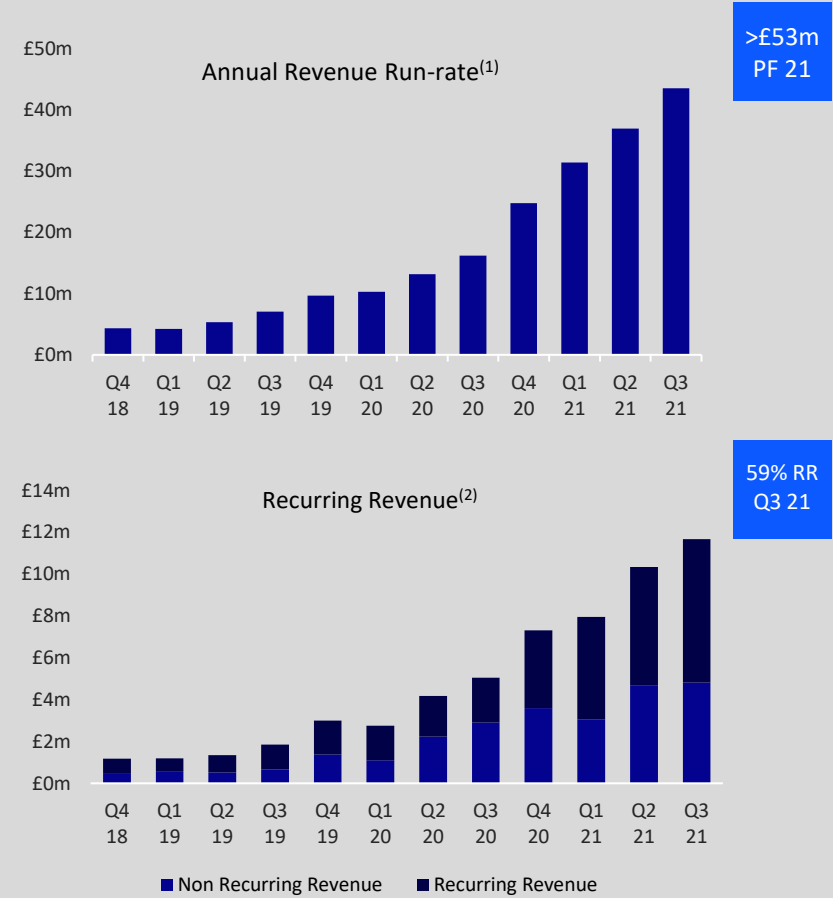


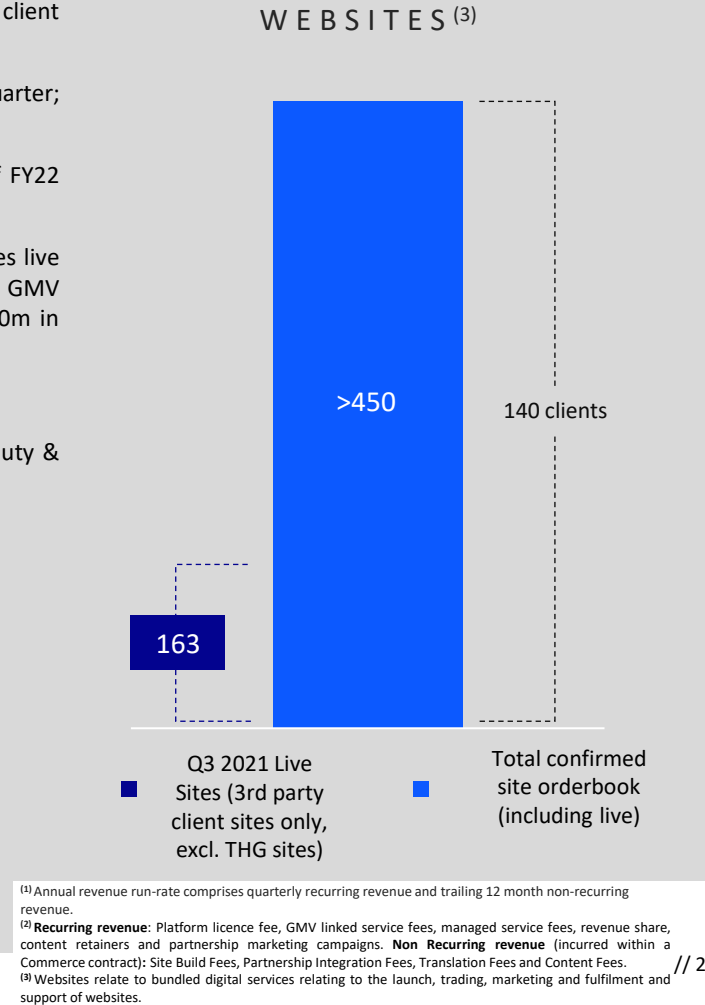
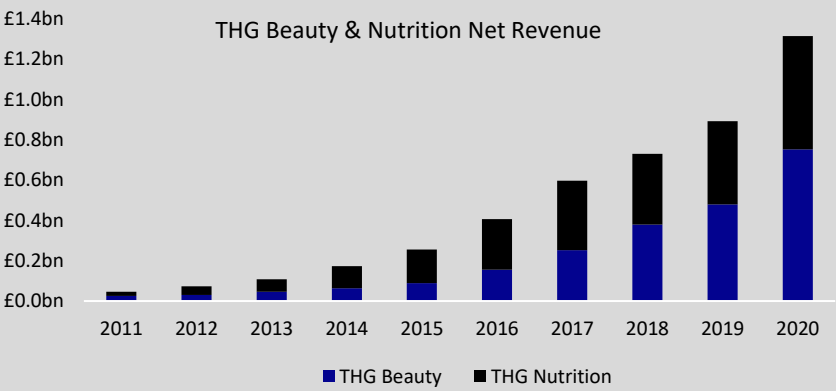


Ingenuity Commerce Q3 2021 Update

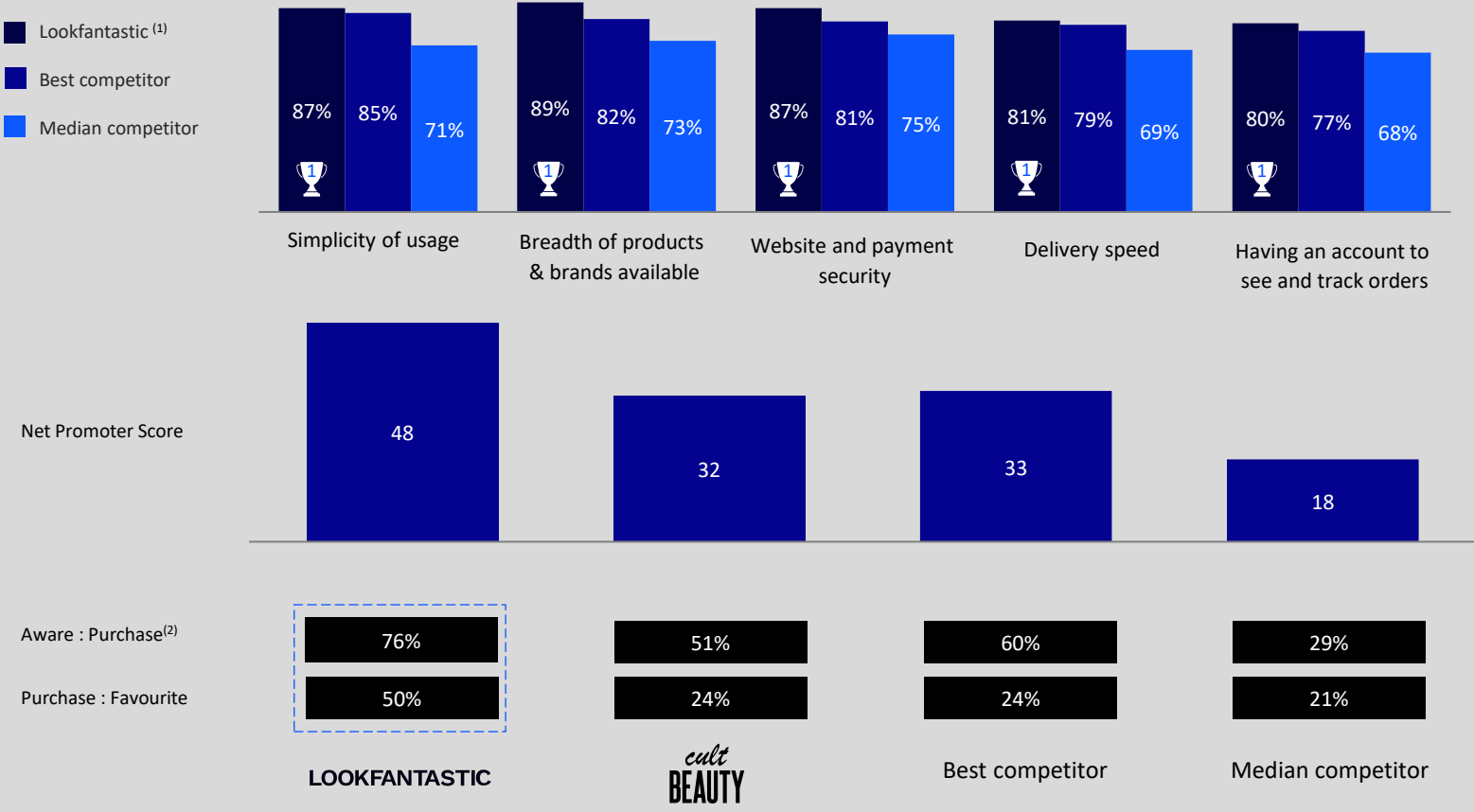
Annual revenue run-rate, recurring revenue, and site order book provides strong visibility on FY22



- Highly recurring revenue:** 59% of Q321 Ingenuity Commerce revenues are recurring. The remaining 41% is classified as non-recurring as these are one-off costs for clients (such as site build fees), however, these costs recur each time a new client on-boards so are recurring in nature for THG.
- Annual Revenue Run-rate “ARR” of £44m⁽¹⁾** at the end of the third quarter; increasing to **£53m** inclusive of sites scheduled to go live in Q4.
- Visibility on Q4 FY22 ARR of £112m** assuming 400 live sites at the end of FY22 with consistent recurring revenue per site and recurring revenue of 60%.
- SoftBank option illustration:** assuming 60% recurring sales mix from 600 sites live by the end of 2023 (£170,000 revenue/site) and a 4% revenue-share on £2.5bn GMV from Beauty & Nutrition, then Ingenuity Commerce revenues annualise at £270m in FY23 vs £4.5bn option price.
- Average 12 week to go-live** schedule.
- Ingenuity is now delivering for 3rd parties what it has delivered for THG Beauty & Nutrition for over a decade:



Why clients are choosing Ingenuity is demonstrated by Lookfantastic’s best-in-class NPS, conversion ratios & UX (as reported by a leading global management consultancy)



Best-in-class beauty platform

- Global consumer survey conducted by a top ranked global management consultant practice
- Best in class NPS at 48 vs 33 nearest competitor
- 50% purchase-to-favourite ratio, double that of the next competitor in UK
- Category-leading user experience, across simplicity, availability, payment, delivery and orders

Cult Beauty’s re-platform to Ingenuity In October 2021 has delivered immediate benefits

- October 2021 conversion +31% YoY
- Average Order Value +6% YoY
- 36% improvement in page load times vs pre migration
- Cult Beauty advent calendar launch generated £1m gross revenue within 19 minutes
- 11 new currencies added to the site
- Expanded international payment options
- Cult Beauty mobile app launched

(1) Question: “How does [banner] perform against these criteria?” % rating “Good” or “Excellent”
(2) Questions: “Which of the following online platforms are you a) aware of b) have purchased from c). is your favourite?”

THG Ingenuity Model Overview

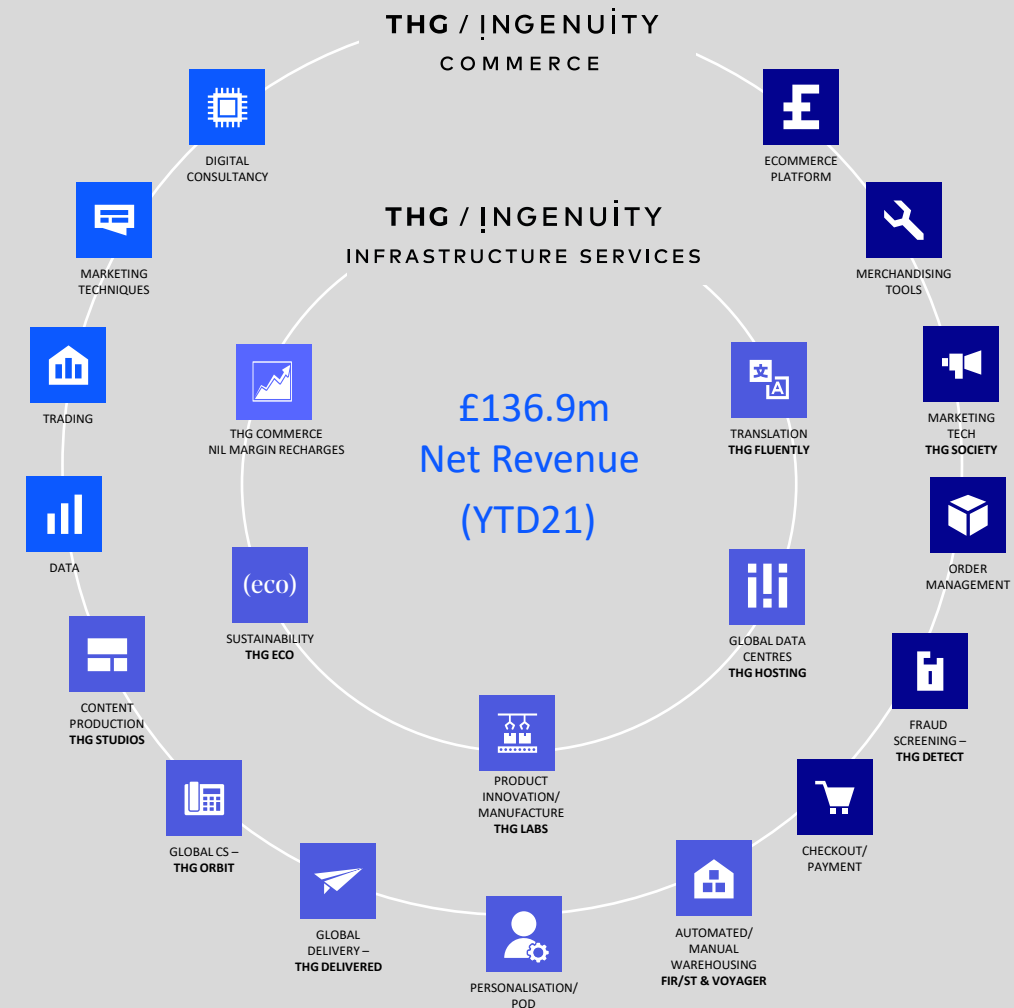
Ingenuity division revenue of £136.9m YTD, consisting of:

Ingenuity Commerce: £30.0m

- End-to-end technology services charged to 3rd party clients for digital commerce solutions
- Multi-year contracts (3-10 years), highly profitable and cash generative
- Serving enterprise scale brand owners and retailers across the broadest cross-section of consumer categories, across all major developed and developing geographies
- The majority of the top 20 clients were re-platformed from existing technology platforms
- All the top 20 clients are powered by Ingenuity in one or more major market (UK, US, China, Japan, Germany), with an average of 3 website locales per client
- 100% external client revenues. No THG own-brand or Infrastructure Services revenues are recognised in this division

Ingenuity Infrastructure services: £106.9m

- Critical infrastructure in the Ingenuity stack, underpinning the Ingenuity Commerce offering
- 3rd party revenues ensure that the division is a profit centre not a cost centre, delivering key services to THG own brands (not charged) and Ingenuity clients at scale and with best-in-class know-how
- Differentiated from Commerce as charged to 3rd parties as a single service or short term contracts, rather than bundled with multiple elements of the Ingenuity stack on long term contracts. Any infrastructure services charged as part of a bundled multi-service, long-term contract are recognised in Commerce only
- Services charged as a single service to 3rd parties: Hosting; Translation; Manufacturing; THG (eco) (e.g. recycling)
- Certain infrastructure services (e.g. postage) can be delivered free of charges to the client, when bundled in a Commerce contract in order to ensure compelling pricing. Where costs are passed through to clients at nil THG margin the pass-through revenues are captured in this division. As the Ingenuity pricing model matures all costs will be charged with a margin so reducing the growth of this pass through at nil margin revenue
- 100% external client revenues. No THG own-brand or Commerce revenues are recognised in this division



Notes: Top 20 clients based on YTD revenue as at 30 September 2021.
Each client contract is subject to varying commercial terms

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