

Huddled Group plc

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

Operational Update

Huddled Group plc (AIM:HUD), the circular economy e-commerce group, is pleased to provide an operational update.

Highlights

- Group revenue circa £19m for FY 2025^[1], a circa 47% increase compared to FY 2024.
- Discount Dragon and Nutricircle Basket Margin^[2] increased significantly in H2 2025 vs H1 2025.
- All brands now fully transitioned to THG Fulfil, our new 3PL robotic fulfilment partner.
- Soft launch of KwikSales.com.

Summary

2025 has been a year of strengthening our operational team as well as making the decision to move all of our brands to a fully automated 3PL robotic fulfilment solution with THG Fulfil. Our strategy to reduce waste by acquiring surplus inventory whilst, at the same time, passing savings to customers is resonating across our supply chain and customer base.

The amount of surplus stock of groceries, alcohol, cosmetics, wellness products or perfumes, continues to be a global problem. The increase in home deliveries has resulted in more stock being stored in warehouses, attracting ongoing storage fees. Huddled aims to offer a solution to these problems through its innovative approach to surplus products.

The move to a fully automated fulfilment partner allows us to open up new channels to market, whether this be marketplaces such as Amazon, Temu, or OnBuy. Social media channels, such as TikTok, as well as 'Deal' sites like LatestDeals.co.uk, each provide additional eyeballs to our range of discounted clearance products.

Strengthening the team, with retail specialist, Michael Ashley, joining us as Group CEO, as well as a new Trading Director and Supply Chain Manager, has allowed us to focus on stock buying, basket make-up, and basket margin consistency, as well as ensuring our new fulfilment partner delivers against our expectations. Whilst the move to THG Fulfil has, as expected, been challenging, we can now see the benefits and the opportunities the new fulfilment solution brings us. This retail and supply chain expertise, alongside a highly skilled marketing team, will allow us, we believe, to grow the business with confidence in 2026 and beyond.

Our focus in H2 of 2025 has been on consistency, both in terms of Average Order Value (AOV)^[3], and Basket Margin. Whilst this has led to revenue being relatively flat compared to H1, it has enabled both Discount Dragon and Nutricircle to achieve divisional adjusted EBITDA profitability in recent months.

Throughout 2025 we have continued to invest in building the Boop Beauty customer base, and whilst we have seen a material increase in the number of new customers, rising to over 50,000, the progression in revenue has been slower than we would have liked. The combination of supply challenges and transitioning to the THG 'Autostore' facility has led to Q4 2025 revenues falling below those of Q3 2025.

Despite both Discount Dragon and Nutricircle recording adjusted EBITDA profitability in recent months,

the Q4 challenges at Boop Beauty have meant we have not yet been able to achieve adjusted EBITDA profitability across the three trading divisions.

That said, we are pleased to confirm that following the recruitment of a new Brand Director with a wealth of beauty buying experience we are in the process of broadening our supplier base which will allow us to focus on stock and basket structure for the brand, which we expect will lead to greater order numbers, improved AOV and Basket Margin, and enable us to move the division into operational profitability in 2026.

In December 2025, we soft-launched our own 'Surplus Marketplace' - KwikSales.com, a platform where we can partner with suppliers holding surplus stock, on either a consignment basis, or where we purchase the stock directly. This allows us to offer a solution to partners who want to clear surplus stock through a single clearance platform, allowing them to turn surplus stock into cash in an efficient manner without impacting their own websites.

Divisional Update

Discount Dragon

In July 2025 we decided to re-engineer certain aspects of Discount Dragon. We purposefully slowed down marketing, allowing us to focus on range, basket make-up, and Basket Margin. We reviewed the stock on hand, and moved from opportunistic buying to strategic buying, building a range ensuring that we always have key lines in stock. We also reviewed our core proposition, including free delivery thresholds and incentives to drive customer behaviour. This has resulted in clear improvement in both AOV, and Basket Margin, but more importantly in profitability, which has improved solidly since July as shown in the table below.

	AOV	Basket Margin
Q1 2025	£34.52	£16.46
Q2 2025	£35.25	£15.10
Q3 2025	£37.62	£17.56
Oct - Nov 2025	£38.85	£18.82

In November we had exposure on a Channel 4 series, 'Secrets of Supercheap Shopping' - the series ran for four weeks throughout the month, featuring the Discount Dragon team as well as our business model. In one episode, the programme featured the general public doing a 'taste test challenge', the results underpinned our belief that people find products past their best before date to be just as good as those before it. We know these goods that are perfectly good to eat, and the challenges proved this. People could not tell the difference, apart from the price. On the back of the series the website experienced record visitors as well as a record revenue day of almost £100,000.

The timing of the TV airing was a major factor in our decision not to move the fulfilment to THG in November as originally planned, and to move it to December, historically one of our quietest months, due to concerns over delivery around the Christmas period. However, once fulfilment moved, we will, going forward, be able to offer a 'Next Day' delivery service, thus removing this fear. Having experienced the challenges of moving both Boop Beauty and Nutricircle a few weeks earlier, we did not want to do this whilst the programme was being aired, as well as it being the run up to Black Friday fortnight. The move to THG therefore took place in mid-December. We are now up and running and are looking forward to being able to scale this brand through its own channels as well as new ones in 2026.

The move to the new fulfilment centre will allow us to offer Discount Dragon items in single purchases via marketplaces such as Amazon, Temu and OnBuy. This effectively opens up a whole new channel to market for us, where we can ride on the 'Prime' / Next Day delivery capabilities of THG, alongside our price advantage, thus allowing us to offer our attractive proposition to the large audiences on these platforms.

At current Basket Margin levels, after fulfilment, packaging, card processing, and postage costs of around £9, we are left with a contribution to marketing and overheads of circa £10 per order on our own

website orders.

Marketplace sales work on a commission basis, inclusive of processing fees, and, with fewer items per potential order, the fulfilment costs drop significantly. We will also, as part of our mission to eliminate waste, remove packaging from as many single items as possible, thus reducing waste and costs. With no marketing and minimal incremental fixed costs, we expect the potential impact on operational profitability will be highly accretive.

Nutricircle

Nutricircle has continued its journey of transition from a brand focused on protein bars and powders to a 'Health and Wellness' brand. In 2025 we have broadened our range, introducing both vitamins and supplements to our offering. We have recently started to work with Health and Wellness retailer, Holland & Barrett, helping them with their surplus stock, as well as improving the brand's choice to further broaden its offering. As with Discount Dragon our range is planned meticulously, ensuring our offering is consistent for the customer. The result has been a steady improvement in both AOV and Basket Margin, as shown in the table below. As with Discount Dragon, this improvement and consistency have led to divisional adjusted EBITDA profit since August 2025.

	AOV	Basket Margin
Q1 2025	£29.62	£15.11
Q2 2025	£30.15	£14.58
Q3 2025	£35.76	£17.81
Oct - Nov 2025	£36.03	£17.23

This brand moved to its new fulfilment home in late October 2025. As expected and forecast, there were several challenges in the move, mainly as a result of inbound stock whilst continuing to trade. That said, we managed to maintain both AOV, Basket Margin and profitability during the period. Furthermore with our revised fulfilment arrangements we are able to offer next-day delivery on orders up to 11pm.

In Q1 2026 we will start offering our range of products to additional channels. The new fulfilment solution will allow us to offer single line items via marketplaces and TikTok, giving us access to a significant number of potential new customers. We will continue to grow our own website community as well as exploit these new channels to market.

Although Basket Margin is currently behind that of Discount Dragon, contribution per order to marketing and fixed costs, is similar due to fewer products per order to fulfil.

We expect the new channels to market, as per Discount Dragon, be highly accretive to this brand.

Boop Beauty

Boop was relaunched in September 2024, at this time it's customer base was in the hundreds. Our focus in 2025 has been on increasing the number of new customers to the site and building a solid database. We expect to end the year with circa 50,000 new customers. As with all the brands, new customers spend slightly less, although with this brand, they do appear to return regularly, making them potentially more valuable on a life time value basis.

As we move into 2026 the focus for this brand, as it has been with both Discount Dragon and Nutricircle is to ensure breadth and depth of stock, we know this will help drive better AOV and Basket Margin. We have built the range affording the customer choice in all of the key categories of product from Skincare to Haircare and with access to the right stock, we will look to drive an improvement in Basket Margin which is currently behind those of the other brands as demonstrated in the table below. We have widened our supplier base which will help to improve these metrics as we have done in the other two divisions will lead to a material improvement in Boop Beauty's profitability.

	AOV	Basket Margin
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	AOV	margin
Q1 2025	£30.68	£16.92
Q2 2025	£33.18	£14.70
Q3 2025	£32.89	£14.83
Oct - Nov 2025	£34.71	£14.42

In early 2025 we experimented with TikTok, and whilst the early signs were promising, we faced challenges in delivering goods in the 48-hour time window TikTok requires, and as such we suspended TikTok activity until the move to the new fulfilment centre. Now this is up and running smoothly, we will recommence our TikTok activity in Q1 2026. In addition, we will be using the new marketplace channels such as Amazon, Temu and OnBuy, all of which will, we believe, allow us to buy deeper and more strategically.

We will continue to invest and grow the customer base of this brand in 2026, and whilst we don't expect it to move into EBITDA profitability until mid 2026, the operational gearing, linked with new channel potential, makes this an exciting sector.

KwikSales

This month, we soft-launched our own 'Surplus Marketplace' brand, KwikSales.com. The rationale for this is that we are constantly approached by suppliers wanting to sell, or partner with us on surplus inventory, much of which doesn't fit into any of our existing brands, often in small quantities, and always at huge discounts. This platform allows us to partner with these brands on either a purchased or consignment basis. The offering is simple, the delivery cost is included in the clearance price, and always 'next day', thus making it a very simple proposition for the consumer, akin to Amazon Prime, but always with 'clearance' prices.

Outlook

H2 2025 has been very much focused on product range and Basket Margin. The depth of retail expertise, combined with our experienced marketing team has led to divisional adjusted EBITDA profit in the latter months for both Discount Dragon and Nutricircle.

As we move into 2026 the focus will turn to Boop Beauty, expanding the supplier base and range as we aim to deliver the same basket economics improvements we have seen in Discount Dragon and Nutricircle.

We will continue to develop the KwikSales offering, where we see great potential.

The transition to THG has brought with it some predictable short-term issues, but the improvements are demonstrably worth it. The opportunities, through additional channels, now available to us are significant, allowing us to showcase offerings to much larger audiences.

Our focus in being a force for good in reducing waste, and passing on material savings to our customers, remains a constant.

The Company will provide a full year trading update in January 2026.

Martin Higginson, Executive Chairman of Huddled commented:

"Sometimes its worth reminding ourselves Huddled is a start-up, a start-up we are operating in the public markets, and as such every move is scrutinised. We had hoped to be able to drive efficiencies from our old warehouse, and whilst this was a laudable ambition, in reality, as we scaled, the limitations became obvious. This, combined with a lack of deep retail knowledge, was in my view, holding us back. I'm now pleased to report that both of these challenges have been resolved.

"In 2025 we will have saved circa 6m items from going to waste, added over 200,000 new customers, and delivered circa 550,000 parcels.

"The team we now have in place has not only the depth of retail knowledge we were missing, but an understanding of discounted stock buying at scale, supply chain management, coupled with highly sophisticated digital marketing skills. This is a powerful combination, and whilst its taken time to build out the necessary team, I am confident they will now deliver results.

"The outsourcing of our fulfilment means we have a 3PL team with expert knowledge, along with a fully automated and scalable solution. This, alongside our discounted surplus offering, creates a unique set of opportunities as we open up new channels to market. The ability to deliver clearance lines with next-day delivery should not be underestimated.

"I am genuinely excited as to what 2026 will bring. We've built the team, the opportunities are there, and we now need to execute against them."

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[1] In line with market expectations

[2] Average revenue, less cost of goods sold, per order

[3] Average revenue per order

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