £934.0m in the first half (H1 2023: £969.3m). This performance reflects the result of the Group exiting loss making categories and territories. Revenue generated from the discontinued categories has declined by £36.0m to £22.9m in H1 2024 compared to H1 2023.

Within continuing sales performance the principal drivers were:

- THG Beauty returning to growth after consciously prioritising higher-margin sales and manufacturing sales returning to normalised levels;
- Strong improvements in THG Ingenuity external revenues, following the continuation of the strategic repositioning and new contract wins with a particular strength in the provision of fulfilment services;
- The growth in Beauty and Ingenuity was offset by a reduction in THG Nutrition online revenue. This was driven by stock rotation and higher than anticipated promotional activity linked to rebranding, continuing FX headwinds from Asian currencies, volatility in commodity pricing and the consumer environment remaining uncertain in specific territories.

Detailed analysis by each of the three businesses is included within the segmental section later in this report.

Gross profit

Adjusted gross profit was £395.7m (H1 2023: £424.2m) equating to an adjusted margin of 42.4% (H1 2023: 43.8%), a reduction of 140bps compared to H1 2023. In H1 2024 certain fulfilment costs are reported under cost of sales. In H1 2023 these costs were reported under distribution costs. If reported on a like for like basis, the H1 2023 adjusted gross profit would be 42.6%.

Gross profit on a statutory basis totalled £371.4m (H1 2023: £407.4m) delivering a decreased margin of 39.8% (H1 2023: 42.0%). The reduction YoY has been driven by Nutrition rebranding and stock rotation during the rebrand phase, offset by a stronger mix contribution from Beauty and the margin progress made in both Beauty and Ingenuity.

Within Nutrition, the challenging top line performance was compounded by higher YoY input costs. Whilst 2023 saw whey pricing stabilise, H1 2024 has seen a dislocation of commodity prices, with disproportionate increases for specific product grades. Recently, a lower grade of Protein - Essential Whey - was launched to broaden the customer proposition and provide alternative input grades.

The Japanese Yen has been particularly challenging so far in 2024, peaking at 207Y/£ vs c. 160Y/£ at the same point last year, and 135Y/£ at IPO (a c. 47% devaluation since IPO in September 2020). This has all but eliminated profitability in Myprotein's second largest market and we have had to reduce promotional activity as a result impacting Myprotein's competitiveness within the region.

Gross profit has strengthened in THG Beauty through online retail sales growth (principally Lookfantastic, Cult Beauty and Dermstore) as previous actions to prioritise higher margin sales and promotional strategies have come to fruition. Beauty manufacturing has also returned to normalised levels following the adverse impact of one-off destocking throughout 2023 which has not recurred.

Ingenuity has benefited from stronger external revenue from new contract wins including Holland and Barrett. The strategic pivot to higher margin, larger enterprise clients and new partnership arrangements delivered in H1 2024 has been a significant factor in revenue growth and achieving economy of scale within the distribution and fulfilment network.

Distribution costs

Pleasingly, distribution costs on a statutory basis further reduced as a percentage of sales by 320bps compared to H1 2023, culminating in a cost of £121.1m (H1 2023: £156.2m), being 12.9% (H1 2023: 16.1%) of revenue and a YoY decrease of £35.1m. If certain fulfilment related costs classified as cost of sales in H1 2024 were reclassified in H1 2023 adjusted distribution costs would still have reduced to £132.8m and 13.7% of revenue, representing a decrease of £25.3m.

The Group has successfully leveraged established relationships across the courier network, working closely with third party providers to optimise operational flexibility, maximise efficiencies and negotiate competitive rates, thus benefiting from economy of scale. Transportation surcharges of £1.1m were taken within adjusting items primarily relating to the conflict in Israel, these are lower than the prior year total surcharges and materially lower than the historic covid equivalent.

Adjusted distribution costs of £107.5m (H1 2023: £143.7m) equate to 11.5% (H1 2023: 14.8%) of revenue. This £36.2m improvement was driven by the Group's continued focus on network optimisation and the expanded use of warehouse automation. A second Autostore facility was launched in New Jersey (US) in H1 2023, with associated benefits now embedded.

Administration costs

Adjusted administrative costs as a percentage of revenue totalled 25.6% of revenue (H1 2023: 24.1%), with the increase primarily driven by marketing investment with intentional spend focused on long term initiatives to build brand engagement and awareness. In order to drive sustained sales growth and profitability, the Group continues to focus its marketing investment towards more efficient and cost effective channels.

Restructuring costs (H1 2024: £3.3m / H1 2023: £1.0m), incurred in H1 2024 relate primarily to headcount reductions, with further actions to be completed during H2 2024 partially as a result of the discontinuation of loss-making categories and territories. The impact of severance costs and wage inflation is expected to be offset by future efficiencies, with the H1

restructuring paying back on a cash basis by the end of the financial year.

Administrative costs on a statutory basis totalled £334.7m (H1 2022: £335.5m), including share based payment charges of £8.5m.

Adjusted EBITDA and Adjusted EBITDA (continuing)

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000
Reconciliation from Operating loss to Adjusted EBITDA		
Operating loss	(84,416)	(99,452)
Adjustments for:		
Amortisation	32,758	35,832
Amortisation of acquired intangibles	24,326	25,503
Depreciation	47,241	45,927
Adjusted items - cash	10,529	5,192
Adjusted items - non-cash loss on disposal of discontinued categories	9,845	11,124
Other operating expense - non-cash loss on disposal freehold assets	-	15,081
Share-based payments	8,490	7,888
Adjusted EBITDA	48,773	47,095
<i>Adjusted EBITDA %</i>	<i>5.2%</i>	<i>4.9%</i>
EBITDA loss from discontinued categories	3,530	4,404
Adjusted EBITDA before discontinued categories	52,303	51,499
<i>Adjusted EBITDA before discontinued categories %</i>	<i>5.7%</i>	<i>5.7%</i>

Adjusted EBITDA increased marginally to £48.8m from £47.1m in H1 2023. This represents a margin of 5.2% (H1 2023: 4.9%), an improvement of +30bps, with the margin improvements delivered through the Group's cost-reduction programme and the exit of loss-making categories and territories as well as a strong trading performance in Beauty and Ingenuity, helping to offset the Nutrition D2C sales performance.

Positive and decisive management actions continue to support the Group's ability to respond and rally against ongoing macroeconomic challenges, with the impact of previous strategic decisioning being affirmed in the overall performance of THG Beauty and THG Ingenuity. A comprehensive management action plan is in place to address the sales performance in THG Nutrition.

Discontinued categories

At 31 December 2023, certain loss making categories and territories within THG Beauty and THG Nutrition, were under strategic review. Subsequently, the Board approved the exit of these categories and territories. These operations will be fully exited throughout the course of 2024.

On 24th June 2024, the Group announced a strategic partnership with the Frasers Group. As part of this arrangement, THG agreed to sell its portfolio of luxury goods websites, including Coggles, to the Frasers Group. The sale completed 11th September 2024, with the results presented as discontinued categories. Associated assets have been impaired to realisable value and shown within adjusted items as at H1 2024. The combined discontinued categories contributed £22.9m (H1 2023: £58.9m) of revenue and an adjusted EBITDA loss of £3.5m (H1 2023: loss of £4.4m).

We note these exits do not meet the criteria under IFRS 5: Discontinued operations, as these categories and territories are not major components of the Group as defined by the accounting standard. However, to provide further information on the ongoing revenue and Adjusted EBITDA of the Group these have been presented separately for H1 2024 and H1 2023 for comparative purposes.

Depreciation and amortisation

Total depreciation and amortisation costs were £47.2m and £57.1m respectively (H1 2023: £45.9m and £61.3m). Included within amortisation is £24.3m relating to acquired intangibles (H1 2023: £25.5m) reflecting the amortisation of previous purchased intangibles.

Depreciation remained largely consistent reflective of the current asset base, reflective of the material capex expansion programme across 2020 to 2022 now being complete.

The Group has invested heavily in the platform over a number of years, with investment and amortisation during H1 2024 reflective of this.

Operating loss

Operating loss before adjusted items totals £64.0m (H1 2023: £83.1m). This loss was a result of the ongoing challenging macroeconomic environment combined with the above mentioned factors. The actions taken to exit loss-making categories and territories and a return to consumer spending are expected to reduce this loss position in the medium-term, alongside an improvement in the Nutrition D2C sales performance.

The Group incurred an operating loss in the period of £84.4m (H1 2023: £99.5m). This is primarily driven by reducing costs during the first half and partially offset by an increased share-based payment charges of £8.5m (H1 2023: £7.9m). In addition, other operating expense of £15.1m recognised in H1 2023 relating to the non-cash loss on disposal following the sale of non-core freehold assets has not recurred in the current period.

Finance costs net of finance income

Finance costs net of finance income have remained stable at £33.6m (H1 2023: £33.6m) driven principally by higher interest rates, which have been caused by higher interest rate environment. The inherent cost increase is offset by a reduction in interest expense following the partial repayment of bank borrowings in H2 2023.

Loss before tax and tax rate

Reported loss before tax was £118.0m (H1 2023: £133.0m). The effective tax rate is 1.4% (H1 2023: -0.1%), based on a total tax charge of £3.1m (H1 2023: tax charge £0.1m). The effective tax rate differs from the average statutory rate of 25% (2023: 23.5%). This is primarily due to a movement in deferred tax not recognised (-21.1%), and expenses not deductible (-2.1%). The non-deductible expenses principally comprise of the share-based payments charge and non-qualifying depreciation.

At 30 June 2024, the total net deferred tax liability is £53.4m (H1 2023: £71.7m). The deferred tax liability in respect of intangible assets recognised on consolidation was £126.8m (H1 2023: £142.4m). The deferred tax asset in respect of tax losses recognised was £39.0m (H1 2023: £51.5m). There were £100.7m of unrecognised deferred tax assets in respect of tax losses at the balance sheet date (H1 2023: £74.4m). This non-recognition has an impact on the income statement tax charge, and this is one of the primary reasons for the effective tax rate being below the statutory rate.

Earnings per share

Loss per share was (£0.08) per share (H1 2023: £(0.10) per share).

Cashflow

	H1 2024	LTM June 2024	H1 2023	LTM June 2023
	£'000	£'000	£'000	£'000
Adjusted EBITDA	48,773	115,756	47,095	78,890
Working capital movements	(74,380)	34,600	(60,802)	120,043
Tax paid	(1,327)	(5,142)	(1,595)	(4,942)
Adjusted items	(10,458)	(20,216)	(5,282)	(23,060)
Net cash (used)/generated in operating activities	(37,392)	124,998	(20,584)	170,931
Purchase of property, plant and equipment	(16,816)	(34,348)	(28,758)	(76,966)
Purchase of intangible assets	(37,121)	(73,182)	(43,307)	(86,059)
Proceeds from sale of non-core freehold assets	-	3,450	52,000	52,000
Other	(37,122)	(81,198)	(38,084)	(80,517)
Free cash flow^[16]	(128,451)	(60,280)	(78,733)	(20,611)
Acquisition of subsidiaries net of cash acquired	-	(17,755)	(2,504)	(8,504)
(Repayments) / proceeds relating to bank borrowings	-	(26,800)	-	156,000
Net (decrease)/increase in cash and cash equivalents	(128,451)	(104,835)	(81,237)	126,885
Cash and cash equivalents at the beginning of the year	416,162	392,546	473,783	265,661
Cash and cash equivalents at the end of the year	287,711	287,711	392,546	392,546

Six-month free cash flow totals an outflow of £128.5m (H1 2023: outflow of £78.7m) and £60.3m for the last twelve months (LTM). LTM free cash outflow, is broadly consistent with the year-end, excluding the one off cash proceeds of £52.0m received in H1 of 2023 from the disposal of non-core freehold assets. Stability has been achieved through strong capex management and working capital measures.

The cyclical nature of the business results in a working capital outflow in H1 each year, which reverses in H2.

The working capital outflow in H1 2024 of £74.4m has been adversely impacted from H1 2023 due to higher Beauty volumes with suppliers operating on a shorter payment term than Nutrition suppliers. Inventory has reduced by £21.2m YoY with a two year reduction of £42.9m, albeit this reduction is lower than the prior year as the stock portfolio normalises.

Cash outflows relating to financing activities have decreased in H1 2024, following the repayment of borrowings in H2 2023, also reducing the interest expense subsequently payable. Loans and other borrowings at H1 2024 were £640.5m (H1 2023: £671.9m).

Total cash adjusting items have increased from £5.2m to £10.5m, primarily relating restructuring costs. These actions will result in future cash savings however.

There has been a reduction in the cash spend of £11.9m on the purchase of property, plant and equipment in H1 2024, consistent with strategic decision making. The Ingenuity platform continues to be developed, however intangible related spend of £37.1m is down in H1 2024 by £6.2m compared to H1 2023, reflective of the previous investment needed to build and maximise the platform capabilities.

The Group ended the period with cash and cash equivalents of £287.7m (H1 2023: £392.5m, 31 December 2023: £416.2m)

and the RCF remains undrawn, following the extension agreed in H2 2023.

Segmental Summary ^[17]

Overview

H1 2024 £m	THG Beauty	THG Nutrition	THG Ingenuity	Central	Inter-group elimination	Continuing Total	Discontinued categories	30 June 2024 Total
External revenue	531.0	299.9	80.2	-	-	911.1	22.9	934.0
Inter-segment revenue	-	-	225.6	-	(225.6)	-	-	-
Total revenue	531.0	299.9	305.8	-	(225.6)	911.1	22.9	934.0
Adjusted EBITDA	32.6	19.6	11.0	(10.9)	-	52.3	(3.5)	48.8
Adjusted EBITDA margin	6.1%	6.5%	3.6%			5.7%	(15.4%)	5.2%

H1 2023 £m	THG Beauty (Restated)	THG Nutrition (Restated)	THG Ingenuity	Central	Inter-group elimination	Continuing Total	Discontinued categories (Restated)	30 June 2023 Total
External revenue	502.5	336.7	71.2	-	-	910.4	58.9	969.3
Inter-segment revenue	-	-	248.8	-	(248.8)	-	-	-
Total revenue	502.5	336.7	320.0	-	(248.8)	910.4	58.9	969.3
Adjusted EBITDA	12.1	46.9	3.4	(10.9)	-	51.5	(4.4)	47.1
Adjusted EBITDA margin	2.4%	13.9%	1.0%	-	-	5.7%	(7.5)%	4.9%

THG Beauty ^[18]

£m	H1 2024	H1 2023 (Restated)	Change %
Revenue	531.0	502.5	+5.7%
Adjusted EBITDA	32.6	12.1	+169.3%
Margin %	6.1%	2.4%	+370bps

THG Beauty's return to revenue growth has contributed to margin accretion, following previous investment in acquisitions, strategic reductions in lower-margin sales and exiting loss making categories which have contributed to an 3.7% improvement in adjusted EBITDA margin to 6.1%. Beauty loyalty programmes and marketing strategy have driven a higher mix of spend through more cost effective channels, with customer retention supporting a stable AOV ^[19] of £61 per basket for H1 2024 (H1 2023: £62).

The adjusted EBITDA in THG Beauty manufacturing has materially increased compared to H1 2023, following the one-off impact of destocking in the prior year.

THG Nutrition ^[20]

£m	H1 2024	H1 2023 (Restated)	Change %
Revenue	299.9	336.7	-10.9%
Adjusted EBITDA	19.6	46.9	-58.1%
Margin %	6.5%	13.9%	-740bps

Whilst the rebrand has refreshed and engaged the customer base, ASP has been adversely impacted through product availability as a result of stock rotation. Revenue and margins have been further challenged during this phase as the Group have undertaken extended promotional activity in order to clear stock under the old branding whilst new packaging levels normalise.

As set out, the volatility in commodity pricing and FX headwinds have had a significant impact on the Nutrition business, with adjusted EBITDA decreasing principally as a result of the challenging top line performance, heavily influenced by the weakness of the Yen. The movement in the exchange rate has adversely impacted EBITDA by c.£5m in H1 2024. Local manufacturing commenced in the half year and will lead to a partial natural hedge moving forwards.

Pleasingly our offline business comprising manufacturing, retail and licensing, continues to make progress accounting for c.15% of H1 2024 revenue.

THG Ingenuity

£m	H1 2024	H1 2023	Change %
External revenue	80.2	71.2	+12.6%
Internal revenue	225.6	248.8	-9.3%
Total revenue	305.8	320.0	-4.4%
Adjusted EBITDA	11.0	3.4	+227.1%
Margin %	3.6%	1.0%	+260bps

The investments made across the Ingenuity offering over a number of years, along with strategic re-positioning which commenced in Q3 2022, to focus on higher value and higher margin clients to provide improved quality recurring revenue, has started to crystallise particularly across fulfilment services. As revenue scales and the revenue mix evolves further towards the technology product offering we anticipate margins will further grow. This has been positively demonstrated through services to Holland & Barrett and Frasers Group during H1 2024 demonstrating THG Ingenuity's capability.

Internal revenue of £225.6m (H1 2023: £248.8m) relates to services provided to the wider THG Group including platform fees, customer services, fraud detection services, THG Studios, fulfilment, postage and marketing services. This revenue is eliminated on consolidation. Internal revenue declined due to the Group exiting loss-making categories and territories along with lower sales in THG Nutrition, which in turn has generated lower volumes for THG Ingenuity.

Central costs

£m	H1 2024	H1 2023	Change %
EBITDA loss from central costs	(10.9)	(10.9)	-

Central costs relate primarily to the PLC Board remuneration, professional services fees, group finance, M&A, risk (insurance) and governance costs that are not recharged to each business as they principally relate to the operations of the PLC holding company. The costs remained consistent to H1 2023 with the Group cost saving initiatives expected to drive benefit in future periods offsetting some aspects of inflation.

Adjusted items

In order to understand the underlying performance of the Group, certain costs included within cost of sales, distribution, administrative and finance costs have been classified as adjusted items.

The largest category of cost included within adjusted items are those relating to non-cash loss on discontinued categories of £9.3m (H1 2023: £11.1m).

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000
Within Cost of sales		
Non-cash loss on disposal of discontinued and the exit of loss making categories	8,896	7,174
	8,896	7,174
Within Distribution costs		
Transportation, delivery and fulfilment	1,089	1,228
Commissioning - new facilities	162	1,431
Decommissioning	-	1,056
Restructuring costs	2,401	-
	3,652	3,715
Within Administrative costs		
Non-cash loss on disposal of discontinued and the exiting of loss making categories	385	3,950
Non-cash loss on property portfolio restructure	564	-
Acquisitions - restructuring and integration	2,919	454
Other costs following the outcome of strategic review	657	-
Restructuring costs	3,301	1,023
	7,826	5,427
Total adjusted items before tax	20,374	16,316
Tax impact	(2,217)	(1,220)
Total adjusted items	18,157	15,096
Cash adjusting items before tax [21]	10,529	5,192

For full details on each category of adjusted item see note 3 to the financial statements.

Balance sheet

Cash and cash equivalents and net cash before lease liabilities

	30 June 2024	30 June 2023	31 December 2023
	£'000	£'000	£'000
Loans and other borrowings	(640,522)	(671,884)	(650,037)
Lease liabilities	(334,728)	(321,312)	(344,977)
Cash and cash equivalents	287,711	392,546	416,162
Sub-total	(687,539)	(600,650)	(578,852)
Adjustments:			
Retranslate debt balance at swap rate where hedged by foreign exchange derivatives	2,265	11,074	15,653
Net debt	(685,274)	(589,576)	(563,199)
Net debt before lease liabilities	(350,546)	(268,264)	(218,222)

At H1 24 the Group held £287.7m in cash and cash equivalents, (H1 2023: £392.5m). The €600m Term Loan B matures in December 2026 and the incremental £131m senior-secured facility matures in Q4 2025.

In Q1, 2024, the RCF was extended by 17 months to May 2026. The £170 million facility remains undrawn since IPO, and there were no changes to the financial covenants or interest margin beyond the existing maturity date. From December 2024, the facility will be £150 million.

The extension affords the Group continued significant financial flexibility during uncertain geo-political times. As at June 2024 the Group had c.£450 million of cash and undrawn facilities providing substantial liquidity.

Net debt before lease liabilities and adjusted for the impact of hedging was £350.5m (H1 2023: £268.3m, 31 December 2023: £218.2m).

The increase in net debt period-on-period is driven by the reduction in cash and cash equivalents. Cash was strengthened in H1 2023 as a result of one off proceeds of £52m received following the sale of non-core freehold properties which has not recurred in H1 2024. Cash includes £11.2m received from HMRC received on the first working day of H1 24 but considered as free cash flow at 31 December 2023 for presentational purposes. LTM cash flows remain largely stable with year-end adjusting for this and with capital spend reductions.

Non-current assets

Property, plant and equipment totalled £263.4m (H1 2023: £298.6m, 31 December 2023: £273.2m). Intangible assets totalled £1,185.3m (H1 2023: £1,224.9m, 31 December 2023: £1,207.4m). Whilst the Group continues to grow the asset base consummate to strategic priorities, capital spend has reduced following periods of more significant investment whilst developing the platform capabilities.

Going concern

The Group remains in a strong cash position with cash and cash equivalents totalling £287.7m (H1 2023: £392.5m).

Net debt before lease liabilities totalled £350.5m (H1 2023: £268.3m). At 30 June 2023, the Group had a total of £170m in undrawn facilities.

The Group expects to refinance its existing debt facilities largely maturing in December 2026 within the next 12 months.

In making their assessment of going concern, the Directors reviewed financial projections until 30 September 2025 and considered the redemption of the UKEF debt facility shortly thereafter in October 2025.

Stress test scenarios were modelled to take into account severe but plausible impacts of a combination of the principal risks occurring simultaneously, as well as a reverse stress test.

In response to the ongoing uncertainty in the macroeconomic market, high inflation and global recessions, Management modelled stress tests across multiple scenarios. These included adjusting for a reduction in revenue across all divisions, impacting both direct to consumer and business to business markets, along with an increase in cost base across key inputs, with the focus being on commodity prices. The results of stress testing demonstrated that the combination of mitigating actions available including existing cash resources, level of discretionary spend, working capital optimisation and ability to utilise the RCF were sufficient for the Group to withstand such impacts. A reverse stress test was modelled to identify the point at which liquidity is exhausted. The model would have to see a significant decline in revenue and margins compared with the stress test set out above. Such a scenario, and the sequence of events which could lead to it, is considered to be remote. For these reasons, the Directors continue to adopt the going concern basis in preparing these condensed interim financial statements.

Responsibility statement of the directors in respect of the condensed interim financial statements

We confirm that to the best of our knowledge:

- the condensed set of financial statements for the half year ended 30 June 2024 has been prepared in accordance with UK adopted IAS 34 Interim Financial Reporting;
- the interim management report includes a fair review of the information required by:
 - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the 2024 financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Matthew Moulding
Chief Executive Officer
16 September 2024

Damian Sanders
Chief Financial Officer
16 September 2024

Interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2024

		30 June 2024	30 June 2023
	Note	£'000	£'000
Revenue	2	933,969	969,260
Cost of sales		(562,557)	(561,895)
Gross profit		371,412	407,365
Distribution costs		(121,121)	(156,219)
Administrative costs		(334,707)	(335,517)
Other operating expense	6	-	(15,081)
Operating loss		(84,416)	(99,452)
Finance income		5,407	5,476
Finance costs		(39,089)	(39,040)
Loss before taxation		(118,098)	(133,016)
Income tax charge	4	(3,132)	(67)
Loss for the financial period		(121,230)	(133,083)
Other comprehensive expense:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations, net of tax		6,802	(26,687)
Net (loss) / gain on cash flow hedges		(3,866)	6,704
Total comprehensive expense for the financial period		(118,294)	(153,066)
Loss per share (£'s)			
Basic		(0.08)	(0.10)
Diluted		(0.08)	(0.10)

Earnings before interest, taxation, depreciation, amortisation, adjusted items, share-based payment charges and other operating expenses - non-cash loss on disposal of freehold assets (Adjusted EBITDA)

		30 June 2024	30 June 2023
	Notes	£'000	£'000
Operating loss		(84,416)	(99,452)
Adjustments for:			
Amortisation	6	32,758	35,832
Amortisation of acquired intangibles	6	24,326	25,503
Depreciation	6	47,241	45,927
Adjusted items - cash	3	10,529	5,192
Adjusted items - non-cash	3	9,845	11,124
Other operating expenses - non-cash loss on disposal of freehold assets	6	-	15,081

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Interim condensed consolidated statement of financial position as at 30 June 2024

		30 June 2024	30 June 2023	31 December 2023 Audited
	Note	£'000	£'000	£'000
Non-current assets				
Intangible assets	6	1,185,284	1,224,914	1,207,383
Property, plant and equipment	6	263,375	298,582	273,171
Right-of-use assets	6	286,786	281,443	303,635
Investments	7	1,400	1,400	1,400
Other non-current financial assets	7	8,413	17,988	7,999
		1,745,258	1,824,327	1,793,588
Current assets				
Assets held for sale	6.1	-	1,100	-
Inventories		298,909	328,983	297,143
Trade and other receivables		244,830	267,313	271,782
Other financial assets	7	5,318	5,222	1,915
Cash and cash equivalents	7	287,711	392,546	416,162
		836,768	995,164	987,002
Total assets		2,582,026	2,819,491	2,780,590
Equity				
Ordinary shares		7,225	7,072	7,072
Share premium		2,024,824	2,024,824	2,024,824
Merger reserve		615	615	615
Capital redemption reserve		523	523	523
Hedging reserve		(26,548)	(3,771)	(20,020)
Cost of hedging reserve		27,945	20,958	25,283
FX Reserve		22,406	35,172	15,604
Retained earnings		(1,143,800)	(927,221)	(1,032,234)
		913,190	1,158,172	1,021,667
Non-current liabilities				
Borrowings	7	608,087	631,789	621,011
Other financial liabilities	7	28,550	-	-
Lease liabilities	7	288,661	275,942	301,440
Provisions	9	19,246	18,087	22,130
Deferred tax		53,405	71,692	55,698
		997,949	997,510	1,000,279
Current liabilities				
Contract liability		23,520	25,808	22,864
Trade and other payables		542,800	531,775	638,350
Borrowings	7	32,435	40,095	29,026
Current tax liability		3,224	1,952	1,266
Lease liabilities	7	46,067	45,370	43,537
Other financial liabilities	7	17,121	15,974	19,763
Provisions	9	5,720	2,835	3,838
		670,887	663,809	758,644
Total liabilities		1,668,836	1,661,319	1,758,923
Total equity and liabilities		2,582,026	2,819,491	2,780,590

Interim condensed consolidated statement of changes in equity for the six months ended 30 June 2024

[illegible]

Deferred tax effect in equity	-	-	-	-	-	-	-	1,174	1,174
Balance at 30 June 2024	7,225	2,024,824	615	523	22,406	(26,548)	27,945	(1,143,800)	913,190
Balance at 1 January 2023	6,903	2,024,452	615	523	61,859	(6,221)	16,704	(803,096)	1,301,739
Loss for the period	-	-	-	-	-	-	-	(133,083)	(133,083)
Other comprehensive expense:									
Impact of foreign exchange	-	-	-	-	(26,687)	-	-	-	(26,687)
Movement on hedging instruments	-	-	-	-	-	2,450	4,254	-	6,704
Total comprehensive expense for the period	-	-	-	-	(26,687)	2,450	4,254	(133,083)	(153,066)
Issue of ordinary share capital	169	372							541
Deferred tax effect in equity	-	-	-	-	-	-	-	1,070	1,070
Share-based payments	-	-	-	-	-	-	-	7,888	7,888
Balance at 30 June 2023	7,072	2,024,824	615	523	35,172	(3,771)	20,958	(927,221)	1,158,172

Interim condensed consolidated statement of cash flows for the six months ended 30 June 2024

		30 June 2024	30 June 2023
	Note	£'000	£'000
Cash flows from operating activities before adjusted cash flows			
Cash used in operations	8	(25,607)	(13,707)
Income tax paid		(1,327)	(1,595)
Net cash used in operating activities before adjusted cash flows		(26,934)	(15,302)
Cash flows relating to adjusted items	3	(10,458)	(5,282)
Net cash used in operating activities		(37,392)	(20,584)
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired		-	(2,504)
Purchase of property, plant and equipment		(16,816)	(28,758)
Proceeds from sale of property, plant and equipment		-	52,000
Purchase of intangible assets		(37,121)	(43,307)
Interest received		5,407	5,476
Net cash used in investing activities		(48,530)	(17,093)
Cash flows from financing activities			
Interest paid		(18,364)	(18,385)
Repayment of bank borrowings and fees		(1,800)	-
Repayment of lease liabilities		(22,365)	(25,175)
Net cash flow used in from financing activities		(42,529)	(43,560)
Net decrease in cash and cash equivalents		(128,451)	(81,237)
Cash and cash equivalents at the beginning of the period		416,162	473,783
Cash and cash equivalents at the end of the period		287,711	392,546

Notes to the interim condensed consolidated financial statements

1. Basis of preparation

a. General information

THG PLC (company number 06539496) is a public company limited by shares and incorporated in England and Wales. It has a standard listing on the London Stock Exchange and is the holding company of the Group. The address of its registered office is Icon 1, 7-9 Sunbank Lane, Ringway, Altrincham, Manchester, WA15 0AF. The Company is the parent and the ultimate parent of the Group, the financial statements comprises the results of the Company and its subsidiaries ("the Group").

The interim condensed consolidated financial statements of the Group for the six months ending 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 16 September 2024.

The annual financial statements for the year ended 31 December 2024 of the Group will be prepared in accordance with UK adopted IFRSs.

b. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. The financial statements have been prepared on the historical cost basis, except for derivatives which are held at fair value. The Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. As disclosed in note 1a, the annual financial statements of the Group will be prepared in accordance with UK adopted IFRSs.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The IASB has adopted amendments exempting entities from accounting for deferred taxes arising from Pillar Two legislation and these have now been endorsed by the UK Endorsement Board (UKEB). THG PLC will apply the mandatory temporary exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Pillar Two rules are expected to apply from January 2024, at which time THG PLC is expected to fall within scope.

The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on the assessment performed, all jurisdictions should meet the Country-by-Country Safe Harbour provisions and management is not currently aware of any circumstances under which this might change. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes in any jurisdiction reviewed through this assessment.

Going concern

The Group remains in a strong cash position with cash and cash equivalents totalling £287.7m (H1 2023: £392.5m, 31 December 2023 £416.2m). At 30 June 2024, the Group had a total of £170m in undrawn facilities.

Net debt before lease liabilities totalled £350.5m (H1 2023: net debt before lease liabilities £268.3m, 31 December 2023: £218.2m).

The Group expects to refinance its existing debt facilities largely maturing in December 2026 within the next 12 months.

In making their assessment of going concern, the Directors reviewed financial projections until 30 September 2025 and considered the redemption of the UKEF debt facility shortly thereafter in October 2025.

Stress test scenarios were modelled to take into account severe but plausible impacts of a combination of the principal risks occurring including reducing sales and gross profit margins for the three key businesses to levels significantly below historic actuals and current budgets. A reverse stress test was also separately modelled. The results of stress testing demonstrated that the combination of mitigating actions available including existing cash resources, level of discretionary spend and ability to utilise the RCF were sufficient for the Group to withstand such impacts. For these reasons, the Directors continue to adopt the going concern basis in preparing these condensed interim financial statements.

c. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience

and other factors that are relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the Group's annual consolidated financial statements for the year ended 31 December 2023.

2. Segmental reporting and revenue

The Group's activities were divided into the following segments: THG Beauty, THG Nutrition, THG Ingenuity, Discontinued categories and Central PLC costs.

The results of each division are reported to the Board of Directors and are treated as reportable operating segments. The following table describes the main activities for each reportable operating segment:

Segment	Activities
THG Beauty	A digital-first brand owner, retailer and manufacturer in the prestige beauty market, with a portfolio of own-brands across skincare, haircare and cosmetics. Through its retail websites, including Lookfantastic, Dermstore, Cult Beauty and the beauty subscription box brand GLOSSYBOX, it is a route to market globally for over 1,400 third-party premium brands. THG Beauty also operates prestige spa and experience venues, in addition to luxury clothing and homeware D2C sites.
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	THG Ingenuity provides a complete digital commerce solution for consumer brand owners across its three pillars of technology, digital marketing and operations. Being part of the THG group, Ingenuity is uniquely placed to bring relevant, practical and international expertise in every area of commerce.
Discontinued categories	Certain loss making categories and territories have been or are subject to exit. These exits do not meet the criteria under IFRS 5: Discontinued operations at the balance sheet date, as these categories and territories are not a major component of the Group as defined by the accounting standard. However, management report the financial results of these categories separately in their reporting to the CODM, as such the result has also been shown in the same format within this note.

Central costs relate primarily to the PLC Board remuneration, professional services fees, group finance, M&A, risk (insurance) and governance costs that are not recharged to the divisions as they principally relate to the operations of the PLC holding company.

The CODM is the executive Board of directors, who make the key operating decisions for the business. The CODM receives daily financial information at the combined Group level, along with monthly information at a divisional level and uses this information to allocate resources, make operating decisions and monitor the performance of each of the businesses.

The measure of the Group's performance used by THG's management team is Adjusted EBITDA comprising operating loss less interest, tax, depreciation, amortisation, shared-based payments, adjusted items and other operating expenses - non-cash loss on disposal of freehold assets. This is reconciled to the nearest IFRS measure (loss before tax) in the below table.

H1 2024	THG Beauty £'000	THG Nutrition £'000	THG Ingenuity £'000	Central PLC £'000	Inter-group elimination £'000	Result before discontinued categories £'000	Discontinued categories £'000	H1 2024 Total £'000
External revenue	531,059	299,858	80,198	-	-	911,115	22,854	933,969
Inter-segment revenue	-	-	225,628	-	(225,628)	-	-	-
Total revenue	531,059	299,858	305,826	-	(225,628)	911,115	22,854	933,969
Adjusted EBITDA	32,646	19,640	10,966	(10,949)	-	52,303	(3,530)	48,773
Margin %	6.1%	6.5%	3.6%	-	-	5.7%	(15.4)%	5.2%
Depreciation								(47,241)
Amortisation								(57,084)
Share-based payments								(8,490)
Adjusted items								(20,374)
Other operating expense								(-)
Operating loss								(84,416)
Finance income								5,407
Finance costs								(39,089)
Loss before taxation								(118,098)

[22]	THG	THG	THG	Central	Inter-group	Result before	Discontinued	H1 2023
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H1 2023	Beauty (Restated) £'000	Nutrition (Restated) £'000	Ingenuity £'000	PLC £'000	elimination £'000	discontinued categories £'000	categories (Restated) £'000	Total £'000
External revenue	502,549	336,663	71,202	-	-	910,414	58,846	969,260
Inter-segment revenue	-	-	248,842	-	(248,842)	-	-	-
Total revenue	502,549	336,663	320,044	-	(248,842)	910,414	58,846	969,260
Adjusted EBITDA	12,120	46,894	3,353	(10,868)	-	51,499	(4,404)	47,095
Margin %	2.4%	13.9%	1.0%	-	-	5.7%	(7.5)%	4.9%
Depreciation								(45,927)
Amortisation								(61,335)
Share-based payments							(7,888)	
Adjusted items								(16,316)
Other operating expense							(15,081)	
Operating loss								(99,452)
Finance income								5,476
Finance costs								(39,040)
Loss before taxation								(133,016)

Below is an analysis of revenue by region (by destination):

	Six months ended 30 June 2024	Six months ended 30 June 2023
	£'000	£'000
UK	472,355	429,714
USA	162,555	183,209
Europe	188,479	207,748
Rest of the world	110,580	148,589
	933,969	969,260

Below is an analysis of revenue before discontinued categories by region (by destination):

	Six months ended 30 June 2024	Six months ended 30 June 2023
	£'000	£'000
UK	457,929	401,478
USA	157,489	164,680
Europe	186,592	202,305
Rest of the world	109,105	141,951
	911,115	910,414

3. Adjusted items

	Six months ended 30 June 2024	Six months ended 30 June 2023
	£'000	£'000
Within Cost of sales		
Non-cash loss on disposal of discontinued and the exiting of loss making categories	8,896	7,174
	8,896	7,174
Within Distribution costs		
Transportation, delivery and fulfilment costs	1,089	1,228
Commissioning - new facilities	162	1,431
Decommissioning	-	1,056
Restructuring costs	2,401	-
	3,652	3,715
Within Administrative costs		
Non-cash loss on disposal of discontinued and the exiting of loss making categories	385	3,950
Non-cash loss on property portfolio restructure	564	-
Other costs following the outcome of strategic review	657	-
Acquisitions - restructuring and integration	2,919	454
Restructuring costs	3,301	1,023
	7,826	5,427

Total adjusted items before tax	20,374	16,316
Tax impact	(2,217)	(1,220)
Total adjusted items	18,157	15,096
Cash adjusting items before tax ^[23]	10,529	5,192

Non-cash loss on disposal of discontinued and the exiting of loss making categories

Consistent with the Group's ongoing commitment to simplify and streamline operations as part of the strategic review of loss-making and the exit of certain categories and territories, on 24 June 2024, the Group announced its agreement to sell its portfolio of luxury goods websites to the Frasers Group. The sale completed 11 September 2024. As such, the carrying value of tangible and intangible assets and inventory have been written down to the expected consideration value. This has resulted in a one-off, non-cash loss on disposal.

The comparative position reflects adjustments of the same nature following the sale of THG Demand in July 2023.

Transportation, delivery and fulfilment costs

The conflict in Israel has resulted in pressures across the international network and travel routes, with increased costs being experienced as the war continues, which are not fully passed on to customers. These surcharges are expected to continue throughout H2 2024 given there is no current indication of resolution to the ongoing unrest in the region. The Group continues to insulate the customer from the full impact of these rising costs, with the residual expense therefore being over and above those incurred through the normal course of business.

The Group was severely impacted by high surcharges from suppliers in respect of travel routes travelling through and into Asia during the Covid-19 pandemic and extended lock down periods. Such costs occurred in H1 23 and have not recurred in H1 24.

Commissioning - new facilities

Consistent with strategic priorities, the Group has completed its commissioning of its campus in New Jersey, US. The H1 2024 costs relate to the final stages of commissioning that were required to enable the warehouse to be fully operational and work at optimised levels. No further costs are expected to be incurred.

Decommissioning

As part of the strategic review the Group consolidated acquired warehouses into the existing THG network. All decommissioning was completed in H2 2023.

Non-cash loss on property portfolio restructure

Following a Group review of properties held within its portfolio, leased properties no longer in use have been sold or repurposed. Where vacated properties are retained, unavoidable costs relating to these sites are incurred over the remaining life of the lease and will continue to be classified as adjusted items.

Other costs following the outcome of strategic review

As part of the strategic review the Group has consolidated acquired warehouses into the existing THG network. The costs that have been incurred as part of this process, include:

- Those incurred to relocate the stock across the fulfilment network.
- Restructuring costs associated with the dual running of facilities, severance payments and other third party costs such as rent and utilities.

All costs recognised within adjusted items are from the point of management's decision to exit the acquired warehouse. These costs are considered to be one-off costs and are incremental to the ongoing trading of the Group. The majority of these costs have now been incurred.

Acquisitions - restructuring and integration

Costs incurred relate to the integration of Biossance in to the existing THG network. The nature of these costs are consistent with those set out under other costs following the outcome of strategic review but have been incurred from the point of initial acquisition. Given the nature of these costs it is not unusual for these to span more than one accounting period depending on the date of acquisition and the time required for the integration to be completed.

Restructuring

Consistent with the strategic review, the Group continues to explore and implement corporate restructuring and evolve its internal operations where sustainable alternatives are identified. As part of this, the costs incurred are primarily attributable to employee related severance as part of specific operational restructuring projects as efficiencies are implemented across the business. These plans are expected to be completed within a 12 month period.

4. Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of comprehensive income are:

Six months ended	Six months ended
30 June 2024	30 June 2023

	2024	2023
	£'000	£'000
Current tax		
Tax charge for the period	3,529	6,137
Deferred tax		
Origination and reversal of temporary differences	(397)	(6,070)
Total income tax charge	3,132	67

Uncertain Tax Provisions

The Group has recognised a provision of €2.0m (H1 2023: £nil) for potential tax liabilities relating to a French tax enquiry in respect of the financial years ended 2021 and 2022. The provision has been measured using the expected value method based on the current tax assessment and the likelihood of different outcomes.

The Group continues to monitor the position consistent with ongoing procedures. Any adjustment to the provision will be reflected, as necessary, at the relevant reporting date.

5. Share-based payments

The Group operates a share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments (options) of the Company. A total of 30,629,135 shares were issued in the 6 months to 30 June 2024 across two schemes. The shares granted during the period are as follows:

- On 7 March 2024 a total of 3,685,598 executive options were granted with 737,120 of these shares only vesting if targets linked to ESG are met. The remainder of the shares, being 2,948,478, will vest on a straight line basis subject to certain market performance conditions being met. On 15 March 2024 a total of 22,146,794 options were granted in relation to these schemes.
 - 20,376,943 of these awards vest in three equal tranches, with the first being 31 December following the date of grant. The second and third tranches for each separate grant will vest on 31 December in the following two years respectively.
 - 1,680,852 of these awards vest in three equal tranches, with the first being at the date of grant. The second tranche will vest on the 31 December following the date of grant with the third tranche vesting in the following year.
 - 88,999 of these awards vesting in one tranche on 31 December following the date of grant

The remaining 4,796,743 shares were issued to the Employee Benefit Trust and will be utilised for future share grants.

The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense in the Statement of Comprehensive Income with the corresponding increase to equity.

	Six months ended 30 June 2024	Six months ended 30 June 2023
	£'000	£'000
Expense arising from equity-settled share-based payment transactions	8,490	7,888

The following table shows the shares granted and outstanding at the beginning of the year and at half-year:

	2024
	Number of shares
As at 1 January	68,718,060
Granted during the year	25,832,392
Exercised during the year	(8,365,253)
Forfeited during the year	(1,263,141)
As at 30 June	84,922,058

6. Non-current assets

Intangible assets £'000	Property, plant and equipment £'000	Right-of-use asset £'000
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	£'000	£'000	£'000
1 January 2024	1,207,383	273,171	303,635
Additions	36,227	17,545	3,747
Disposals	-	(276)	-
Non-cash loss on disposal of discontinued categories	(1,232)	(80)	(193)
Depreciation / Amortisation	(57,084)	(28,288)	(18,953)
Currency translation differences	126	(944)	(514)
Reversal of previous impairment	1,175	-	-
Transfers	(1,311)	2,247	(936)
30 June 2024	1,185,284	263,375	286,786

	Intangible assets £'000	Property, plant and equipment £'000	Right-of-use asset £'000
1 January 2023	1,275,760	360,041	294,309
Additions	43,308	15,933	5,942
Disposals	(25)	(46,729)	-
Non-cash loss on disposal of discontinued categories	-	(2,312)	-
Depreciation / Amortisation	(61,335)	(26,201)	(19,726)
Transfer to assets held for sale	-	(1,100)	-
Currency translation differences	(32,794)	(1,050)	918
30 June 2023	1,224,914	298,582	281,443

Disposals included the planned sale of three non-core freehold properties which gave rise to other operating expenses of £15.1m in the 6 months to June 2023.

IAS 36 states that an entity is required to assess at each reporting date whether there are any indications of impairment, with an impairment test itself being carried out if there are such indications. Goodwill and indefinite life assets are also required to be tested annually for impairment. The Group's impairment review is undertaken annually in Q4.

In assessing whether there are impairment triggers at the reporting date, management has taken into account economic performance including macroeconomic factors that have impacted the markets in which the Group operates. Whilst there has been a decline in overall revenues, this is driven by weaker than anticipated D2C sales of THG Nutrition. Despite this, management remain confident that future financial budgets and growth rates remain reasonable and that there is no reasonably possible change to the key assumptions applied in the full impairment review performed at 31 December 2023, and as disclosed in note 11 of the Group's annual accounts, which would lead to an impairment. Management have not identified any further impairment triggers.

6.1 Assets held for sale

In July 2023, the sale of trade and assets of THG OnDemand was completed. In accordance with IFRS 5: Non-current assets held for sale and discontinued operations, assets were classified as held for sale on the Group statement of financial position at 30 June 2023.

7. Financial assets and liabilities

	30 June 2024	30 June 2023	31 December 2023
	£'000	£'000	£'000
Assets as per balance sheet - financial assets			
Trade and other receivables excluding non-financial assets	138,674	139,213	147,686
Cash and cash equivalents	287,711	392,546	416,162
Investments	1,400	1,400	1,400
Assets as per balance sheet - held at fair value through OCI			
Derivative financial instruments designated as hedging instruments	13,431	22,910	9,613
Derivative financial instruments held at fair value through profit and loss	300	300	301
	441,516	556,369	575,162

Liabilities as per balance sheet - other financial liabilities at amortised cost			
Bank borrowings	640,522	671,884	650,037
Lease liabilities	334,728	321,312	344,977
Trade and other payables excluding non-financial liabilities	496,920	461,115	553,656
Liabilities as per balance sheet - other financial liabilities at fair value			
Derivative financial instruments designated as hedging instruments	45,671	15,974	19,763
	1,517,841	1,470,285	1,568,433
Derivative financial instruments designated as hedging instruments			
FX forwards hedging foreign exchange risk on borrowings	(40,351)	(15,974)	(19,763)
Interest rate swaps	5,255	17,988	7,999
FX forwards hedging foreign exchange risk on highly probable future cash flows	2,855	4,921	1,615
	(32,241)	6,935	(10,149)

- Financial instruments included within current assets and liabilities, excluding borrowings, are generally short-term in nature and accordingly their fair values approximate to their book values. Bank borrowings are initially recorded at fair value net of direct issue costs.
- The derivative financial instruments designated as hedging instruments have been recognised at fair value through Other Comprehensive Income. Hedging instruments are valued based on significant observable inputs and have been classified at Level 2 hierarchy level in line with IFRS 13 Fair Value Measurement.

Net debt consists of loans and lease liabilities, less cash and cash equivalents. For the purposes of the Group's net debt calculation, loans that are denominated in foreign currency are translated at the effective hedged rate where applicable. A reconciliation to the most directly comparable IFRS measure is included below:

	30 June 2024	30 June 2023	31 December 2023
	£'000	£'000	£'000
Loans and other borrowings	(640,522)	(671,884)	(650,037)
Lease liabilities	(334,728)	(321,312)	(344,977)
Cash and cash equivalents	287,711	392,546	416,162
Sub-total	(687,539)	(600,650)	(578,852)
Adjustments:			
Retranslate debt balance at swap rate where hedged by FX derivatives	2,265	11,074	15,653
Net debt	(685,274)	(589,576)	(563,199)
Net debt before lease liabilities	(350,546)	(268,264)	(218,222)

8. Cash flow generated from operations

		Six months ended 30 June 2024	Six months ended 30 June 2023
	Note	£'000	£'000
Loss before taxation		(118,098)	(133,016)
Adjustments for:			
Depreciation	6	47,241	45,927
Amortisation	6	32,758	35,832
Amortisation - acquired intangibles	6	24,326	25,503
Share-based payment	5	8,490	7,888
Adjusted items	3	20,374	16,316
Other operating expense	6	-	15,081
Net finance costs		33,682	33,564
Operating cash flow before adjusted items and before			

movements in working capital and provisions	48,773	47,095
(Increase) / Decrease in inventories	(10,464)	33,188
(Increase) / Decrease in trade and other receivables	27,922	(5,497)
Decrease in trade and other payables	(90,126)	(86,780)
Decrease in provisions	(1,697)	(1,448)
Foreign exchange loss	(15)	(265)
Cash used in operations before adjusted items	(25,607)	(13,707)

9. Provisions

	Dilapidations £'000	Other £'000	Total £'000
<i>At 1 January 2024</i>	23,084	2,884	25,968
<i>Utilisation</i>	(210)	(936)	(1,146)
<i>Interest</i>	108	-	108
<i>Created</i>	1,762	-	1,762
<i>Released</i>	(1,383)	-	(1,383)
<i>FX on translation</i>	(343)	-	(343)
At 30 June 2024	23,018	1,948	24,966
<i>Current</i>	3,983	1,737	5,720
<i>Non-current</i>	19,035	211	19,246

Dilapidations provisions relate to leased properties. Dilapidations provisions are made based on the best estimate of the likely committed cash outflow and discounted to net present value. Future costs are expected to be incurred over the term of the existing lease arrangements at the reporting date, which is a period of up to 25 years.

Other provisions relate to onerous contracts and unavoidable costs on vacated properties.

10. Related Party Transactions

Moulding Capital Limited ("Propco") is wholly owned by the Group's CEO. Propco owns property assets occupied and utilised by THG and its operating businesses.

The Group has in place an agreement on commercial terms with Moulding Capital Limited to provide property, facilities and project management services to the entity and its subsidiaries. This agreement generated £79,387 (H1 2023: £90,693) for the Group recognised within administrative expenses.

The amounts recognised on the Group's balance sheet and in the income statement in relation to the leases with Propco in the period are as follows:

	30 June 2024 £'000	30 June 2023 £'000
<i>Right-of-use asset</i>	149,784	156,864
<i>Lease liability</i>	170,456	175,297
<i>Depreciation arising on right-of-use assets</i>	4,712	6,673
<i>Expense recognised in financing costs</i>	3,488	3,687

The table below gives further detail around the leases in place:

Number of properties	Residual lease term at date of divestment	H1 2024 rent (£'000)	H1 2023 rent (£'000)
9	0-5 years	481	481
0	5-10 years	-	-
12	10-15 years	1,643	1,643
7	15-25 years	4,961	4,961
28		7,085	7,085

The following table sets out amounts payable to related parties which include balances in relation to lease

agreements and where the Group has paid suppliers on behalf of the Propco Group, or vice versa. Such situations arise due to Propco suppliers using legacy details to submit invoices or where payments are made on behalf of THG by Propco for property-related costs rechargeable to THG as a tenant per lease:

	Amount owed by related parties £'000	Amounts owed to related parties £'000
<i>Aghoco 1422 Ltd</i>	-	59
<i>Allenby Square Ltd</i>	-	115
<i>THG Gadbrook PropCo Ltd</i>	-	1
<i>THG GJS PropCo Ltd</i>	-	198
<i>THG Icon S.à.r.l</i>	-	2
<i>THG KS PropCo Ltd</i>	26	-
<i>THG Alpha PropCo Ltd</i>	-	4
<i>MCL Omega PropCo Ltd</i>	-	14
	26	393

11. Events after the reporting period

On 24th June 2024, the Group announced a strategic partnership with the Frasers Group. As part of this arrangement, THG agreed to sell its portfolio of luxury goods websites, including Coggles, to the Frasers Group. The sale completed 11 September 2024. At 30th June 2024, the Group have impaired the assets sold to reflect their recoverable value, equal to consideration. Refer to note 3 - Adjusted items.

Principal risks and uncertainties

The Board considers that the principal risks and uncertainties which could impact the Group over the remaining six months of the financial year to 31 December 2024 to be unchanged from those set out in the Annual Report and Accounts for the year to 31 December 2023.

The applicable risks are summarised as follows:

- Cyber security and data privacy;
- Third party reliance;
- Talent;
- Ingenuity e-commerce platform;
- Customer needs;
- Infrastructure and supply chain;
- Innovation;
- Legal and regulatory compliance;
- Product safety and quality;
- Health and safety;
- Climate change, environmental and social responsibility;
- Geopolitical and economic uncertainty;
- Culture;
- Liquidity and funding; and
- Strategic optionality.

These are set out in detail from page 90 in the Group's Annual Report and Accounts for the year to 31 December 2023, a copy of which is available on the Group's website, www.thg.com.

INDEPENDENT REVIEW REPORT TO THG PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024, which comprises the interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of financial position, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cashflows and the related explanatory notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies

with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the

not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London
16 September 2024

[1] During H2 2023 and H1 2024, certain loss making categories and territories have been or are subject to exit. H1 2024 include these as discontinued, with the H1 2023 results being restated for comparative purposes

[2] YoY change defined as year-on-year

[3] CCY defined as constant currency basis with prior year comparatives recalculated using the applicable current period rate and adjusting for the impact of hedge instruments

[4] Group (continuing) refers to before discontinued categories (see note 2). Discontinued categories do not represent a discontinued operation under the accounting standard

[5] Adjusted EBITDA before discontinued categories

[6] Adjusted EBITDA is defined as operating profit before depreciation, amortisation, share-based payment expense, other operating expense - non-cash loss on disposal freehold assets and adjusted items

[7] See CFO report for a reconciliation to adjusted EBITDA

[8] Net debt is cash and cash equivalents less debt before lease liabilities, on a hedged basis (see note 7)

[9] Adjusted EBITDA range of £133.8m to £156.5m as dated 22.07.24 and available at [Analyst Consensus - THG.com](https://www.analystconsensus.com/THG)

[10] Revenue has been recategorised in the prior year between continued and discontinued to reflect loss making categories and territories which have been or are subject to exit

[11] Underlying cash generation excludes the impact of acquisitions and disposals

[12] Last Twelve Months

[13] Source: YouGov custom brand tracker (sample of 3,000 UK women aged 16-55 interested in beauty and skincare)

[14] Monthly Recurring Revenue comprises Software-as-a-Service license fees, managed service fees, revenue share, fulfilment and creative services

[15] The table shows financial results for gross profit, distribution costs and administrative costs before the impact of adjusted items, depreciation, amortisation and share-based payments. The impact is as follows:

- For statutory presentation gross profit includes charges of £8.9m (H1 2023: £7.2m) for adjusted items and £15.4m (H1 2023: £9.6m) for amortisation and depreciation.
- For statutory presentation distribution costs include charges of £3.7m (H1 2023: £3.7m) for adjusted items and £11.7m (H1 2023: £8.8m) for amortisation and depreciation.
- For statutory presentation administrative costs include charges of £7.8m (H1 2023: £5.4m) for adjusted items and £77.1m (H1 2023: £88.9m) for amortisation and depreciation and £8.5m (H1 2023: £7.9m) for share-based payments.

The comparative for EBITDA losses from discontinued categories, continuing adjusted EBITDA and continuing adjusted EBITDA % have been restated to reflect the H2 2023 and H1 2024 exit of loss making categories and territories.

[16] Free cash flow is defined as total cash flow for the Group adjusting for debt (repayments) / proceeds and acquisition cash flows

[17] The exit of certain loss making categories and territories do not meet the criteria under IFRS 5: Discontinued operations as these are not major components of the Group as defined by the accounting standard, however, to provide further information on the ongoing revenue and Adjusted EBITDA of the Group the results of these operations has been presented separately in the above table, with H1 2023 results for THG Beauty and THG Nutrition being restated for comparative purposes.

[18] THG Beauty restated for the impact of discontinued categories

[19] Average order value

[20] THG Nutrition restated for the impact of discontinued categories

[21] Cash adjusting items before tax total £10.5m (H1 2023: £5.2m) reflect the total cash before tax expected to be paid. This can differ from the interim condensed consolidated statement of cash flows which also reflects the timing of such payments. Cash paid in H1 2024 totaled £10.5m.

[22] The exit of certain loss making categories and territories do not meet the criteria under IFRS 5: Discontinued operations as these are not major components of the Group as defined by the accounting standard, however, to provide further information on the ongoing revenue and Adjusted EBITDA (being of the Group the results of these operations has been presented separately in the above table, with H1 2023 results for THG Beauty being restated by £36.1m and THG Nutrition being restated by £4.0m for comparative

has been presented separately in the above table, with H1 2023 results for this debt being restated by £30.1m and this institution being restated by £4.0m for comparative purposes to include categories which have been discontinued in H2 2023 and H1 2024.

[\[23\]](#) Cash adjusting items before tax total £10.5m (H1 2023: £5.2m) reflect the total cash before tax expected to be paid. This can differ from the interim condensed consolidated statement of cash flows which also reflects the timing of such payments. Cash paid in H1 2024 totaled £10.5m.

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