

10 October 2024

THG PLC

Third quarter trading statement for the period ended 30 September 2024

*Continuing Q3 revenue of £433.1m (-0.6% CCY)*

*Growth in Beauty and Ingenuity with improving trends in Nutrition through the quarter*

*Full-year performance expected to be within the company consensus range*

*Submission of THG's notification to the FCA for inclusion in the Equity Shares (Commercial Companies) ("ESCC") category*

Q3 2024 Group Trading Performance

£m	Q3 2024	YoY <sup>[1]</sup> change	CCY <sup>[2]</sup> change	YTD 2024	YoY change	CCY change
THG Beauty	254.7	+2.3%	+2.8%	775.0	+5.2%	+7.3%
THG Nutrition	134.5	-13.1%	-10.5%	434.3	-11.6%	-7.4%
THG Ingenuity (external)	44.0	+15.0%	+16.0%	124.2	+13.5%	+16.0%
<b>Group (continuing) revenue</b>	<b>433.1</b>	<b>-2.0%</b>	<b>-0.6%</b>	<b>1,333.5</b>	<b>-0.3%</b>	<b>+2.7%</b>
Discontinued revenue	9.7	-61.3%	-61.0%	43.3	-56.2%	-55.3%
Total revenue	442.8	-5.2%	-3.9%	1,376.8	-4.1%	-1.3%

  

THG Ingenuity (internal)	98.9	-15.7%	-15.7%	324.6	-11.4%	-11.4%
THG Ingenuity total	142.9	-8.2%	-8.0%	448.7	-5.7%	-5.2%

*All comparative figures are continuing CCY unless otherwise stated.*

- Continued growth in THG Beauty and THG Ingenuity (external), with improving trends in THG Nutrition during the quarter.
- Solid performance in THG Beauty as it builds to peak trading with advent calendar order run rate materially higher YoY.
  - Performance in the UK (over half of online Beauty revenue) was notably strong with active customers in growth (+5%).
  - Lookfantastic also launched its first flagship retail store as part of its targeted omnichannel strategy to enhance brand awareness, customer appeal and aid product discovery.
- Nutrition YoY revenue performance improved each month through the quarter.
  - Sales have recovered from July and improved steadily through the quarter as the effect from the Myprotein rebrand fades, with September marking the second-best sales performance of the year, finishing the month in online growth excluding Asia.
  - Offline revenue growth of +17% in the quarter supports our expectations of c.25% of total brand sales coming from offline channels over the medium-term.
  - The transitional impact from the rebrand is now behind Myprotein.
  - Licencing highlights include the launch of co-branded Müller dairy products in major UK and Ireland supermarkets in September, with a complete nutrition ready-to-drink product also available later this month.
- THG Ingenuity external revenue growth driven by existing and new partnerships mainly within fulfilment and courier

management services.

- Monthly recurring revenue<sup>[3]</sup> for THG Ingenuity (external) continued to build in September at +44.9% YoY, an acceleration on September 2023 (+7.6% YoY).
  - Onboarding of CDS Superstores (trading as wilko and The Range) and MySale complete with first dispatches in the quarter. Delivery options have already been expanded for both clients enhancing their customer proposition.
  - Fulfilment efficiency is expected to improve further for peak trading this year with the addition of Goods-To-Person robotics at the Group's Omega distribution centre enabling faster dispatch times.
- As part of the Group's ongoing portfolio management to further streamline all three businesses and optimise margin and cash generation, certain THG Beauty territories and non-core services were discontinued during Q3. *Please refer to the appendix for the previous quarter comparatives.*

#### **ESCC transfer**

- The Company's initial notification and eligibility letter for transfer to the ESCC category has been submitted to the FCA (1<sup>st</sup> October 2024). The Company continues to target effecting the transfer this calendar year and to be included in the FTSE UK Index reclassification in March 2025.

#### **Outlook and guidance**

- As noted in THG's Interim Results published on 17 September 2024, the second half of the year remains the Group's most profitable and cash generative period with the Board expecting full-year performance to be within the company consensus range<sup>[4]</sup>.
- Seasonal weighting and continued revenue growth in Beauty and Ingenuity gives us confidence in the outturn, albeit we continue to monitor FX movements (Japanese Yen c.£7m ytd impact) and rising whey prices.

#### **Matthew Moulding, CEO of THG commented:**

*"Today we have separately announced significant progress on our strategy to demerge THG Ingenuity into a private company supported by major shareholders. THG PLC will remain a listed leading consumer brands group, with our planned transfer to the ESCC well on track.*

*"It was especially pleasing to see another solid quarter of delivery from both our Beauty and Ingenuity businesses, rewarding the significant overhaul of their respective operating models during 2022 and 2023. The short-term disruption from the major rebrand of Myprotein is now behind us, and we were pleased that in September Nutrition delivered its best sales performance since January.*

*"We are also proud to be recognised in the top 250 companies worldwide for our contribution and efforts in sustainability thanks to our ongoing progress towards our net zero goals.*

*"Preparations for our busiest trading period are well advanced with efficiencies across the network over the last twelve months delivering further benefits for our Ingenuity clients to aid new customer acquisition."*

#### **Analyst and Institutional investor conference call**

THG will host a conference call for analysts and institutional investors at 9:30am 11<sup>th</sup> of October (UK time) via the following link:

<https://stream.brrmedia.co.uk/broadcast/67068e9c5c401b3f38830f49>

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

- Confirmation password: THG Q3
- UK dial in: +44 (0) 33 0551 0200
- US dial in: +1 786 697 3501

**For further information please contact:**

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**APPENDIX**

**Quarterly reported revenue growth rates**

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024	YTD 2024
THG Beauty	-9.8%	-8.3%	-1.6%	+1.4%	-4.1%	+11.4%	+2.6%	+2.3%	+5.2%
THG Nutrition	+5.7%	+1.8%	-3.8%	-6.0%	-0.7%	-9.0%	-12.8%	-13.1%	-11.6%
THG Ingenuity	-	-	-8.8%	-5.8%	-11.0%	-5.3%	-3.6%	-8.2%	-5.7%
Inter-group elimination	14.3%	15.4%	-	-	-	-	-	-	-
	15.5%	17.1%	-10.5%	-9.0%	-13.0%	-8.0%	10.6%	-15.7%	-11.4%
<b>Group (continuing) revenue</b>	<b>-4.4%</b>	<b>-4.9%</b>	<b>-2.5%</b>	<b>-0.5%</b>	<b>-2.9%</b>	<b>+2.9%</b>	<b>-1.6%</b>	<b>-2.0%</b>	<b>-0.3%</b>
Other (discontinued)	-	-	-60.1%	-53.0%	-50.0%	-54.8%	54.1%	-61.3%	-56.2%
	38.1%	48.5%	-	-	-	-	-	-	-
<b>Group revenue</b>	<b>-8.3%</b>	<b>10.3%</b>	<b>-9.5%</b>	<b>-6.9%</b>	<b>-8.7%</b>	<b>-2.0%</b>	<b>-5.2%</b>	<b>-5.2%</b>	<b>-4.1%</b>
Memo: External Ingenuity	-	-	-	-	-	-	-	-	-
	10.1%	-8.6%	-2.9%	+7.1%	-3.5%	+4.1%	+21.2%	+15.0%	+13.5%

**Quarterly constant currency revenue growth rates**

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024	YTD 2024
THG Beauty	-	-	-	-	-	-	-	-	-
	12.9%	-8.5%	0.9%	+3.2%	-3.9%	+13.2%	+3.2%	+2.8%	+7.3%
THG Nutrition	+3.8%	+2.0%	-1.4%	-4.0%	0.0%	-5.8%	-9.2%	-10.5%	-7.4%
THG Ingenuity	-	-	-8.5%	-5.4%	-10.9%	-4.9%	-3.5%	-8.0%	-5.2%
Inter-group elimination	14.7%	15.4%	-	-	-	-	-	-	-
	15.5%	17.1%	-10.5%	-9.0%	-13.0%	-8.0%	-10.6%	-15.7%	-11.4%
<b>Group (continuing) revenue</b>	<b>-7.1%</b>	<b>-5.0%</b>	<b>-0.1%</b>	<b>+1.5%</b>	<b>-2.5%</b>	<b>+5.3%</b>	<b>+0.2%</b>	<b>-0.6%</b>	<b>+2.7%</b>
Other (discontinued)	-	-	-59.9%	-52.9%	-49.9%	-53.9%	-53.7%	-61.0%	-55.3%
	37.7%	48.5%	-	-	-	-	-	-	-
<b>Group revenue</b>	<b>11.0%</b>	<b>10.1%</b>	<b>-7.6%</b>	<b>-5.3%</b>	<b>-8.4%</b>	<b>+0.3%</b>	<b>-3.4%</b>	<b>-3.9%</b>	<b>-1.3%</b>
Memo: External Ingenuity	-	-	-	-	-	-	-	-	-
	11.7%	-8.8%	-1.4%	+9.4%	-3.1%	+5.9%	+22.3%	+16.0%	+16.0%

**Quarterly reported revenue**

£m	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024	YTD 2024
THG Beauty	227.9	259.6	249.0	360.3	1,096.9	253.9	266.3	254.7	775.0
THG Nutrition	165.7	171.0	154.8	166.4	657.9	150.8	149.0	134.5	434.3
THG Ingenuity (external)	35.6	35.6	38.2	44.6	154.0	37.0	43.2	44.0	124.2
<b>Group (continuing) revenue</b>	<b>429.2</b>	<b>466.2</b>	<b>442.1</b>	<b>571.4</b>	<b>1,908.9</b>	<b>441.8</b>	<b>458.6</b>	<b>433.1</b>	<b>1,333.5</b>
Discontinued revenue	40.1	33.7	25.0	37.6	136.5	18.2	15.5	9.7	43.3
<b>Total revenue</b>	<b>469.4</b>	<b>499.9</b>	<b>467.2</b>	<b>609.0</b>	<b>2,045.4</b>	<b>459.9</b>	<b>474.0</b>	<b>442.8</b>	<b>1,376.8</b>
THG Ingenuity (internal)	122.3	126.5	117.4	153.6	519.9	112.6	113.0	98.9	324.6
<b>THG Ingenuity total</b>	<b>157.9</b>	<b>162.1</b>	<b>155.7</b>	<b>198.2</b>	<b>673.9</b>	<b>149.6</b>	<b>156.2</b>	<b>142.9</b>	<b>448.7</b>

Above numbers and table subject to rounding

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#### Notes to editors

THG PLC operate 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.*

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[1] YoY defined as year-on-year statutory sales growth

[2] CCY defined as constant currency basis

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

[4] Adjusted EBITDA range of £124.4m to £141.0m as dated 07.10.24 and available at [Analyst Consensus - THG.com](https://www.analystconsensus.com/THG)

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