

**23 January 2025**

**THG PLC**

**Fourth quarter trading statement for the period ended 31 December 2024**

***Successful completion of the Demerger of THG Ingenuity, leaving THG PLC as a global, cash generative, health & wellness consumer brands group***

***FY 2024 performance in-line with expectations***

***Gross leverage materially reduced, c. £550m<sup>[1]</sup> year-end cash and available facilities***

***Continued confidence in THG Beauty and an improved start to the year in THG Nutrition online and offline channels***

**Strategic update**

- THG Ingenuity Demerger successfully completed, leaving THG PLC as a global, cash generative health & wellness consumer brands group comprising THG Beauty and THG Nutrition ("RemainCo").
- Transfer to the equity shares (commercial companies) ("ESCC") category of the Official List now concluded (6 January 2025), making the company eligible for index inclusion.

**Outlook and guidance**

- During the second half we continued to see improving underlying trends within Nutrition particularly in the UK, alongside promotional discipline supporting increased order profitability and margin expansion in Beauty. Coupled with a strong Q4 for Ingenuity, FY 2024 adjusted EBITDA is expected to be in-line with the consensus range excluding discontinued categories.
- RemainCo is expected to deliver mid-single digit revenue growth in FY 2025, given continued confidence in prestige beauty demand across our key markets, and a return to growth in Nutrition, evidenced by a much-improved start to the year across online and offline channels.
- Ahead of the Demerger, FY 2025 adjusted EBITDA assumptions were based upon:
  - a leaner, more efficient cost base and improved inventory profile;
  - continued execution of the Beauty strategy;
  - a gradual reduction from the current historic whey price highs; and
  - another strong year for THG Ingenuity, supported by a pipeline underpinning adjusted EBITDA of £40m to £45m.
- Whilst whey price reductions are anticipated to be second half weighted, new global manufacturing volumes of high concentrate whey protein will enter the market through Q1 2025, providing optimism of a more normalised commodity market ahead.
- Depending on the outcome of the recent UK VAT ruling for protein powders, annual adjusted EBITDA upside could be in the region of c. £10m.

- Over the medium term, revenue growth of mid to high-single digit is anticipated, with adjusted EBITDA margins consistent with historical levels (for Beauty and Nutrition), and significantly improved free cash flow.
- Specifically, capital expenditure will reduce to c. £20m pa (FY 2024 pre Demerger guidance: £100m to £110m) and cash lease costs will reduce to c. £22m pa.
- Future cash generation will facilitate a measured reduction in gross and net leverage, with RemainCo targeting continued progression to a neutral net cash / net debt position.

#### Q4 and FY 2024 Group Trading Performance <sup>[2]</sup>

£m	Q4 2024		FY 2024			
	Q4 2024	CCY <sup>[3]</sup> change	YoY <sup>[4]</sup> change	FY 2024	CCY Change	YoY Change
THG Beauty <sup>[5]</sup>	348.4	+0.8%	-1.3%	1,108.3	+4.6%	+3.3%
THG Nutrition	145.2	-9.5%	-12.7%	579.6	-8.7%	-11.9%
RemainCo (continuing) revenue	<b>493.7</b>	<b>-2.5%</b>	<b>-5.0%</b>	<b>1,687.9</b>	<b>-0.4%</b>	<b>-2.5%</b>
THG Ingenuity (external) <sup>[6]</sup>	58.8	+22.0%	+22.9%	191.8	+16.4%	+15.9%
Group (continuing) <sup>[7]</sup> revenue	<b>552.4</b>	<b>-0.4%</b>	<b>-2.6%</b>	<b>1,879.6</b>	<b>+1.1%</b>	<b>-0.9%</b>
Discontinued revenue	13.4	-67.1%	-67.7%	63.0	-56.9%	-57.6%
<b>Total revenue</b>	<b>565.9</b>	<b>-5.0%</b>	<b>-7.1%</b>	<b>1,942.7</b>	<b>-3.1%</b>	<b>-5.0%</b>

- Continuing revenue (including Ingenuity) of £1,879.6m (+1.1%), with ongoing portfolio management to successfully exit loss-making discontinued categories. Within own brand beauty, we took the decision to withdraw from cosmetics and masstige products to focus on the more prominent growth opportunities in prestige skincare, spa and specialist products. This strategy is delivering margin enhancements from a more focused, relevant consumer offering.
- A standout performance from THG Beauty (+4.6%) with broad and consistent gains across skin, cosmetics and fragrance categories in the UK, offsetting a transitional year for THG Nutrition where promotional activity in support of the rebrand was elevated to clear old brand stock. The strength of the Myprotein brand is reflected in the successful launch of multiple major brand licensing agreements, as well as strong offline sales growth <sup>[8]</sup> (c.+29%).
- Average order values (+10% Myprotein UK and +8% on Lookfantastic UK) and conversion rates via Apps continue to increase (vs other channels), with 1.6m new app users in Q4 2024. There remains significant opportunities to enhance spend and acquire new customers to apps as we continue to improve functionality to deliver a highly personalised experience.
- Following the business model transformation, focusing on larger, more profitable Enterprise clients, outturn expectations for THG Ingenuity were upgraded in September. This positive momentum accelerated further through Q4, delivering external revenue growth of +23%.
- The Group has strong liquidity with c. £400m of cash and £150m undrawn Revolving Credit Facility at the period end, ahead of the Demerger which completed on 2 January 2025.

#### THG Beauty Q4 2024 highlights

- A strong retail and own brand performance with growth in every quarter (excl. manufacturing). Beauty continues its strategy to deliver a leading digital customer experience, product assortment and elevated brand positioning, whilst generating sustainable, profitable growth with a focus on key UK and US markets.
- During the last 18 months, refinements to the operating model, marketing strategy and ongoing portfolio management has driven beneficial movements in retention, order frequency and customer lifetime value (+8% YoY). This is demonstrated by a growing Lookfantastic loyalty scheme with 2.8m members.
- Across the UK online beauty market, Cult Beauty and Lookfantastic were the only two participants to grow their brand share of search<sup>[9]</sup>, strategically important as we consciously shift our marketing efforts to a brand centric approach with customers meeting our ideal beauty profile, less reliant on price in the long term.
- In the UK, all categories saw YoY growth over the peak trading period with fragrance being the standout performer (order value +32%). Lookfantastic also recorded twice as many visits over the cyber period than the nearest beauty <sup>[10]</sup> peer.
- In Q4, Lookfantastic became the first specialist beauty retailer to partner with established British brand, The

White Company, in addition to other new listings across categories including cosmetics, fragrance and fast-growing dermatological skincare.

#### **THG Nutrition Q4 2024 highlights**

- The UK had a stronger performance during Q4 (vs Q3), although well documented challenges in the Asia market relating to FX movements continued to weigh on trading performance in the region. To defend margins, promotional activity was reduced whilst currency movements and high commodity prices stabilise.
- Following the major global rebrand, decisive actions were taken to position the business for a return to sustainable revenue growth and margin accretion. Initiatives supporting new customer acquisition and brand awareness through everyday great value have been implemented, leading to growing consumer engagement and advocacy.
- Myprotein is the most 'top-of-mind' sports nutrition brand in the UK<sup>[11]</sup>, and the category leader in driving consumers through the purchase funnel - ranked #1 in turning brand awareness into consideration and #1 in converting buyers into brand loyalists.<sup>[12]</sup>
- Alongside marketing strategy refinements, we have improved the user experience through SKU rationalisation, site speed and functionality enhancements. As a result brand recommendation is up +16% YoY, with Myprotein the UK's most preferred sports nutrition brand.<sup>[13]</sup>
- Evolving to an on-site D2C operating model in India has accelerated growth and new customer acquisition, as we continue to selectively invest in developing markets where Myprotein has a clear advantage, with a competitive quality and value proposition.
- Licensing and retail partnerships continue to drive offline revenue growth in the UK with 14 new licensed products launched in H2 2024, alongside core Myprotein range extension in UK convenience and US grocers.

#### **0% UK VAT protein powders Tribunal judgement, 9 January 2025**

- The Group notes the First Tier Tribunal decision in Global By Nature Limited, selling protein products under the 'Sunwarrior' brand. The Tribunal ruled that protein powder products sold by Sunwarrior should be subject to 0% UK VAT, and accordingly, Sunwarrior was eligible for a retrospective VAT repayment.
- Since the VAT rules in relation to Sports Drinks were implemented in 2012, THG has paid UK VAT against its powdered products in line with market practice and HMRC guidance relating to the VAT treatment of protein powders. In the event that THG can make a successful claim by leveraging the arguments in the recent case, a 4-year retrospective repayment claim for two key Myprotein powdered products - Impact Whey Protein and Impact Whey Isolate - is estimated to be worth c. £30m.
- The decision in its current form does not automatically entitle THG to a VAT repayment. An update will be communicated as and when relevant.

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

*"I'm impressed by the Group's agility and resilience during a year of significant change for THG, ranging from the Demerger of our Ingenuity business, to the sale or discontinuation of some non-core business units, and a major global rebrand of Myprotein in Nutrition.*

*"Our Beauty business had a standout year, underpinned by strong performances in the UK and US. The continued success of our customer loyalty and reward program, and the opening of our first-ever Lookfantastic physical store, further cement our leadership position in the global Beauty market. These achievements demonstrated significant progress against our strategic priorities and set the stage for an even more remarkable 2025.*

*"Despite the transitory headwinds, Myprotein achieved several notable successes: entry into the dairy market through the launch of a long-term partnership with Müller; the commencement of a co-manufacturing relationship in Japan, the expansion of our Iceland partnership, and many other licensing and retail listing agreements. We are excited to further deepen our retail expansion strategy internationally in the forthcoming year.*

*"I would like to thank everyone involved at THG for their immense efforts during a transformative year for the business. I'm looking forward to further strong progress in 2025."*

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

THG will today host a conference call for analysts and institutional investors at 9am (UK time) via the following link:

<https://stream.brrmedia.co.uk/broadcast/678a87af5945eb4301335497>

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

- Confirmation password: THG Q4
- UK-Wide: +44 (0) 33 0551 0200
- UK Toll Free: 0808 109 0700

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### **THG PLC**

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## **Notes to editors**

THG PLC is a global e-commerce group headquartered in Manchester, UK, operating through two leading consumer businesses: THG Beauty and THG Nutrition.

THG Beauty operates prominent online platforms including Lookfantastic, Dermstore and Cult Beauty, offering a valued route to market for over 1,300 third-party brands, alongside a specialist portfolio of owned brands.

THG Nutrition, led by Myprotein, the world's largest online sports nutrition brand, spans multiple health and wellness categories, delivering its products both directly to consumers and through strategic offline partnerships worldwide.

### **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.*

## **Appendix**

### **Quarterly Reported Growth Rate**

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
THG Beauty	222.1	254.0	244.1	353.1	1,073.3	248.4	261.3	250.1	348.4	1,108.3
THG Nutrition	165.7	171.0	154.8	166.4	657.9	150.8	149.0	134.5	145.2	579.6
<b>RemainCo (continuing) revenue</b>	<b>387.8</b>	<b>425.0</b>	<b>398.9</b>	<b>519.5</b>	<b>1,731.2</b>	<b>399.2</b>	<b>410.4</b>	<b>384.6</b>	<b>493.7</b>	<b>1,687.9</b>
THG Ingenuity (external)	38.2	38.5	41.0	47.8	165.5	39.7	46.2	47.1	58.8	191.8
<b>Group Continuing revenue</b>	<b>426.0</b>	<b>463.5</b>	<b>440.0</b>	<b>567.3</b>	<b>1,896.7</b>	<b>438.9</b>	<b>456.6</b>	<b>431.7</b>	<b>552.4</b>	<b>1,879.6</b>
Discontinued revenue	43.4	36.4	27.2	41.7	148.6	21.0	17.5	11.1	13.4	63.0
<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>565.9</b>	<b>1,942.7</b>
THG Ingenuity (internal)	122.3	126.5	117.4	153.6	519.9	112.6	113.0	98.9	138.3	462.9
THG Ingenuity (total)	160.5	165.0	158.5	201.4	685.4	152.3	159.2	146.0	197.0	654.6

### **Quarterly constant currency revenue growth rate**

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
THG Beauty	-14.3%	-9.6%	+0.0%	+2.0%	-5.1%	+13.6%	+3.5%	+3.2%	+0.8%	+4.6%
THG Nutrition	+3.8%	+2.0%	-1.4%	-4.0%	+0.0%	-5.8%	-9.2%	-10.5%	-9.5%	-8.7%
<b>RemainCo (continuing) revenue</b>	<b>-7.4%</b>	<b>-5.3%</b>	<b>-0.6%</b>	<b>+0.0%</b>	<b>-3.2%</b>	<b>+5.4%</b>	<b>-1.5%</b>	<b>-2.1%</b>	<b>-2.5%</b>	<b>-0.4%</b>

THG Ingenuity (external)	-10.9%	-7.8%	-1.0%	+9.3%	-2.5%	+5.8%	+21.0%	+15.2%	+22.0%	+16.4%
<b>Group Continuing revenue</b>	<b>-7.8%</b>	<b>-5.5%</b>	<b>-0.6%</b>	<b>+0.7%</b>	<b>-3.2%</b>	<b>+5.5%</b>	<b>+0.4%</b>	<b>-0.4%</b>	<b>-0.4%</b>	<b>+1.1%</b>
Discontinued revenue	-33.1%	-44.4%	-56.7%	-48.0%	-45.6%	-50.5%	-51.5%	-58.6%	-67.1%	-56.9%
<b>Total revenue</b>	<b>-11.1%</b>	<b>-10.1%</b>	<b>-7.6%</b>	<b>-5.4%</b>	<b>-8.5%</b>	<b>+0.2%</b>	<b>-3.4%</b>	<b>-3.9%</b>	<b>-5.0%</b>	<b>-3.1%</b>
THG Ingenuity (internal)	-15.5%	-17.1%	-10.5%	-9.0%	-13.0%	-8.0%	-10.6%	-13.5%	-11.7%	-11.0%
THG Ingenuity (total)	-14.4%	-15.1%	-8.2%	-5.3%	-10.7%	-4.7%	-3.3%	-6.1%	-3.8%	-4.4%

  

Quarterly reported revenue										
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
THG Beauty	-10.1%	-8.0%	-1.2%	+1.9%	-3.9%	+11.8%	+2.9%	+2.5%	-1.3%	+3.3%
THG Nutrition	+5.7%	+1.8%	-3.8%	-6.0%	-0.7%	-9.0%	-12.8%	-13.1%	-12.7%	-11.9%
<b>RemainCo (continuing) revenue</b>	<b>-3.9%</b>	<b>-4.3%</b>	<b>-2.2%</b>	<b>-0.8%</b>	<b>-2.7%</b>	<b>+2.9%</b>	<b>-3.4%</b>	<b>-3.6%</b>	<b>-5.0%</b>	<b>-2.5%</b>
THG Ingenuity (external)	-9.4%	-7.6%	-2.5%	+7.1%	-2.9%	4.1%	+20.0%	+14.7%	+22.9%	+15.9%
<b>Group Continuing revenue</b>	<b>-4.4%</b>	<b>-4.6%</b>	<b>-2.2%</b>	<b>-0.2%</b>	<b>-2.7%</b>	<b>+3.0%</b>	<b>-1.5%</b>	<b>-1.9%</b>	<b>-2.6%</b>	<b>-0.9%</b>
Discontinued revenue	-36.1%	-47.7%	-58.8%	-51.4%	-48.6%	-51.6%	-52.0%	-59.0%	-67.7%	-57.6%
<b>Total revenue</b>	<b>-8.6%</b>	<b>-10.0%</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>-7.1%</b>	<b>-5.0%</b>
THG Ingenuity (internal)	-15.5%	-17.1%	-10.5%	-9.0%	-13.0%	-8.0%	-10.6%	-15.7%	-10.0%	-11.0%
THG Ingenuity (total)	-14.1%	-15.1%	-8.6%	-5.7%	-10.8%	-5.1%	-3.5%	-7.9%	-2.2%	-4.5%

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[1] Year end cash balance includes placing proceeds, prior to THG Ingenuity Demerger (02.01.25).

[2] All figures throughout this release are presented on an unaudited basis.

[3] CCY defined as constant currency basis.

[4] YoY defined as year-on-year statutory sales growth.

[5] Excluding certain THG Experience assets which were demerged within THG Ingenuity.

[6] THG Ingenuity demerged from THG PLC on 02.01.25. This includes revenue from the certain THG Experience assets previously reported within THG Beauty.

[7] Group (continuing) revenue refers to revenue before discontinued categories as previously defined.

[8] Offline revenue comprises B2B and licensing royalties (excluding manufacturing).

[9] Data taken from November 2024 against pureplay e-retail competitors. Share of search data: Google.

[10] Similarweb.

[11] With 1 in 5 UK consumers spontaneously naming Myprotein when asked to name a sports nutrition brand.

[12] November 2024, YouGov Brand Tracking Research.

[13] Most preferred and most recommended brand among 12 sports nutrition brands in November 2024, YouGov Brand Tracking Research.

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