



12TH OCTOBER 2021

“ Globalising a digital brand is terrifically **complex** and equally **expensive**, with a high failure rate, which is why so few brand owners have ever done it. ”

*THG INGENUITY*

THG OWNED BRANDS

*cult*  
**BEAUTY**

ILLAMASQUA

MYVEGAN

LOOKFANTASTIC

MYPROTEIN

Perricone MD

 GLOSSYBOX

GROW  
GORGEOUS  
INTELLIGENT HAIRCARE  


 **DERMSTORE**

CHRISTOPHE  
ROBIN  
PARIS

ESPA

*Coca-Cola* EUROPACIFIC  
PARTNERS

*Mondelēz*  
International

  
NUXE  
PARIS

shop *Disney*

  
Cussons

ORLEBAR BROWN

FOREVER 21

HOMEbase



WILLIAM GRANT & SONS

HOTEL  
*Chocolat.*

ELEMIS

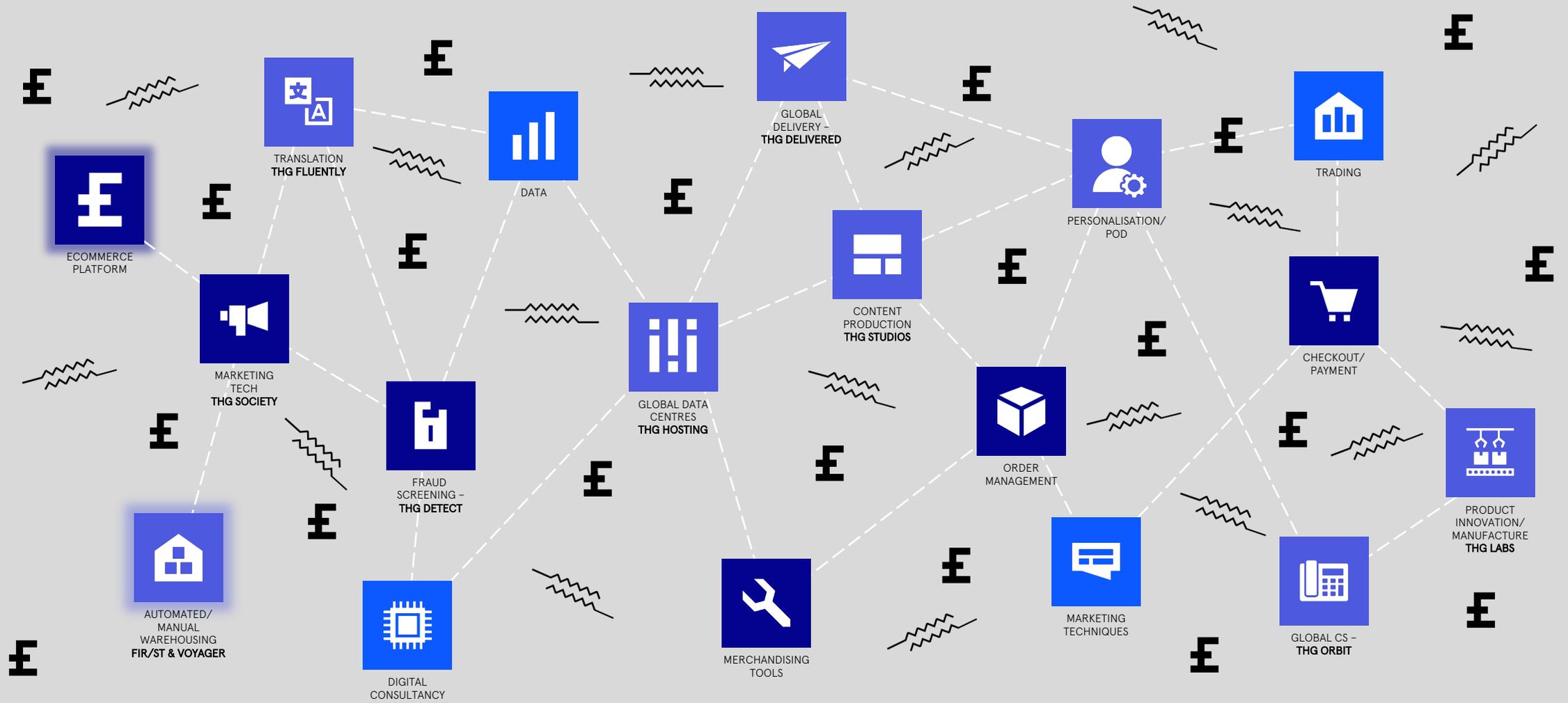
BWX

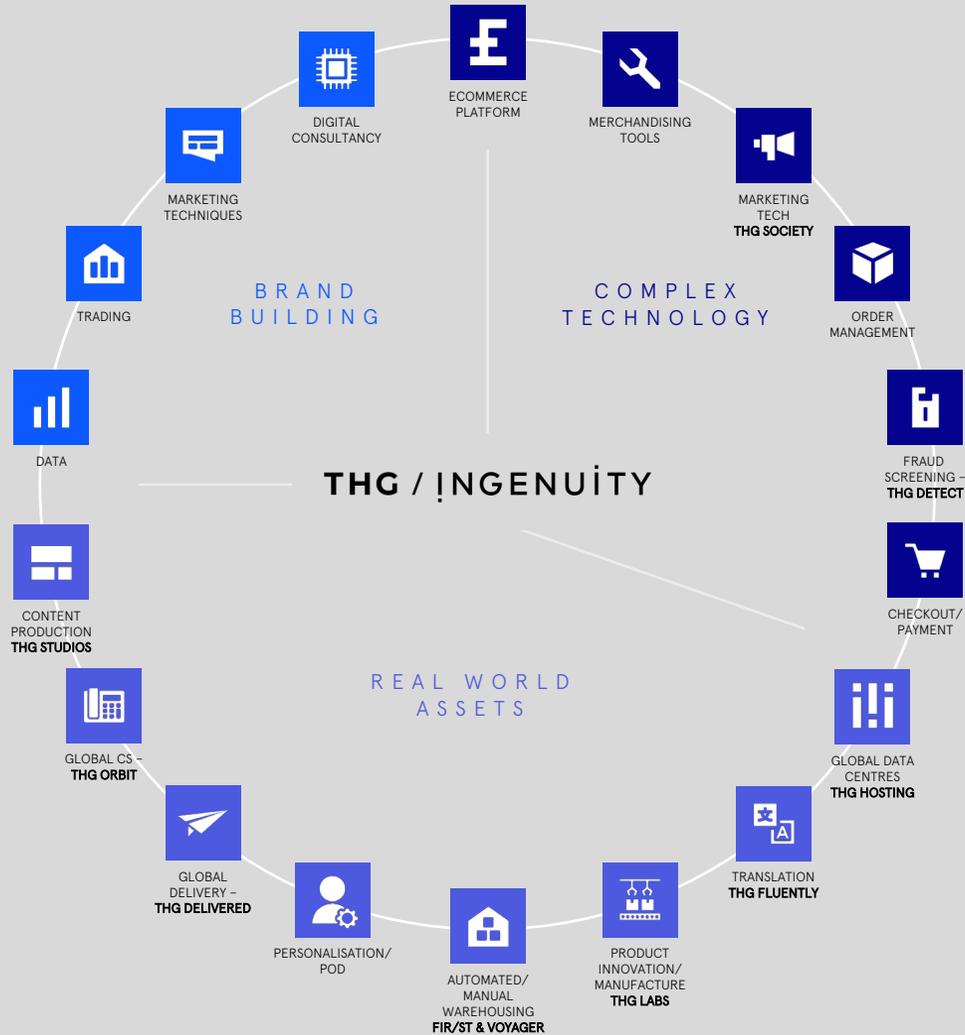
Nestlé®

REVOLUTION  
BEAUTY LONDON

THE GENIUS OF **THG / INGENUITY** IS MAKING COMPLEX SIMPLE

COMPLEX ECOMMERCE LANDSCAPE





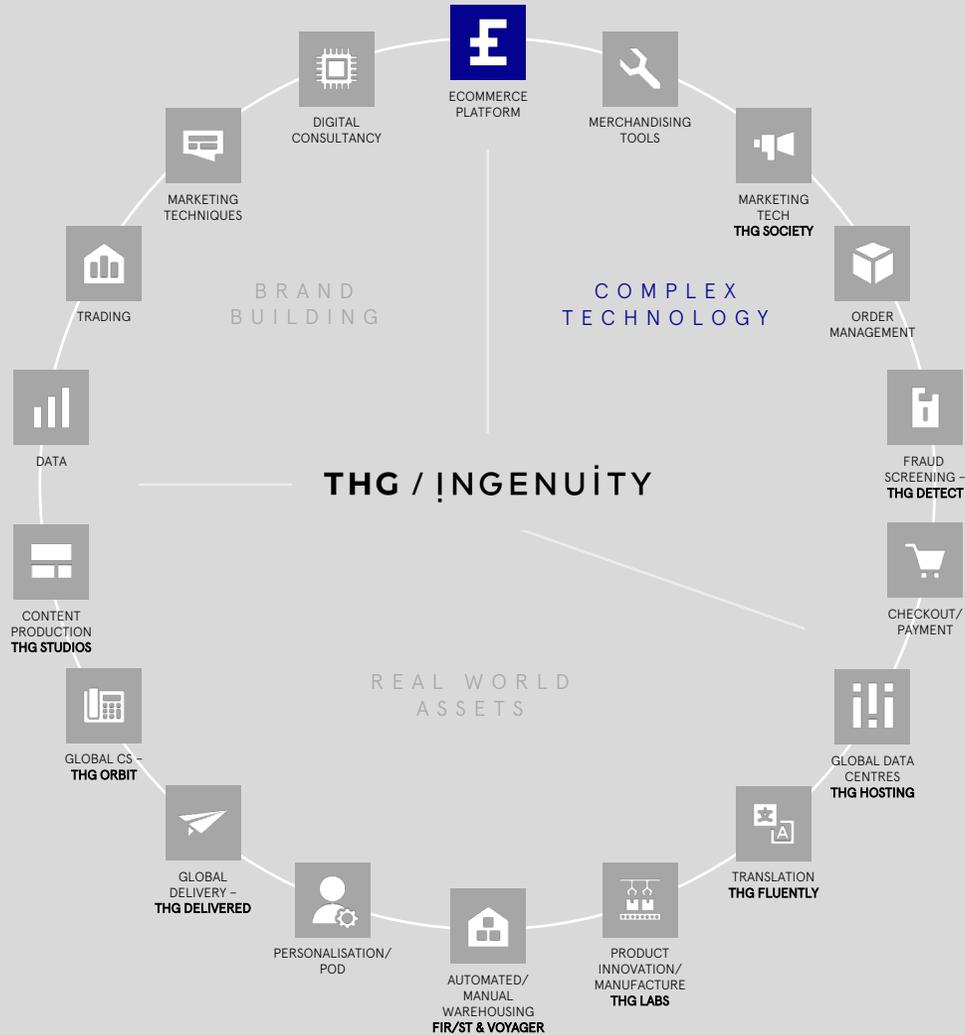
17 years in development

>\$1 billion invested

Capturing the majority of clients' digital wallet

Multi-year contracts

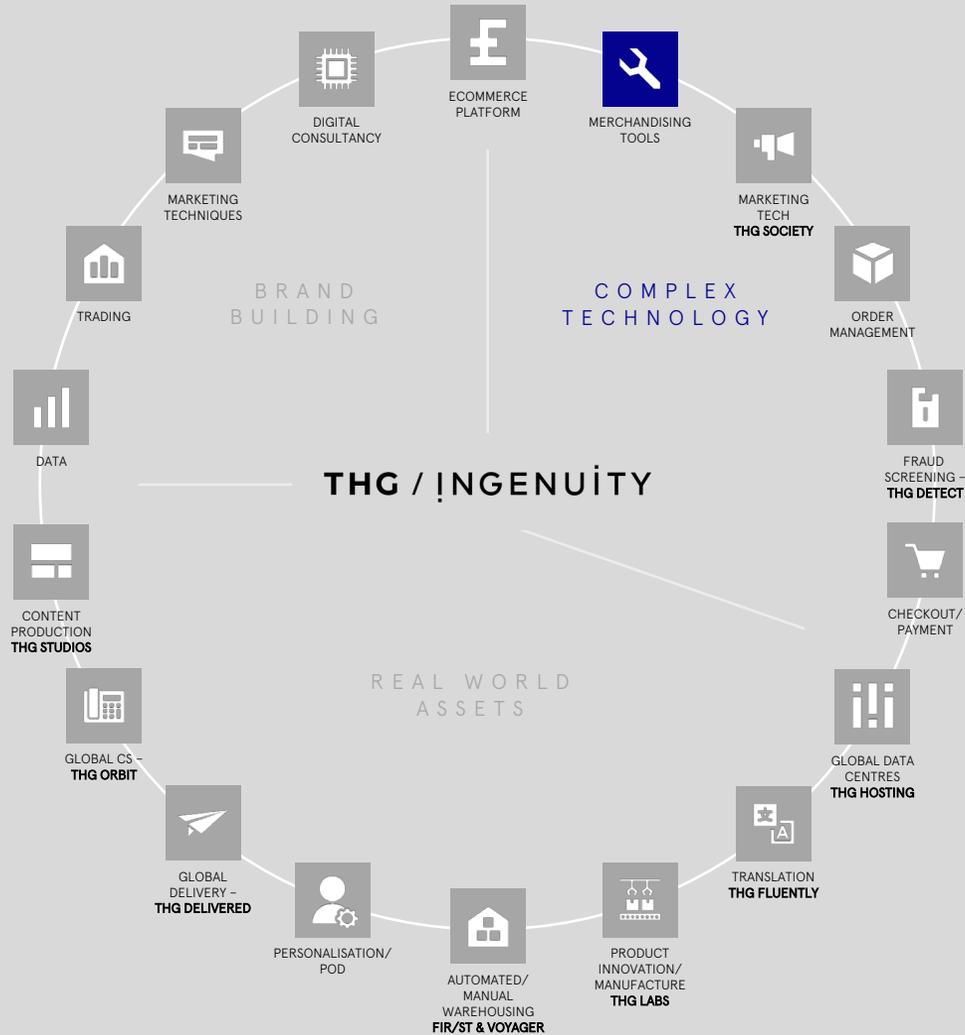
A category and geography agnostic solution



Large addressable market

Powering leading brands

Fully managed or headless option

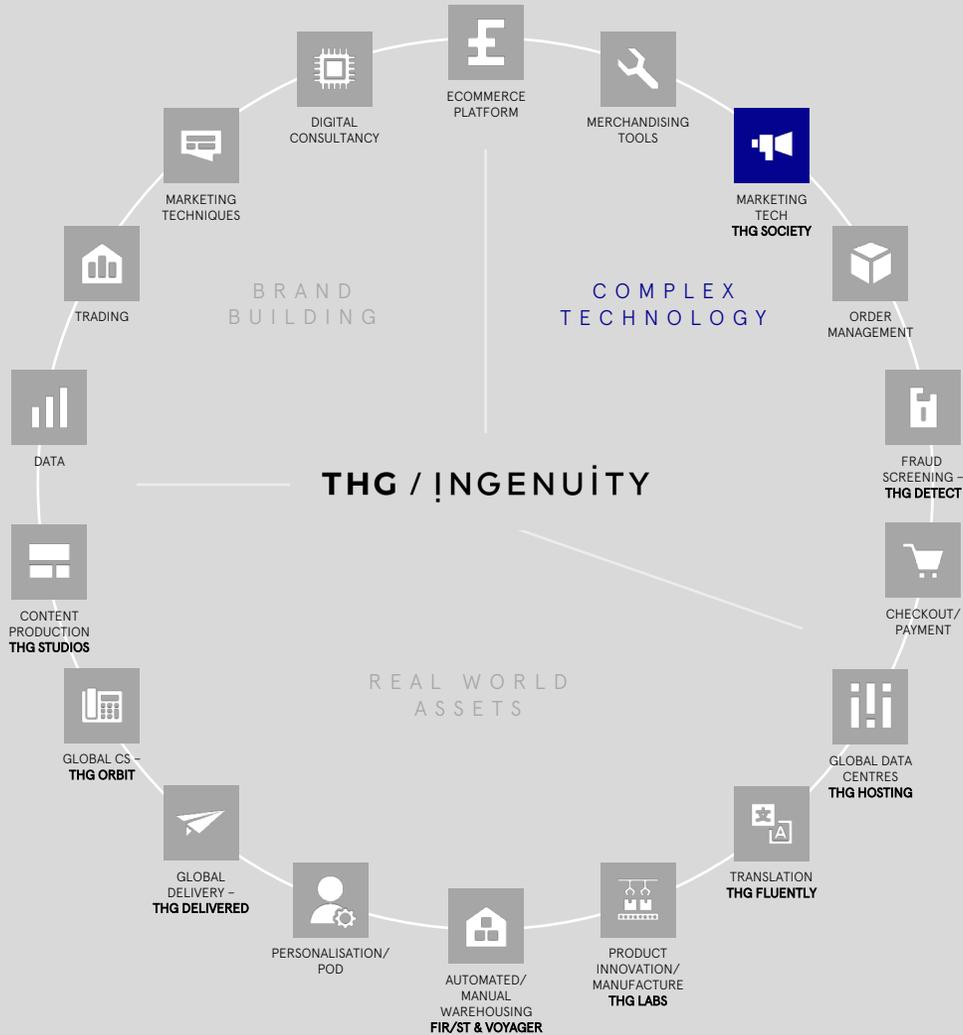


Product information management system

Content management system

Localised promotional and product catalogue curation

*900m+ annual site visits*

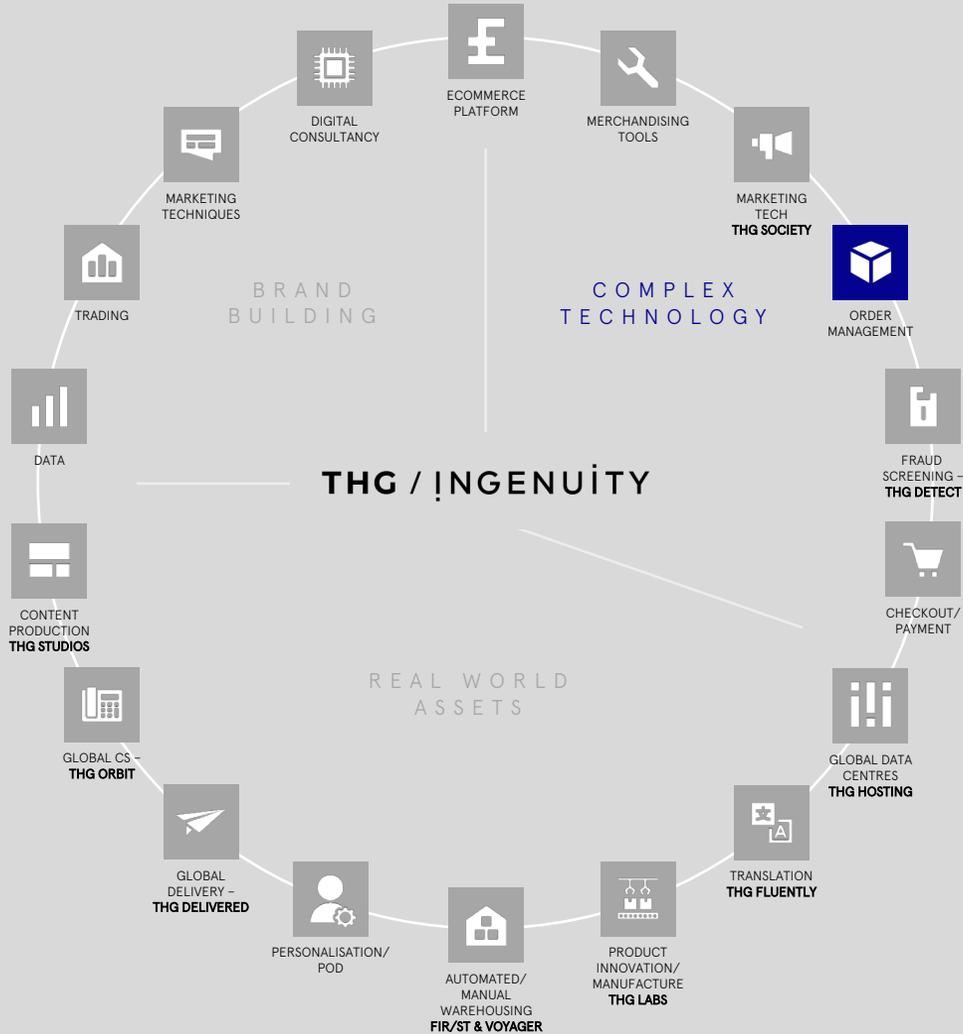


Proprietary CRM engine

Proprietary influencer platform - THG Society

Personalised content - Apps

>25,000 influencers in THG Society

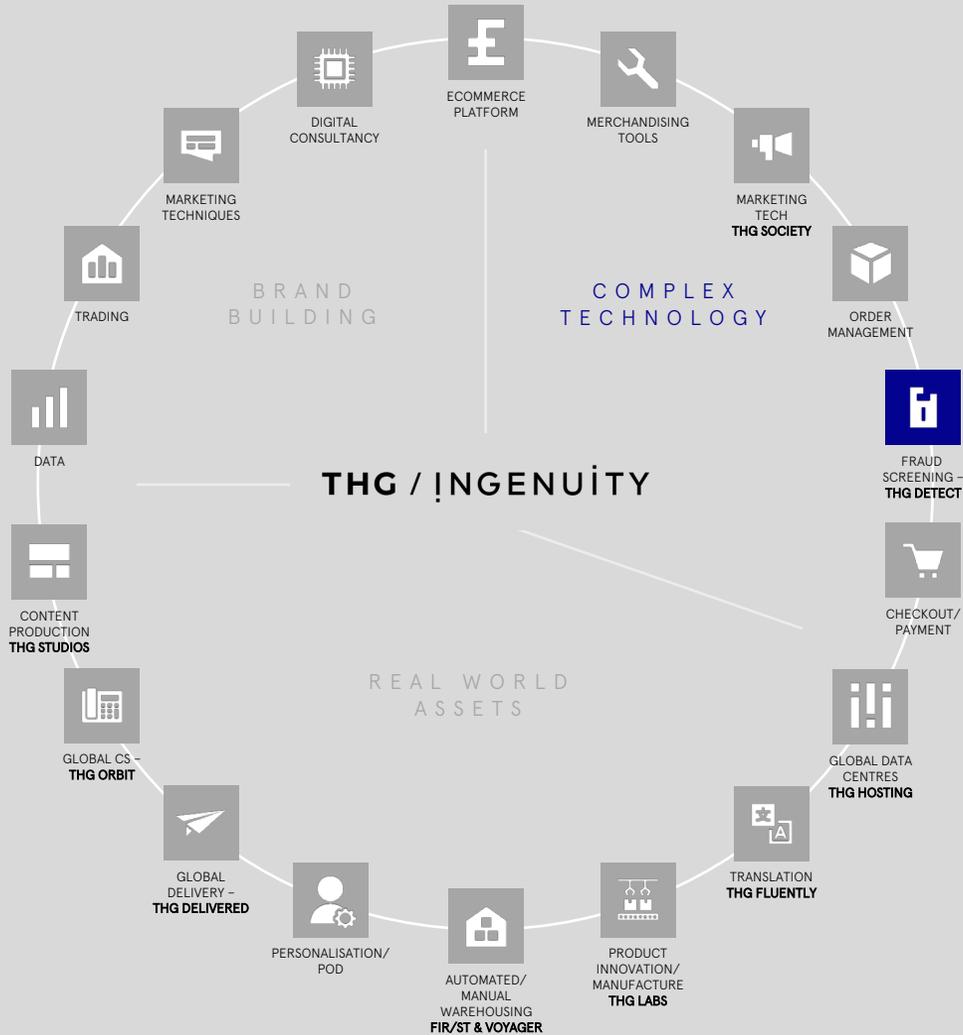


Payment integrations

Courier service integrations

Real-time order tracking

*50,000 orders per hour in peak trading periods*

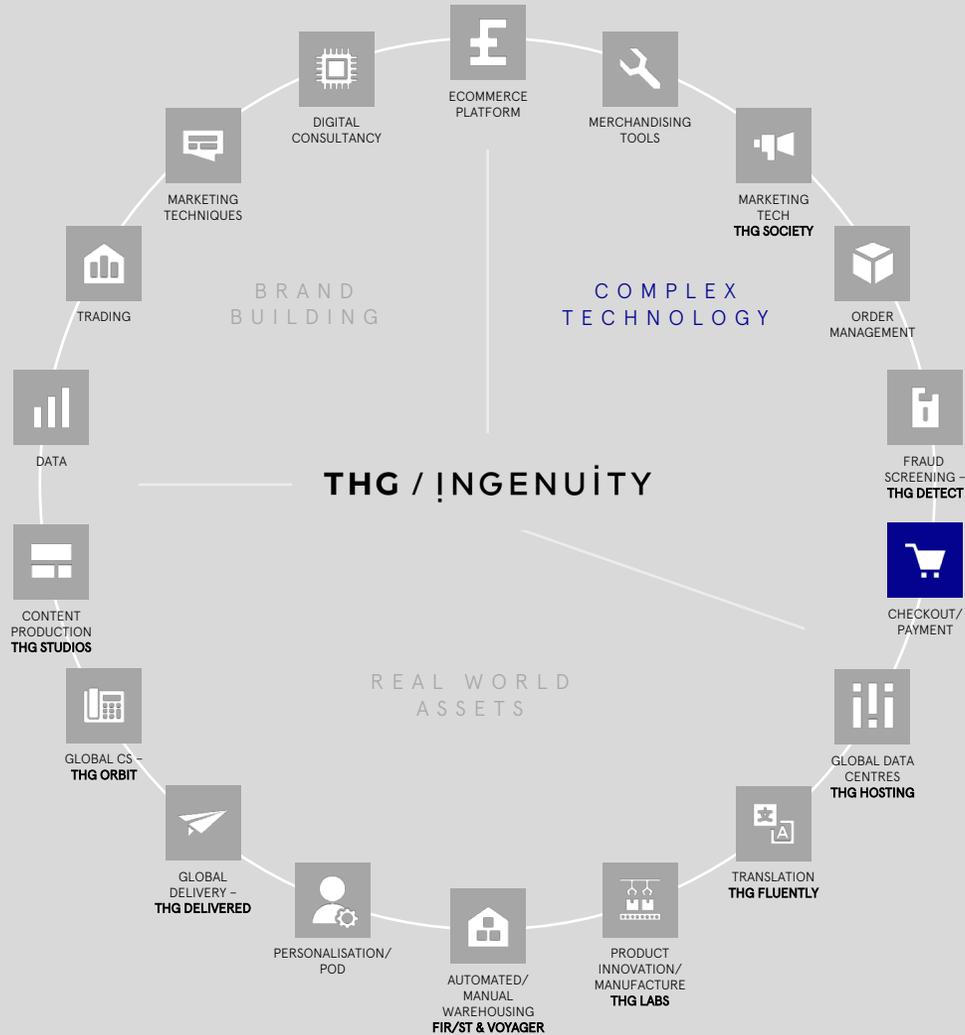


Award winning effective order screening

Preventing order cancellation

Reduction in chargeback rate

*After replatforming Dermstore, chargeback rates reduced from 3% to 0.1%*

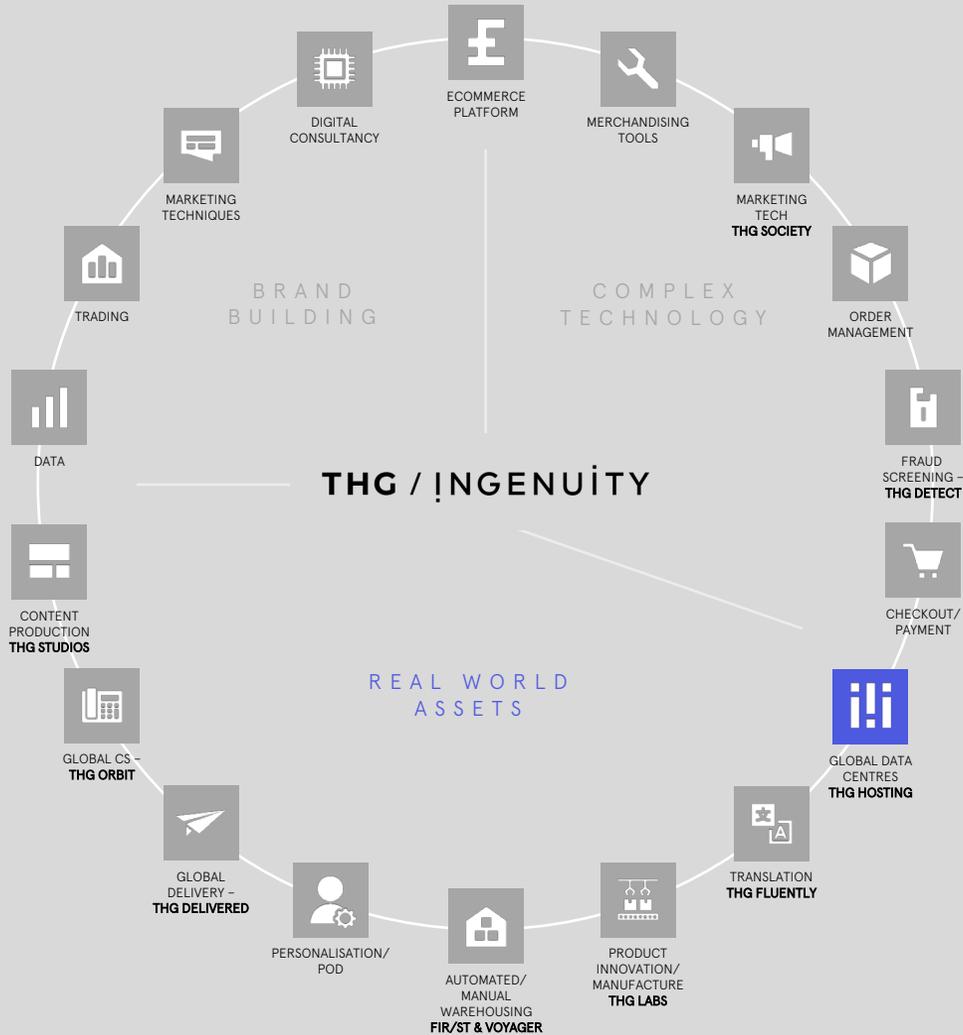


Sophisticated suite of payment options

Suited to a global market

Maintaining pace with innovation

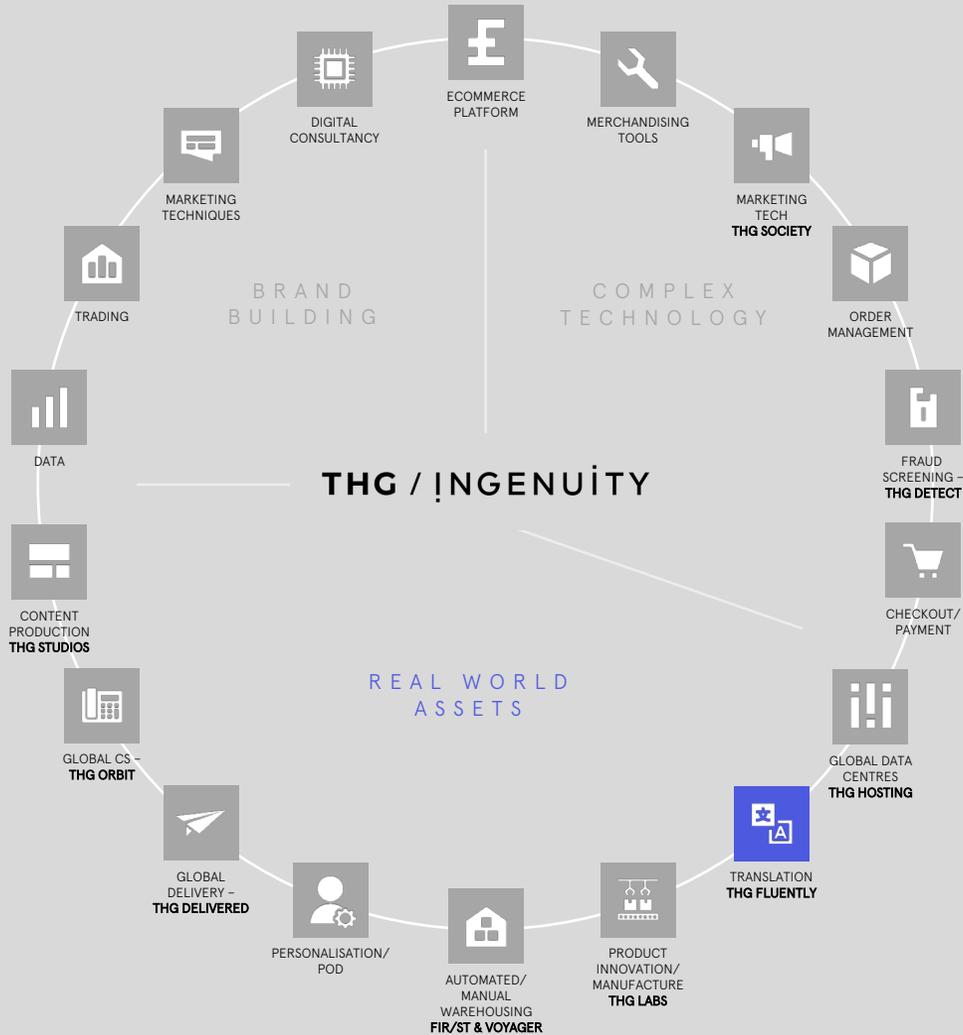
*>50 global payment options*



Maintaining fast page load times whilst turning a cost centre into a profit centre

Cost prohibitive to scale on third party cloud based networks

Over 30 global data centres

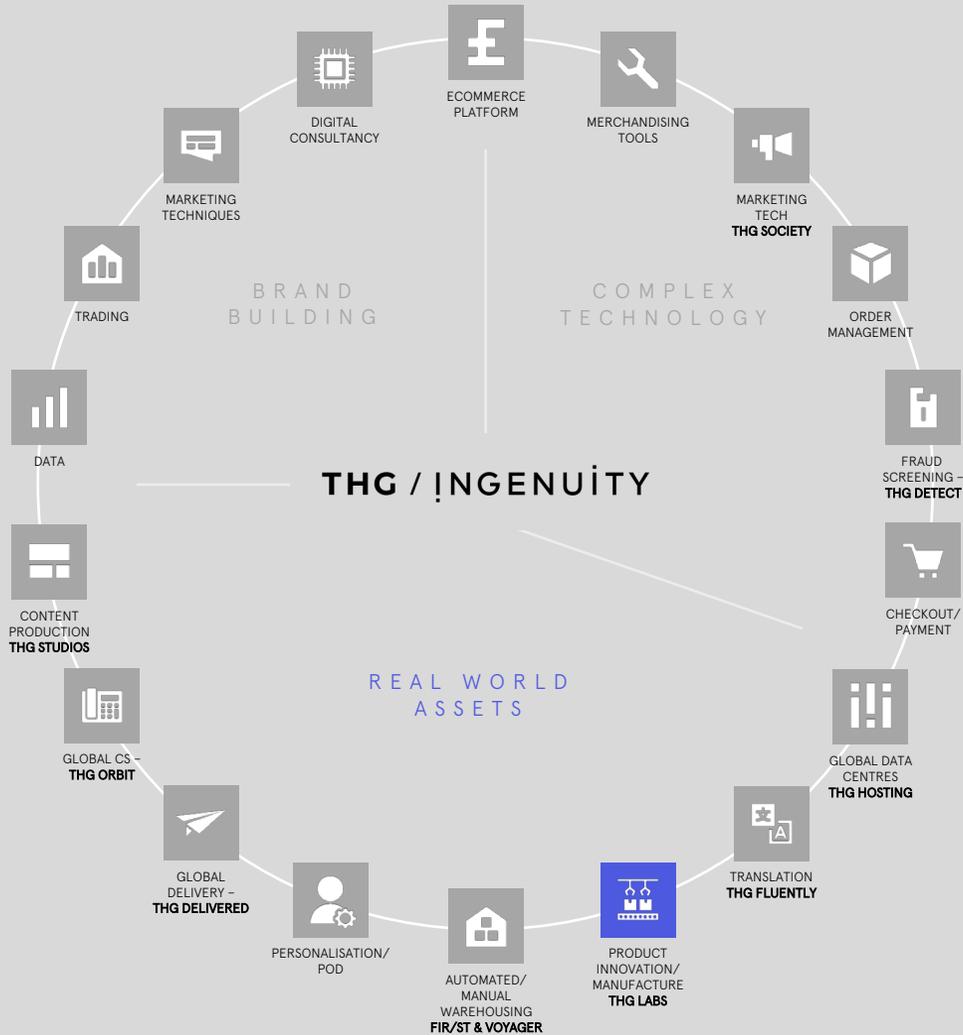


Fully-localised websites

Driving SEO and performance marketing

Upgrading functionality whilst turning a cost centre into a profit centre

23 million words translated for THG websites in 2020

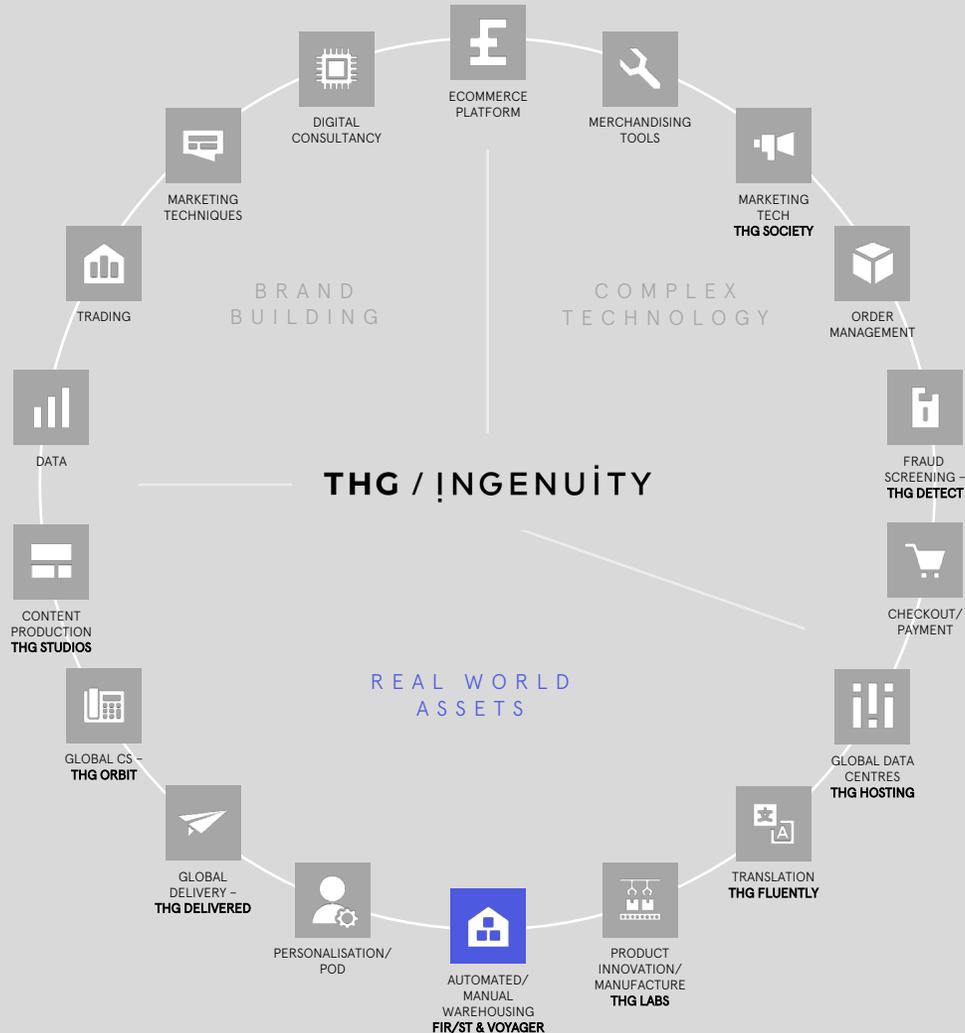


Best in class product innovation

Best in class technical expertise

Expediting speed to market

*7 production facilities globally*

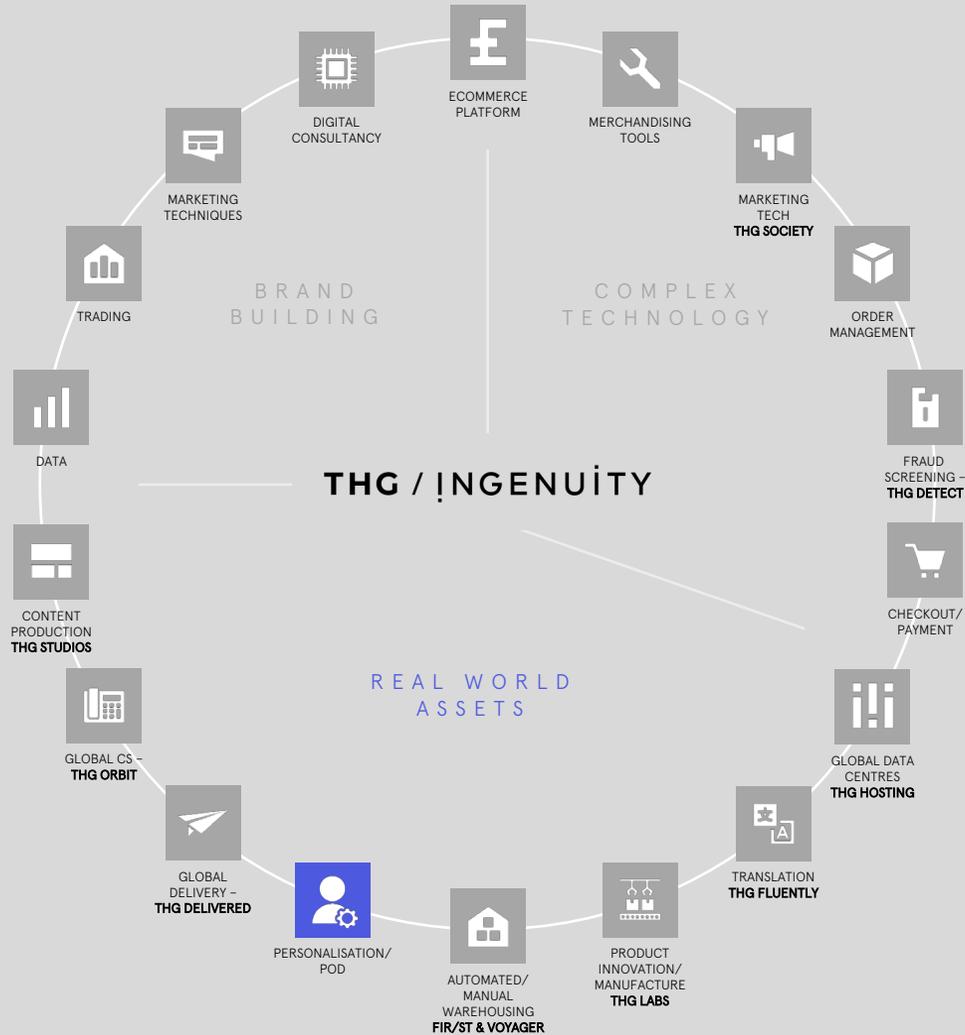


Proprietary warehouse management software

Powering fulfilment centres globally

FIR/ST – single, cross-border solution

3.2m sq ft of warehousing globally

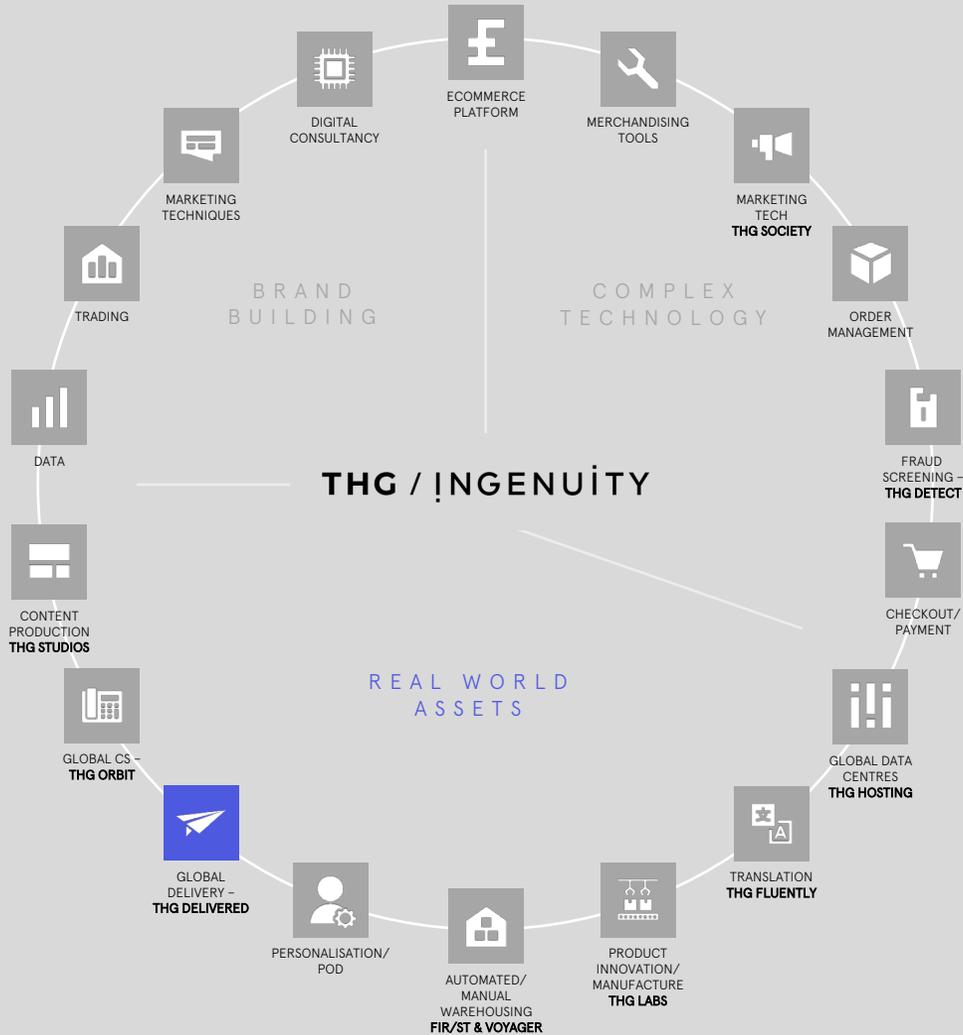


State of the art production capabilities

Licensing experience, with 250+ direct agreements in place globally

Increased product margins

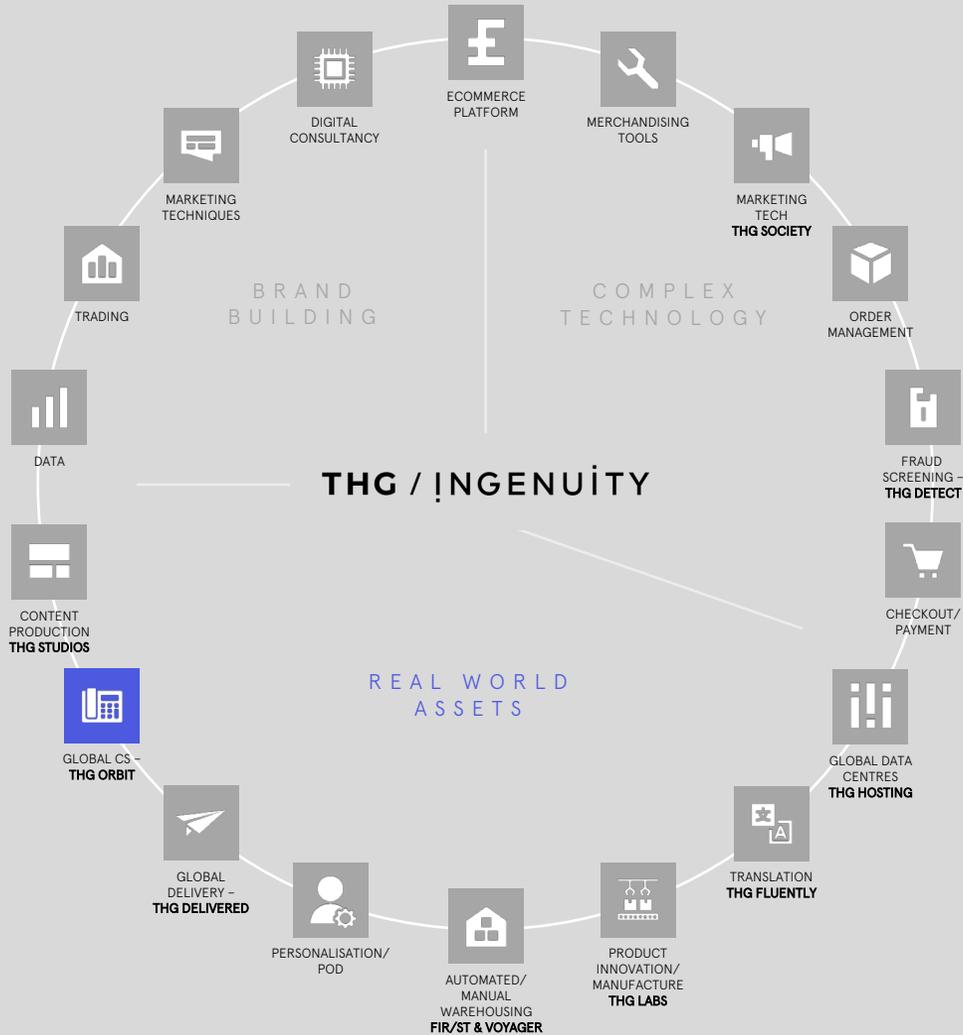
Supply chain agility, low risk model



Internally built courier label library

Connecting to over 200 'final mile' delivery solutions

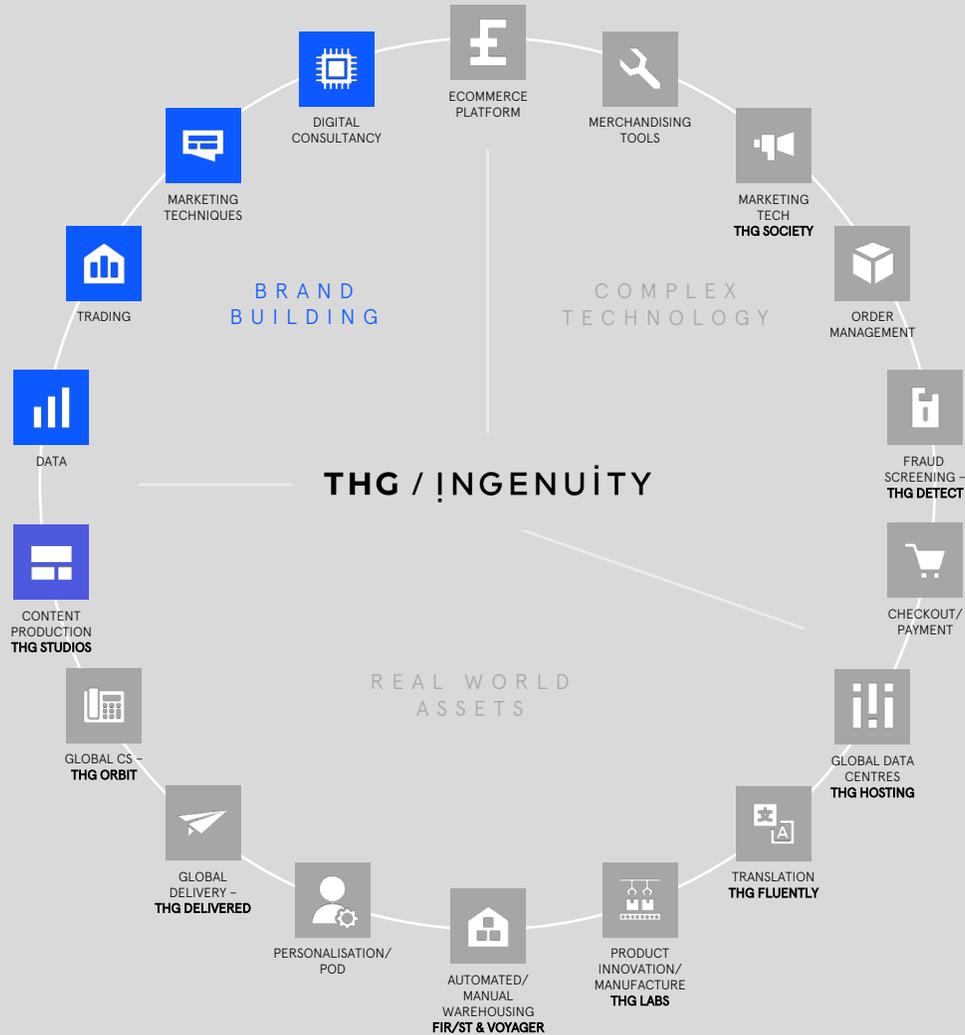
Global, cross-border delivery



Proprietary customer service interface

Government accredited and award-winning

Call centres covering over 34 languages



Only solution provider who is also a brand builder

Digital marketing agency

147k sq ft best in class content creation studios

← REVENUE SHARE →

GMV TAKE / PARTNERSHIP FEES

		✓		✓	✓				✓		✓				✓		
--	--	---	--	---	---	--	--	--	---	--	---	--	--	--	---	--	--

SERVICE REVENUES

										✓		✓	✓	✓	✓	✓	✓
--	--	--	--	--	--	--	--	--	--	---	--	---	---	---	---	---	---

TECHNOLOGY FEES

✓	✓	✓	✓														
---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

COMPLEX TECHNOLOGY

REAL WORLD ASSETS

BRAND BUILDING

ECOMMERCE PLATFORM	MERCHANDISING TOOLS	MARKETING TECH THG SOCIETY	ORDER MANAGEMENT	FRAUD SCREENING - THG DETECT	CHECKOUT/PAYMENT	GLOBAL DATA CENTRES THG HOSTING	TRANSLATION THG FLUENTLY	PRODUCT INNOVATION/ MANUFACTURE THG LABS	AUTOMATED/ MANUAL WAREHOUSING FIR/ST & VOYAGER	PERSONALISATION/ POD	GLOBAL DELIVERY - THG DELIVERED	GLOBAL CS - THG ORBIT	CONTENT PRODUCTION THG STUDIOS	DATA	TRADING	MARKETING TECHNIQUES	DIGITAL CONSULTANCY

THG INGENUITY REPORTED REVENUE <sup>(1)</sup>

						✓	✓	✓	✓		✓						
--	--	--	--	--	--	---	---	---	---	--	---	--	--	--	--	--	--

HEADLESS SOLUTION

Notes: <sup>(1)</sup> Group divisional reporting for Ingenuity includes Ingenuity Commerce revenue.

# An all-in-one commerce solution

## // Maximising client chance of success

### F R I C T I O N L E S S & D I S R U P T I V E

- Removes a need for multi-partner relations
- Allows client to focus almost exclusively on their go to market strategy
- End-to-end model minimises up front capital investments
- Enabling margin efficiency across the value chain
- Integration costs from multiple providers removed
- Efficient, bundled service offering avoids unexpected costs

### P E E R T O P E E R E X P E R T I S E

- Offers credibility to clients as a proprietary platform built by brand owners, for brand owners
- A 17 year legacy in growing owned brands economically with a laser focus on performance and data to do so
- Reduces execution risk by leveraging the platform that powers >\$2bn of THG revenue
- Alignment of interests for mutual growth

### Q U I C K T O D E P L O Y

- Allows clients to mobilise quickly
- All core technology in-house and fully integrated
- Rapidly scalable due to localised capabilities in multiple territories
- Flexible and fully integrated offering eliminates the integration risk of multiple providers
- One point of contact reduces management time and complexity

### W E A R E A B R A N D B U I L D E R

- Supporting a brand's growth strategy through unique brand building capabilities across ecommerce, marketing, data & content
- Driving an integrated approach to test, learn and refine strategies across the mix of services
- Deployment of real-time data to aid tactical and strategic decision making

“ Revolution X THG Ingenuity has been an incredible success. We are now able to offer our Revolution consumer locally fulfilled Revolution Beauty products on 2 new continents - USA and Australia - resulting in triple digit growth alongside a localised experience and fast shipping for our consumer. ”

REVOLUTION BEAUTY LONDON

## Growth Verticals

- Beauty
- Food & Beverage
- Nutrition & Wellness
- Retail
- Petcare
- Fashion
- Home Interest
- Automotive & Garden Machinery
- Media & Entertainment
- Fitness & Sport

## Low acquisition cost and low churn

- Payback in less than 1 month
- <2% churn<sup>(1)</sup>

## Geographical Coverage

- Powering 55+ fully-localised sites for Myprotein
- Key global territories includes UK, USA, Europe, Japan, China, Korea and Australia.
- 3+ average solutions across our client base<sup>(2)</sup>

## Product and Service Expansion

- Award winning THG Detect
- THG Society
- THG (eco)
- FIR/ST (bundled with award-winning THG Orbit)
- Headless Solutions

## Investment in Digital Talent

- Expanding business development, strategy and client services teams across 3 continents
- Partnering with preeminent global B2B digital services providers

## GMV Growth

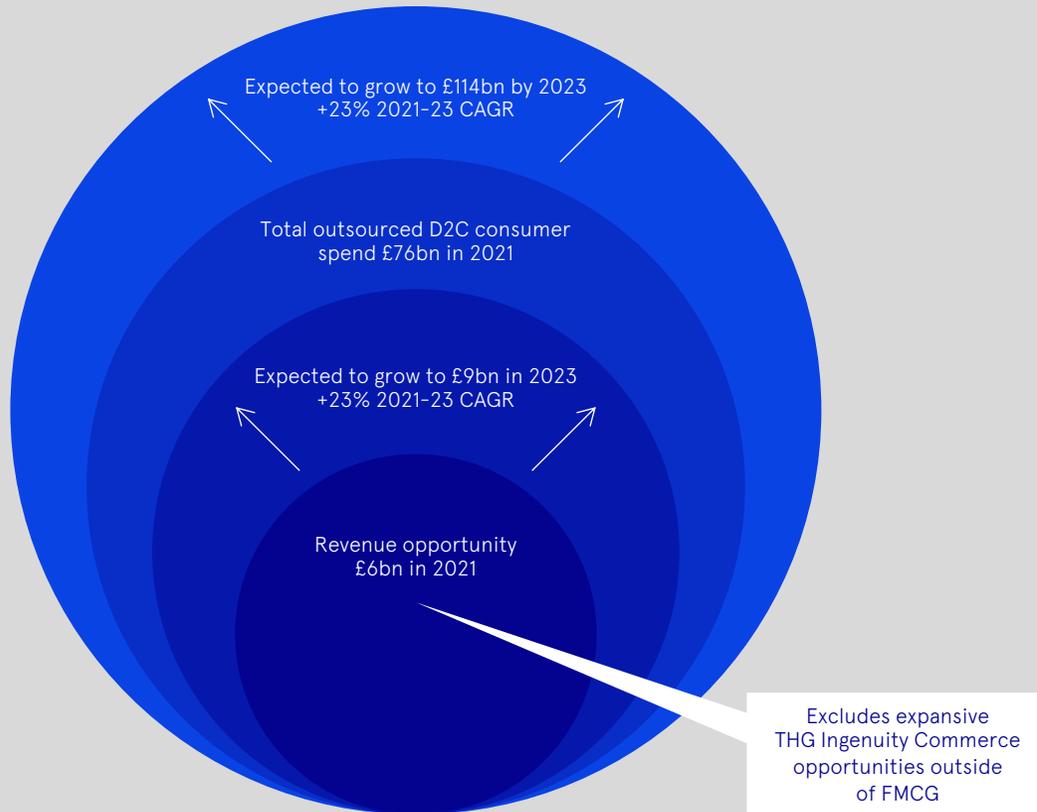
- GMV growth delivers revenue growth via THG margin applied to payments, fulfilment and distribution, plus revenue share
- >100% increase in third party GMV processed in H1 2021 vs FY 2020

Notes: <sup>(1)</sup> Based on YTD to September 2021.  
<sup>(2)</sup> Based on live clients at September 2021.

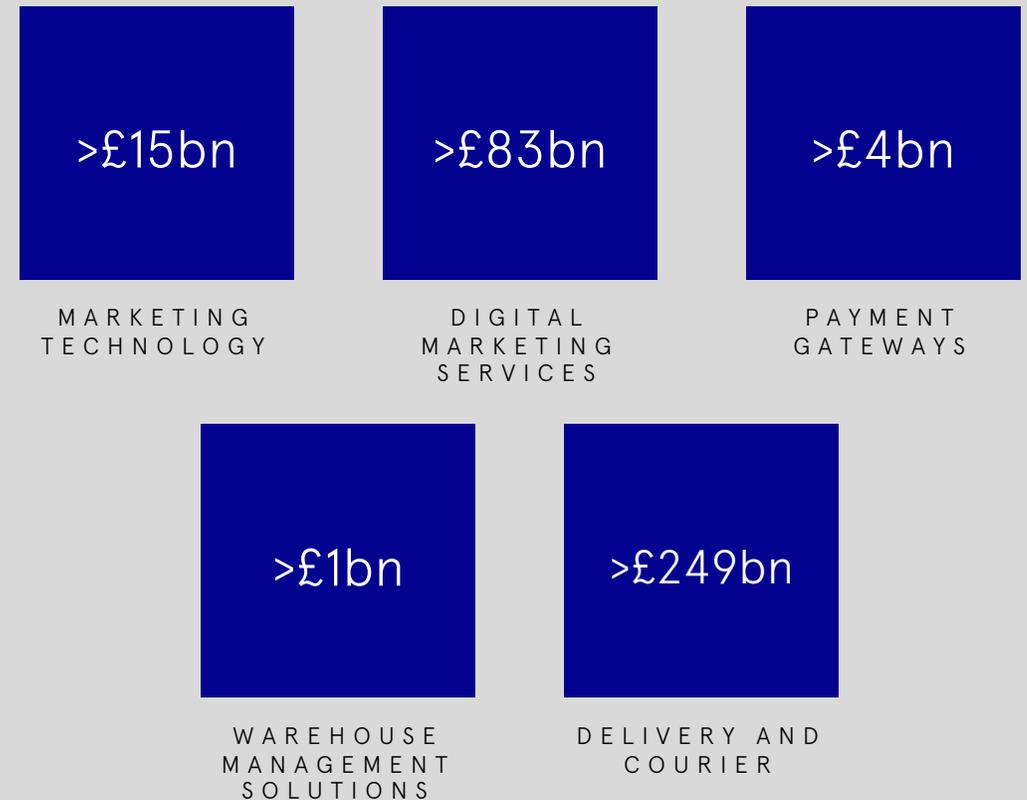
“ Our technology is already heavily invested, with minimal variable costs to serve in either hosting or sales and marketing. We remove the capital barriers to clients and still deliver a differentiated profit and loss profile. Our opportunity to build on that model via vertical, territory, product and GMV growth is unique. ”

*THG INGENUITY*

## THG Ingenuity Commerce FMCG Addressable Markets (2021)



## Core Competencies Addressable Markets (2021)



Note: Company estimates based on analysis of third party information



“ The **fulfilment partnership** with The Hut Group means that we have a **scalable growth model** that is **capex-light** with a cost base that is directly variable with sales volume, whilst we retain direct control of the brand, the customer base and the strategy. ”

*HOTEL CHOCOLAT*

# Value crystallisation of THG Ingenuity – option and collaboration agreement



## MAY 2021 SOFTBANK PARTNERSHIP ANNOUNCEMENT:

- 1 SBM subscribed for \$730m of c.\$1bn capital raise in THG PLC
- 2 SBM granted the option of a \$1.6bn investment into THG Ingenuity, implying an EV of \$6.3bn for a 19.9% equity interest
- 3 For the purposes of the option, THG Ingenuity shall be separated from THG PLC, with separation of the other operating units to follow. THG Ingenuity will be prioritised to expedite the potential collaboration with appropriate SBM affiliates:
  - THG Ingenuity to be a separate legal entity
  - Separation to be effected within 15 calendar months + option to extend by up to a further 6 calendar months
  - Discretion retained to separate THG Ingenuity by way of IPO, sale process or other strategic options

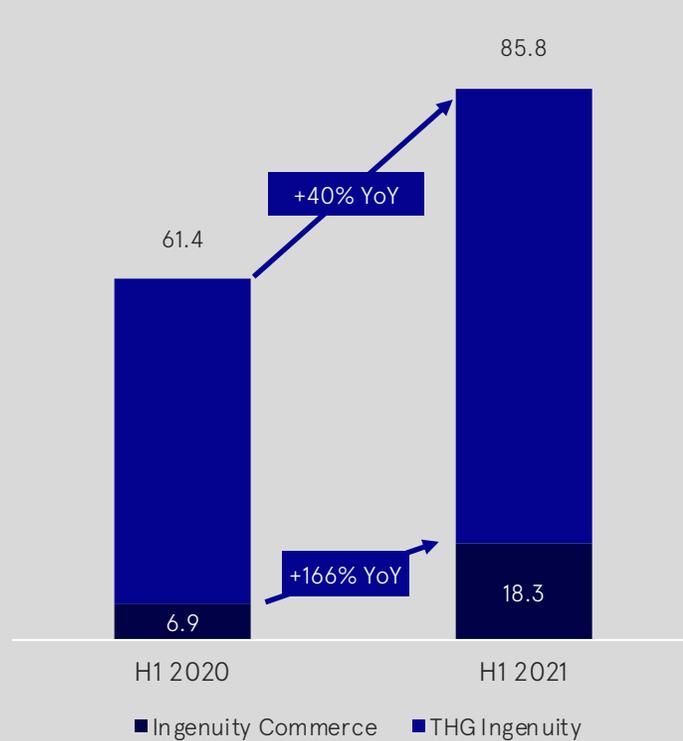
## USE OF PROCEEDS:

- ✓ Future proofing, leading edge security infrastructure, whilst providing another core competency for revenue generation from a service
- ✓ Investment in global automated fulfilment solutions to expedite delivery times, generating c.2 year payback<sup>(1)</sup>
- ✓ M&A to acquire new technology and functionality (i.e. Cybersecurity services)
- ✓ Development of THG ECO, underpinning Ingenuity as an influential and invaluable sustainability partner, building on earnings enhancing recycling investments

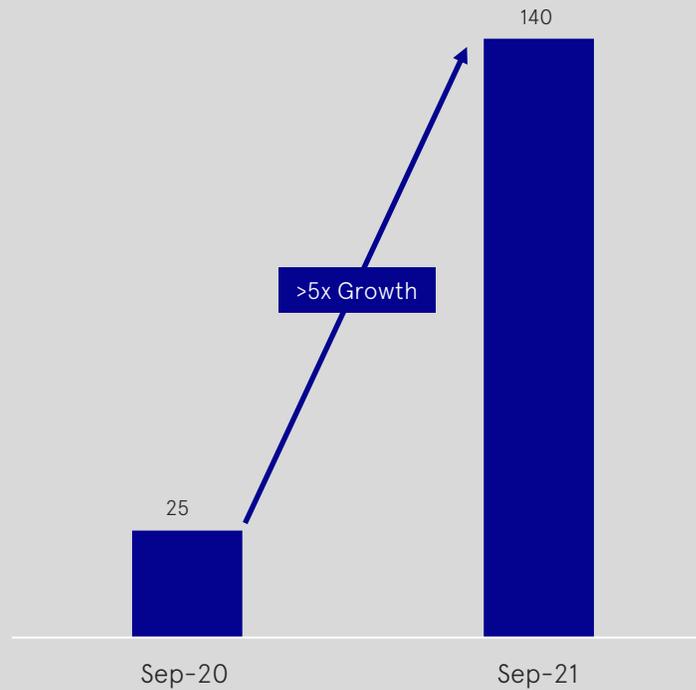
Notes: <sup>(1)</sup> Based on fully automated 460k sq ft facility

# Ingenuity Commerce is rapidly scaling

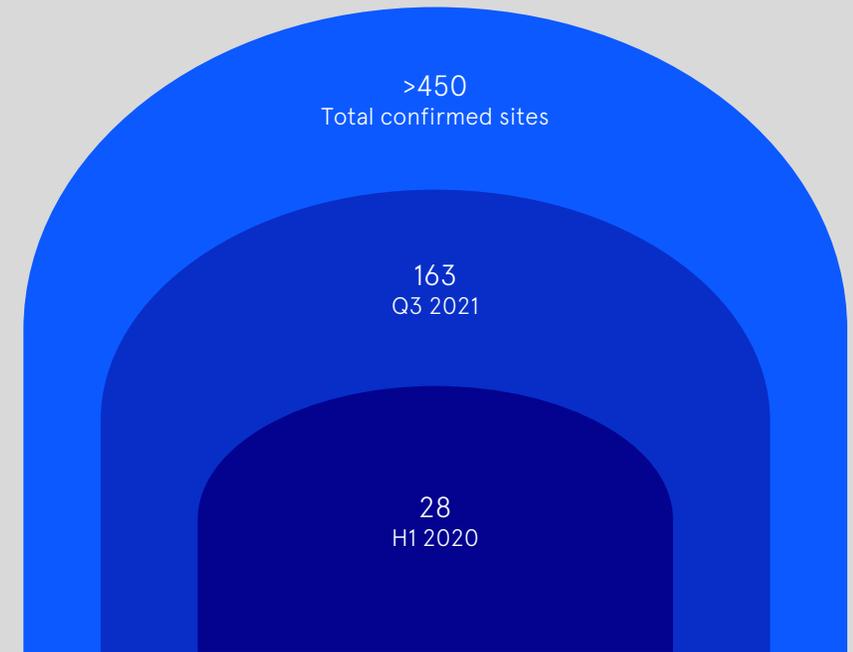
NET REVENUE



CLIENTS

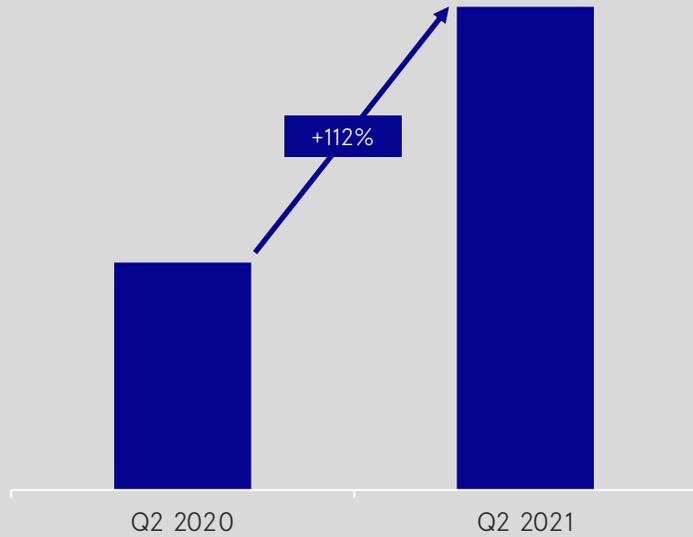


WEBSITES

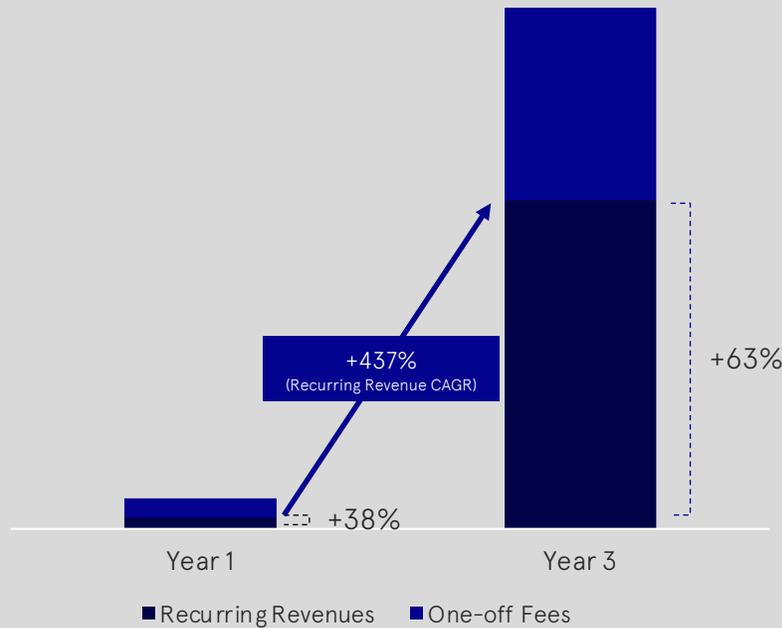


# High retained revenue, low cost to serve, delivering strong margins

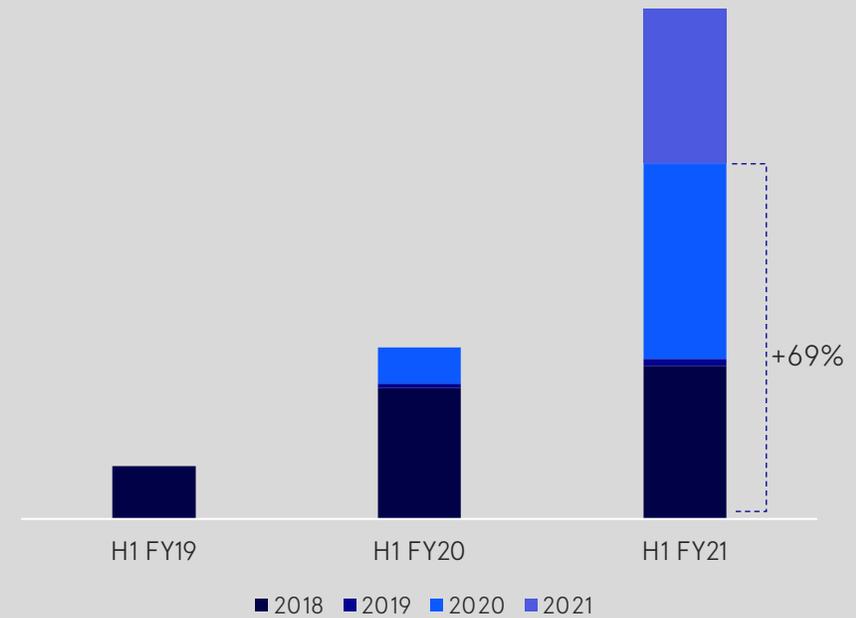
QUARTERLY RECURRING REVENUE



ILLUSTRATIVE CLIENT MATURITY PROFILE



MATURING COHORT GROWTH



Notes: Recurring Revenue excludes non-recurring fees including site builds, partnership revenues and one-off project work

# Intangible Capex Analysis

// Capex efficient and in line with peer group

	THG Dec'20	2021/2020		THG Dec'19	2019/2020	
		Average of Peers <sup>(1)</sup>	THG % of Peers		Average of Peers	THG % of Peers
	£m			£m		
Technology Spend Capitalised	42	79	53%	37	78	47%
<i>% of revenue</i>	2.6%	3.3%		3.2%	4.4%	
Platform Carrying Value	76	212	36%	65	178	36%
<i>% of revenue</i>	4.7%	8.0%		5.7%	8.8%	
Staff Costs Capitalised	35	82	43%	28	80	36%
<i>% of revenue</i>	2.2%	2.7%		2.5%	3.3%	
Assets Not Amortised	15	54	28%	10	44	22%
<i>% of technology spend in year not amortised</i>	35.6%	71.8%		27.1%	55.4%	

Notes: <sup>(1)</sup> Representative of global ecommerce peers with proprietary technology

# Delivering Coca-Cola's first full portfolio D2C offering

## Why THG Ingenuity:

- Offering a flexible and sophisticated platform to deliver a unique and enriched customer proposition across personalisation, bundling, gifting, product adjacencies and more
- Improving accessibility of less well known brands within their portfolio, offering an owned 'marketplace' shopping experience
- Delivering accelerated GMV through Ingenuity's unique Ecommerce model with laser focus on daily trade & marketing performance
- Eradicating friction points with seamless integrated fulfilment and data support

## Service composition:

- Core Commerce platform inclusive of Checkout & Payments & proprietary Fraud software
- Proprietary CRM and Customer Service platform
- Personalisation capability
- Ecommerce Trading & Data services
- International Fulfilment including use of Ingenuity's proprietary Warehouse Management System, Order tracking software



"In the long term, this move will allow us to further optimise our range across all of our customer channels, strengthen consumer loyalty and help us to fulfil our potential as category leader"

Strategic Projects Director, CCEP

# Delivering a Major Platform Migration Exceeding Revenue Targets by 100% in Launch Week

**+25%**  
UPLIFT IN CVR

**+110%**  
CRM REVENUE

S I N C E L A U N C H

**+100%**  
VS. TARGET

**+26%**  
TRAFFIC VS.  
PRE MIGRATION

**200%**  
VS. 2019

L A U N C H W E E K

## Why THG Ingenuity:

- The consolidation of multiple solution providers across legacy technology & brand building services
- Offering an advanced ecommerce solution whilst delivering substantial cost efficiencies across the full model
- Mobilising quickly, delivering a major digital transformation project in 9 months

## Service composition:

- Core Commerce platform inclusive of a bespoke Product Information Management system, Checkout & Payments & Fraud software
- Proprietary CRM and Customer Service platform
- Ecommerce Trading & Performance Marketing services
- Digital Consultancy and Data services
- Annual creative content via THG Studios

“ We know that many people get their initial ideas for home and garden updates or transformation projects online, which has a huge impact on how they then want to shop. Our new website will make it even easier to be **inspired** and be **supported** by our stores which will show products in whole room sets to help them envisage how the look could fit in their own home. ”

*DAMIEN MCGLOUGHLIN, HOMEBASE CEO*

# Delivering internationalisation in 16 territories in under 6 months

16 TERRITORIES LAUNCHED	+27% INCREASE IN D2C TARGETS
>50K CUSTOMER DATABASE SINCE LAUNCH	+28% Y1 EU REVENUE VS TARGET IN Y1

+33%  
Y1 APAC REVENUE VS  
TARGET IN Y1

## Why THG Ingenuity:

- The strategic partner for international growth across EU, APAC & offering a localised and frictionless customer experience
- Fulfilment of Elemis' 5 year digital plan in 6 months, mobilising quickly to drive incremental sales over the 2020 peak trading period
- Offering additional support in product innovation & manufacturing through Ingenuity's in-house beauty manufacturing house, Acheson & Acheson

## Service composition:

- Core Commerce platform inclusive of Checkout & Payments & proprietary Fraud software
- Propriety CRM, Influencer platform and Customer Service technology & support
- Ecommerce Trading, Performance Marketing & Data services, across all territories
- International Fulfilment including use of Ingenuity's proprietary Warehouse Management System & Order tracking software
- Product Innovation & Manufacture

“ THG Ingenuity is a **game changer in speed and cost efficiency to market**; service to end customers, and delivering the dream of Elemis.com in a box globally, profitably and successfully. For once, **a technology business partner who delivers what they promise.** ”

*ELEMIS ON THG INGENUITY IN WWD*



# Delivering high level strategic projects and driving execution with cross functional teams for Clink\*

+1000%  
CUSTOMER  
DATABASE  
GROWTH  
ROADMAP

10  
INTERNATIONAL  
MARKETS  
ASSESSED

RESULTS

## Why THG Ingenuity:

- Strategic partner that will form a key part of WG&S digital transformation and e-commerce journey,
- Leveraged our end-to-end capabilities, to scale internationally, capture customer data and provide an NPD platform.
- Help enable WG&S to become a more consumer centric business.
- Strategic advisory supported a range of high-level strategy, international expansion and customer data acquisition.

## Service composition:

- Following the launch, WG&S signed a strategic retainer with the Digital Strategy team to provide ongoing strategic support post-launch for Clink.
- Advisory services to help drive execution of key proposition initiatives by and creating implementation roadmap.
- Holistic D2C Strategy deliverable involving International Growth advisory, Data Acquisition strategy & THG capabilities
- Strategic Governance, being involved in the QBR process to identify key strategic levers and initiatives for the upcoming quarter

“THG Ingenuity’s strategy consulting services have been valuable in helping shape the strategic direction for Clink and support driving the execution of key initiatives.

In particular, the strategy consulting team supported overall D2C Strategy (where to play and how to win), international expansion analysis and helped develop the holistic customer data acquisition strategy. The ongoing support has proved beneficial resource as part of the team.”

WG&S Ecommerce Director

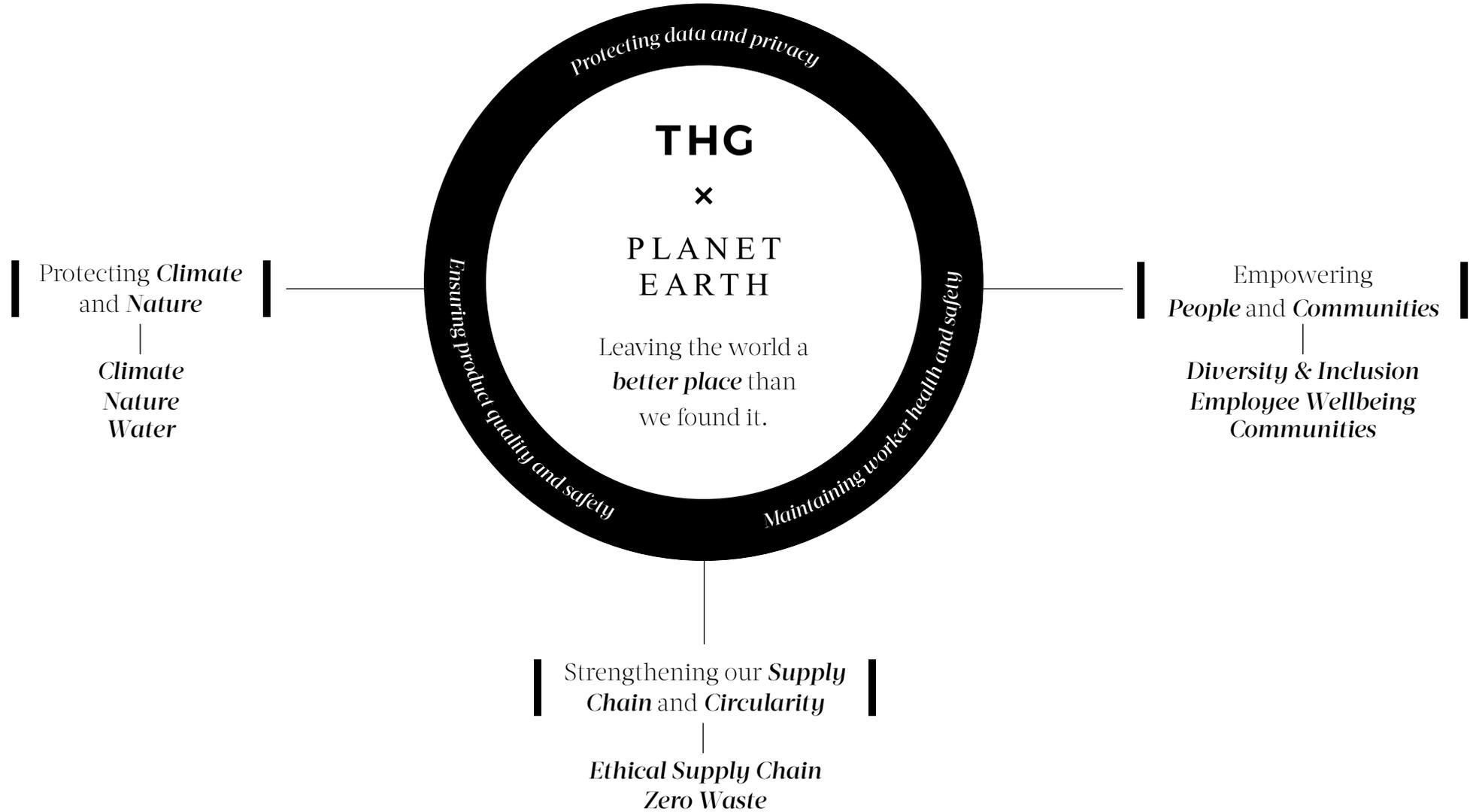
eCommerce Leader

Digital Talent

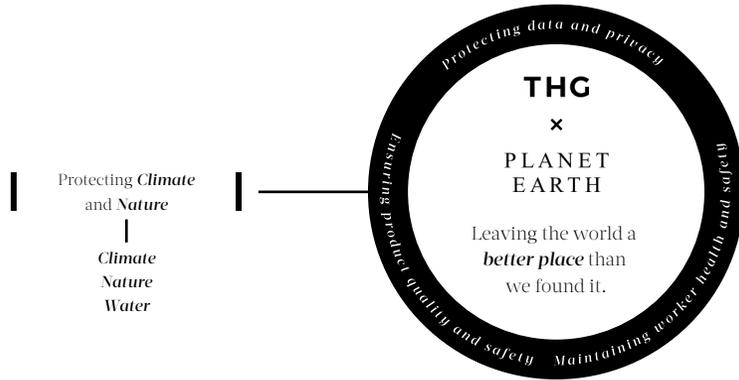
Sustainability



THG's 2030 *Sustainability Strategy*



The goals for  
*Protecting Climate and Nature*



- Publish *Net Zero* roadmap aligned to *Science Based Targets in 2022*
- Offset all THG's *direct historical emissions by 2025*
- 50% of suppliers and THG Ingenuity partners to *set carbon reduction targets by 2025*



The goals for  
**Strengthening Our Supply Chain and Circularity**



- **100% of own brand packaging** to be recyclable, reusable or compostable by 2025
- **Zero waste to landfill from own operations** by 2030
- **70% of packaging** from 3<sup>rd</sup> party brands to be recyclable, reusable or compostable by 2030



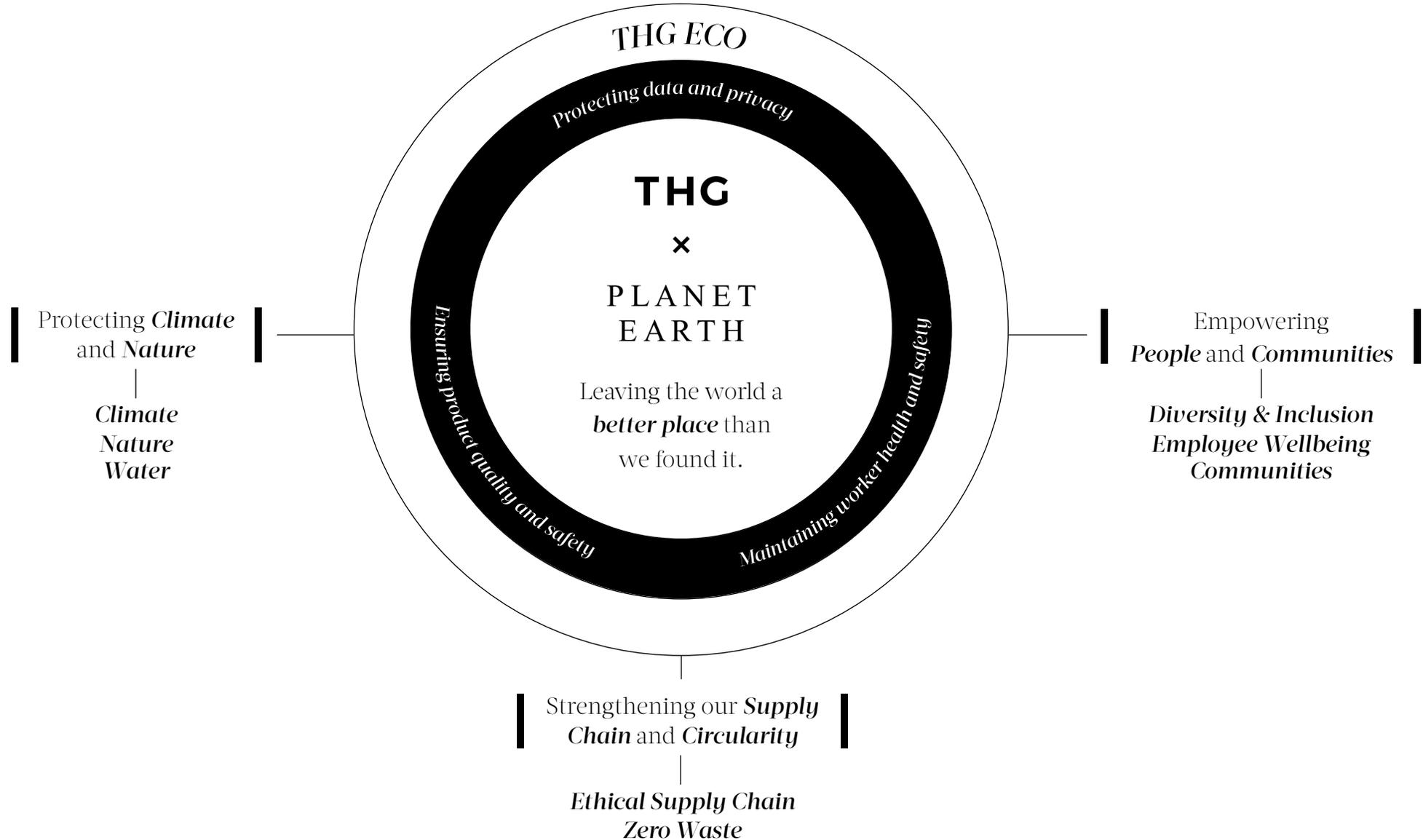
The goals for  
*Empowering our People and Communities*



Empowering  
People and Communities  
|  
Diversity & Inclusion  
Employee Wellbeing  
Communities

- Achieve **50% female representation** and at least **15% ethnic minority** representation on the Board and senior leaders by 2030
- **Eliminate gender and ethnicity pay gaps** across all THG divisions by 2030
- Provide **10,000 people** within the community with **technology and life skills training** by 2030







THG × PLANET EARTH

THE GENIUS OF **THG / INGENUITY** IS MAKING COMPLEX SIMPLE

The background features a dark blue field filled with numerous thin, curved lines and scattered particles of varying sizes, all in shades of blue. The lines and particles are more densely packed in the center and become sparser towards the edges, creating a sense of depth and movement.

THG / INGENUITY



THANK YOU



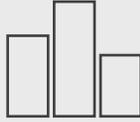
# APPENDIX

# A Certified CarbonNeutral® End-to-End Solution

// Through THG (eco), Ingenuity is investing in being a best-in-class ESG platform



CarbonNeutral.com

End-to-end specialist sustainability capabilities		
 <p>Carbon reduction solutions &amp; offsetting corporations carbon footprint</p>	 <p>"Hard to recycle" consumer plastics solutions (recycle:me scheme)</p>	 <p>More: trees planting platform for customers at checkout</p>
 <p>Renewable energy: Solar roll-out program (2022)</p>	 <p>Sustainable products, packaging &amp; deliveries</p>	 <p>SEDEX accredited (focus on ethical trade)</p>

# A growing digital talent base of industry experts, creative and technology specialists

// 10x headcount growth over 2 years

## ORGANISATIONAL STRUCTURE

- Performance and B2B Marketing
- Trading
- Client Services
- Data, Supply Chain and Operations
- Business Development
- Executives and Digital Strategy

## DIGITAL TECHNOLOGISTS

- Talented, long-tenured team with a diverse skillset
- Combination of capabilities in system design and architecture and software engineering and testing
- Broad understanding of business analysis, project management and data management
- Differentiated know-how on AI machine learning
- Up-to-date with the latest coding practices, developing standardised repository database

## AWARDS



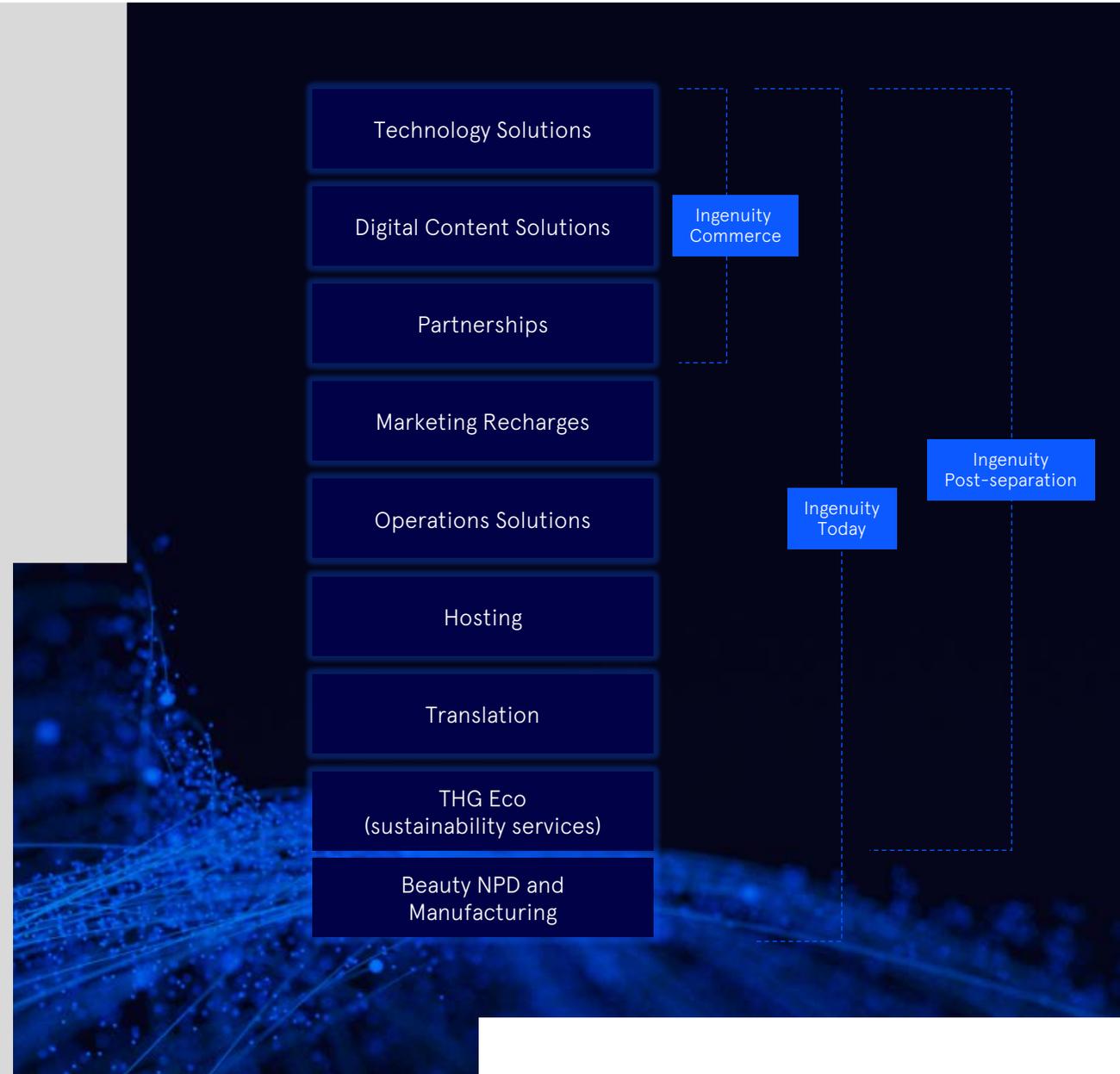
*Recognised as 'a game-changer in retail'*



*Top 25 Best Big Companies to Work for 2021*

# October 2021 THG Ingenuity

1. Ingenuity commerce comprises high margin e-commerce services – principally technology solutions, digital content & partnerships
2. Ingenuity also includes:
  - Lower margin pass-through e-commerce services (fulfilment and marketing)
  - THG Hosting services – headless standalone provision to third parties
  - THG Fluently – standalone provision of language translation to third parties
  - THG Eco – provision of sustainability services
3. THG Beauty new product development and contract manufacturing through Acheson & Acheson in the UK is within Ingenuity owing to third party contracts. This will move out of Ingenuity post the Softbank separation
4. Pre separation THG divisions do not pay to use ingenuity (e.g. no charge to Myprotein for the use of Ingenuity)



# Beauty Operating Model Post-separation

THG PLC has stated its intention to list THG Beauty in 2022. By H1 2022 all THG Beauty trade, assets and employees will be owned and operated by THG Beauty (a wholly owned subsidiary of THG PLC), supported by an arm's length Ingenuity contract on market terms including a minimum 3% GMV fee



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