

PRELIMINARY FY 2021 RESULTS



Preliminary FY 2021 Results
Q1 2022 Trading Update

Preliminary FY 2021 Results

- FY 2021 Highlights
- Group Financial Review
- Divisional Review
- Q1 2022 Trading Update

Presented by:

- Matthew Moulding (*Chief Executive Officer*)
- John Gallemore (*Group Chief Financial Officer*)
- Rachel Horsefield (*CEO, THG Beauty*)
- Lucy Gorman (*CEO, THG Nutrition*)
- Hannah Pym (*MD, Ingenuity Commerce*)
- Adam Knappy (*Chief Marketing Officer*)



FY 2021 Highlights

- Record financial performance with Group revenue of £2.2bn, +38.1% YoY. On a 2-year basis, sales growth of 95.1% across all business units
- All divisions delivered organic growth against challenging comparatives
- THG Beauty 2-year growth +138.1%, including a contribution from Dermstore, Bentley Laboratories, and Cult Beauty
- THG Nutrition growth supported by enhanced in-house innovation capabilities through the acquisitions of Claremont, Berrymans and Brighter Foods
- Strong Ingenuity Commerce revenue growth with 187 live websites (FY 2020: 89) from a growing client base across a range of verticals
- Group gross margin 44.7%
- Group adjusted EBITDA* of £161.3m
- Net Cash of £44.4m at year end (excluding lease liabilities), with strong liquidity available through over £530m of cash and c.£170m undrawn revolving credit facility

Sales by division

£'m	FY 2021	FY 2020	YoY Growth	YoY Growth CCY	2 Yr Growth	2 Yr Growth CCY
THG Beauty	1,117.8	751.6	+48.7%	+51.8%	+133.7%	+138.1%
THG Nutrition	659.5	562.3	+17.3%	+20.9%	+59.7%	+63.3%
THG Ingenuity	194.3	137.3	+41.5%	+43.2%	+51.9%	+56.5%
THG OnDemand	128.1	101.3	+26.5%	+29.5%	+119.3%	+122.1%
Other	80.2	61.1	+31.3%	+28.0%	+28.0%	+25.5%
Group Revenue	2,179.9	1,613.6	+35.1%	+38.1%	+91.2%	+95.1%
<i>Ingenuity Commerce Revenue</i>	<i>45.4</i>	<i>19.3</i>	<i>+135.2%</i>	<i>+135.2%</i>	<i>+512.3%</i>	<i>+512.3%</i>

*Adjusted EBITDA is defined as operating profit before depreciation, amortisation and adjusted items.

Note: Above numbers and table subject to rounding. Any reference to revenue growth throughout this document is on a constant currency basis ("CCY") - removing fluctuations arising from translation of foreign exchange by restating prior year numbers at current year exchange rates.

Operational and Strategic Highlights

- Scaled revenue and expanded the business model ahead of targets stated at the September 2020 IPO
- Strong growth in customers with 16.4m active THG Beauty and THG Nutrition D2C customers, +95% vs FY 2019
- Integration of 2021 acquisitions Dermstore, Bentley Labs, Cult Beauty and Brighter Foods all on track
- Strategic relationships formed with leading social media, MarTech and automation partners
- Launch of the Group's 2030 Sustainability strategy with a commitment to offset historical operational emissions
- Well progressed through investment programme to build out 3.6 million sq. ft. of fulfilment and manufacturing capacity at key locations globally
- Opened THG Ingenuity's landmark ICON technology campus at Manchester Airport
- Appointment of Charles Allen, Lord Allen of Kensington as independent Non-Executive Chair, in addition to Dr Andreas Hansson to the Board
- Recognised as one of the 'Best Companies' *Top 25 Best Big Companies to Work for 2021*

>250m

Units manufactured in
THG facilities in 2021

>830,000

Trees planted in 2021
through More Trees

+74%

Growth in units dispatched
2021 vs 2019

>32,000

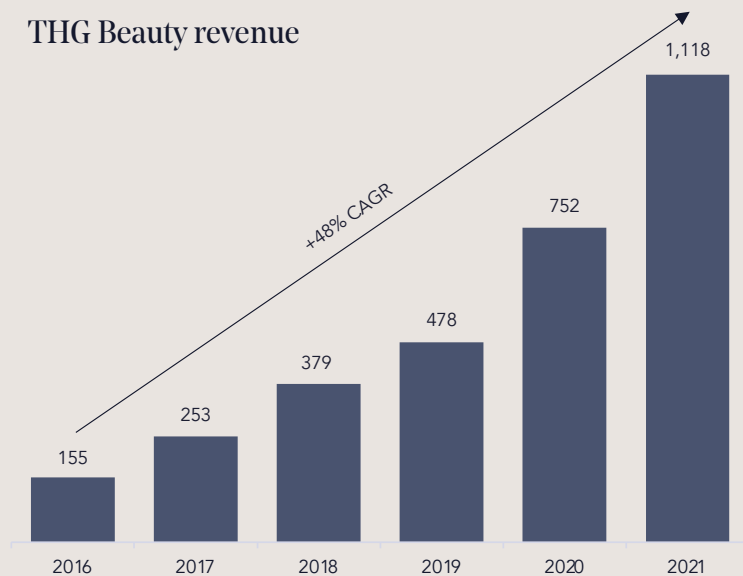
"THG Society" influencer
platform expansion

6.8m

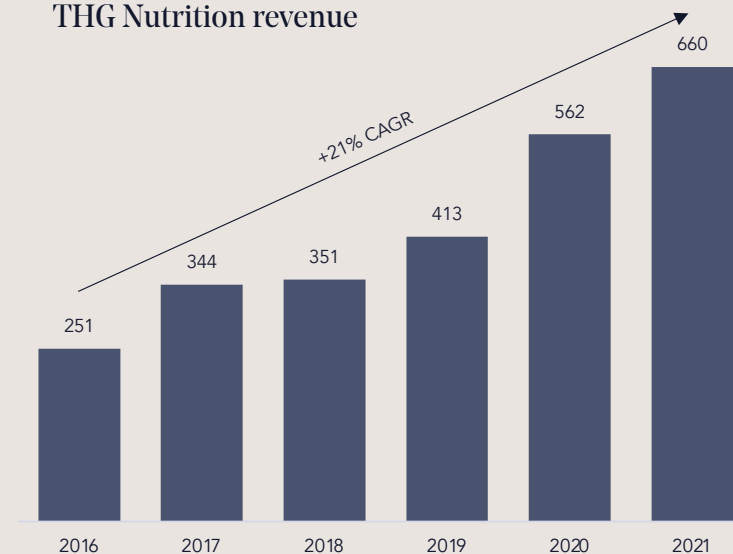
App downloads since
first brand launch

Building and scaling international brands

THG Beauty revenue



THG Nutrition revenue



Note: Above numbers and tables subject to rounding. Currency £m.

Large
addressable markets

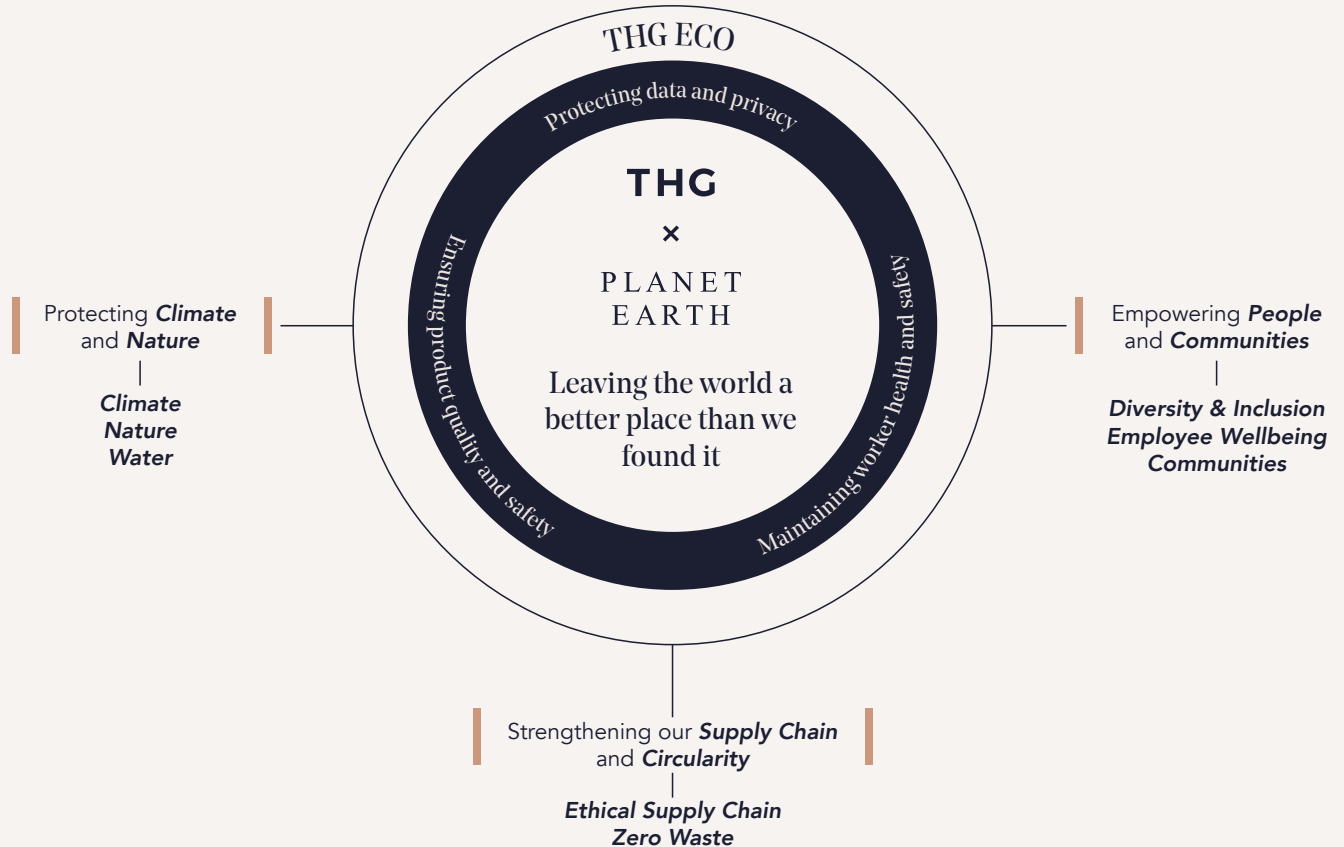
High
repeat revenues

Stable
AOVs

Leading
market positions

Increasing
online penetration

THG's 2030 Sustainability Strategy



Reflections and progress

- Commitment to achieve 100% reusable, recyclable or compostable packaging for THG own brands by 2025
- Member of the Business Ambition for 1.5 C campaign
- >360,000 tonnes of carbon credits traded and offset
- 20,000 tonnes of plastic recycled in 2021

Priorities for 2022

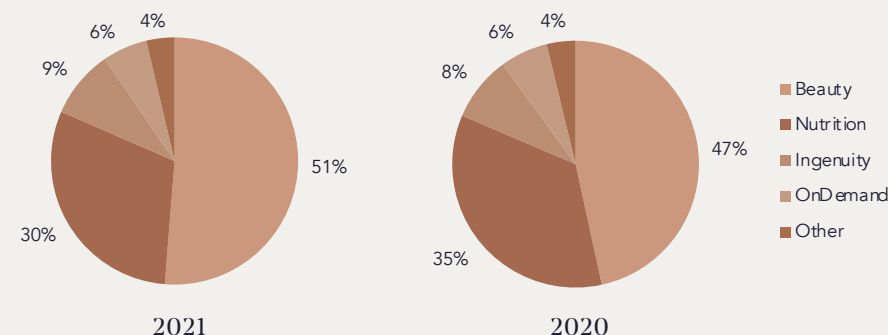
- Set and submit net zero science-based targets to SBTi for approval
- Strengthen THG Eco proposition to support suppliers, partners and Ingenuity clients to deliver their sustainability goals

Group Financial Review

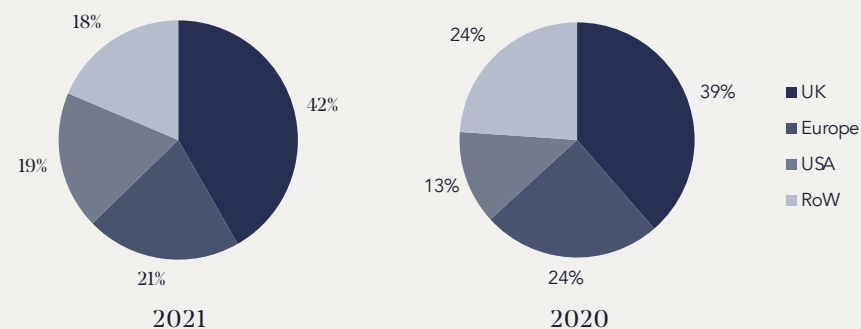
Group Income Statement

- Group revenues increased 38.1% from £1.6bn to £2.2bn, driven by strong demand in our core markets
- Organic growth delivered in all divisions and supplemented by the contribution from acquired businesses
- 58% international sales mix, with the USA now representing 19% of Group sales (+96% revenue growth YoY)
- Beauty represented 51% of the total Group after delivering 51.8% YoY sales growth
- Total Ingenuity grew 43.2% YoY, with the Ingenuity Commerce division growing +135.2%

Revenue by Division



Revenue by Territory



Group Income Statement

- Gross profit of £974.8m, +33.6% on the prior year, with a broadly stable gross profit margin of 44.7%
- Gross profit margin broadly in line with prior year, despite the ongoing global supply chain challenges, commodity and FX headwinds

	2021	2020	
£'m			
Revenue	2,179.9	1,613.6	+35.1%
Cost of sales	(1,205.1)	(884.0)	+36.3%
Gross profit*	974.8	729.6	+33.6%
<i>Gross margin%</i>	44.7%	45.2%	
Distribution costs	(369.1)	(284.7)	+29.6%
Administrative costs	(444.4)	(294.1)	+51.1%
Adjusted EBITDA**	161.3	150.8	+7.0%
<i>Adjusted EBITDA%</i>	7.4%	9.3%	

High and stable gross margins



*Cost of sales, Gross profit, Distribution and Administration costs are stated before the impact of adjusting items, depreciation and amortisation.

**Adjusted EBITDA is defined as operating profit before depreciation, amortisation and adjusted items. Note: Table subject to rounding

Group Income Statement

- Distribution costs as a percentage of sales decreased 70bps to 16.9% of sales, reflecting the automation investment in THG's global fulfilment network and ongoing network localisation
- Automation benefits are partially offsetting regional labour inflation range headwinds of 10% - 20%
- THG's global workforce increased to consolidate on the 95% 2-year sales growth and provide a platform for the next phase of business growth. Operating leverage on payroll costs is anticipated from FY 2022 onwards
- Adjusted EBITDA rose to £161.3m, with the YoY margin movement driven principally by FX movements, company investment in talent and infrastructure, increasing raw material costs (principally whey) and freight costs which saw a marked increase in H2 2021

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£'m			
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Stable distribution costs proportionate to revenue growth



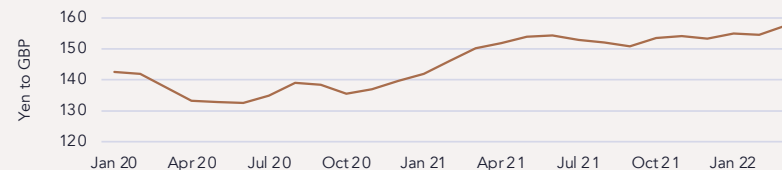
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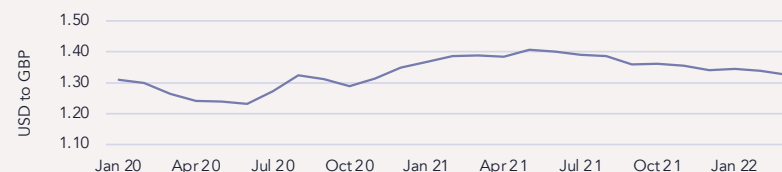
FX Impact

- High international participation can drive currency fluctuations in both sales and EBITDA. As the pound has strengthened, we have seen headwinds in our reported growth, particularly in Asia
- FX rate volatility continues to impact reported growth as c. 50% of all receipts are non-GBP denominated with FY 2021 Sales growth reduced by c. 300bps
- Management generates natural hedges where possible, offsetting receipts with purchases, such as on the US Dollar
- Forward currency contracts are used where the Group hasn't created a natural hedge, to manage the risk, as with Asian currencies such as the Japanese Yen
- Japanese Yen (and other Asian currencies) have continued to weaken vs sterling over the last 24 months

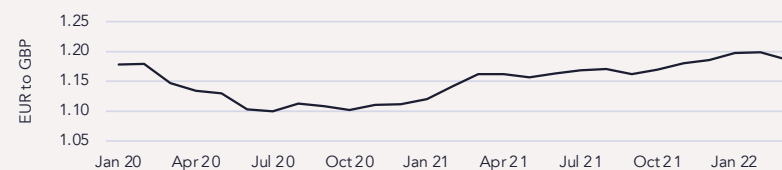
Japanese Yen 2 year high, forward hedging defers effect



USD strengthening into FY22, THG naturally hedged at EBITDA



Euro weakened vs. Sterling. Small receipt surplus for THG which is hedged



Adjusting Items

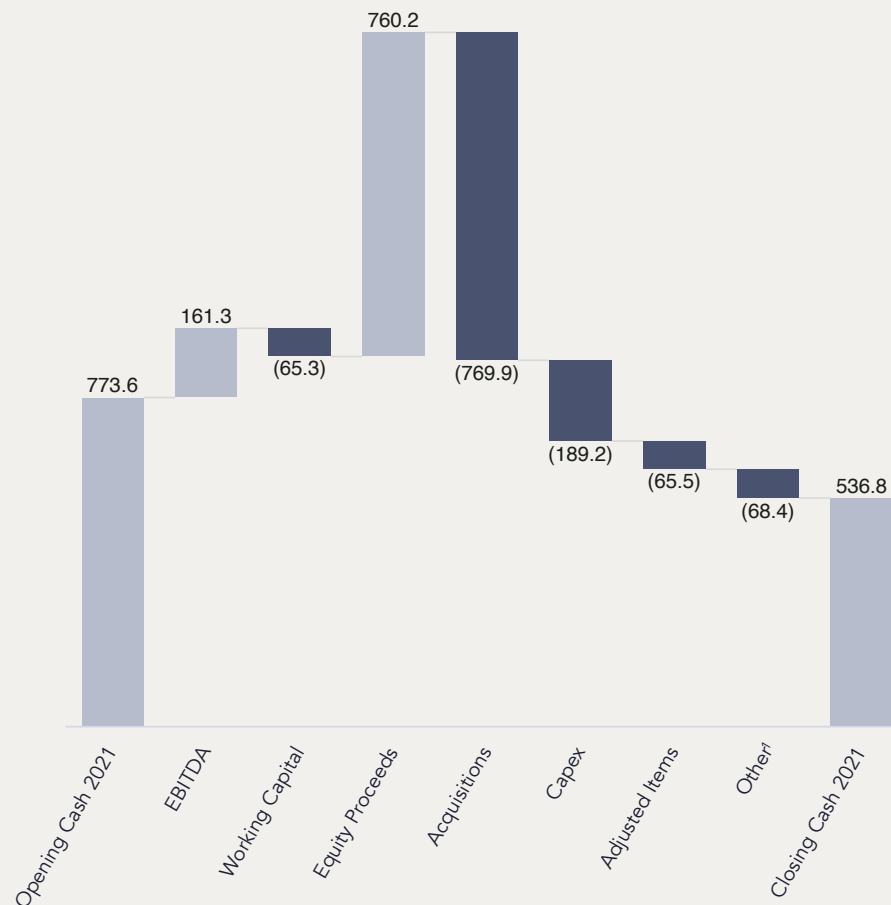
- Non-cash impairment primarily relates to goodwill in some legacy non-core acquisitions. There were no impairments identified within Beauty, Nutrition or Ingenuity
- Distribution costs relate to commissioning of purpose-built new fulfilment facilities including Manchester, Melbourne and New Jersey
- International delivery costs, predominantly in Asia, remain elevated due to the absence of traditional delivery routes. Elevated inbound freight costs are absorbed within Adjusted EBITDA
- The Group incurred legal and professional fees associated with the acquisitions completed in the year and subsequent integration and restructuring costs of those businesses
- Restructuring costs mainly relate to the review of the Group's corporate structure ahead of the separation of its key trading divisions

	2021
	£'m
Adjusted EBITDA	161.3
Depreciation	(70.5)
Amortisation	(99.0)
Non-cash adjusting items	
Non – cash impairments	(56.0)
Cash adjusting items	(73.3)
Commissioning new fulfilment facilities	16.4
Final mile Asia delivery costs elevated by Covid-19 restrictions	26.6
Acquisition related costs	17.5
Restructuring corporate structure	11.6
Other	1.2
Operating loss	(137.5)

Please note: Above table subject to rounding

Cashflow Summary

- Closing net cash position of £44.4m (excluding lease liabilities), with strong liquidity available through cash on hand of £536.8m plus the additional £170m undrawn revolving credit facility
- Operating cash inflow of £96m, following temporary investment in stock through acquisitions and to mitigate any potential Covid related supply chain disruption
- An increased B2B mix from high margin Ingenuity is partially offsetting the strong operating cash conversion in the D2C business
- Capital expenditure comprises investment in intangible assets (£78m - mainly platform development costs), and elevated investment in operations as part of the Group's investment in fulfilment capacity
- Equity proceeds broadly funded acquisitions
- The group is expected to be free cash flow positive in the medium-term through the D2C divisions' strong cash flow model

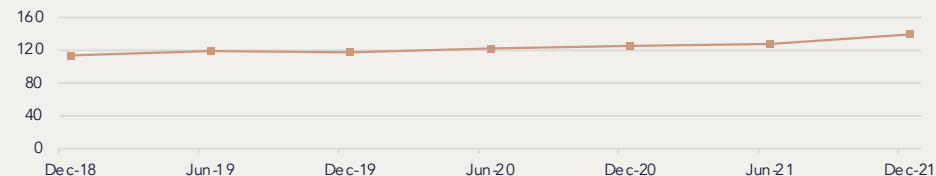


Note: Graph data subject to rounding. Currency £m.
⁽¹⁾ Other includes interest paid, lease liabilities and tax

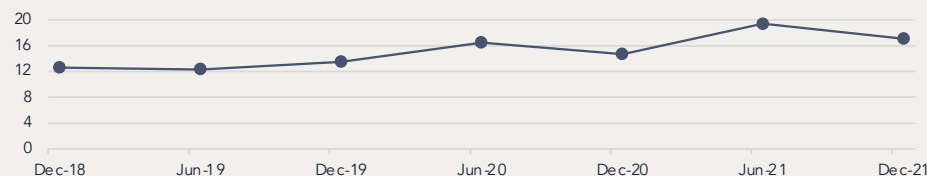
Working Capital

- Working capital values are closely aligned to prior periods but for a temporary investment in stock
- Stock days have been historically maintained at c120 days, with an elevation towards the end of FY 2021 to hedge against supply chain disruption and support global warehouse expansion and acquisition integrations
- Trade Debtor days are slightly elevated relative to historic levels due to changing nature of the trade with increasing Ingenuity Commerce mix and acquired B2B ledgers. D2C debtors remain minimal as customers pay at checkout
- Creditor days are similarly tracking in line with prior periods with H1 2020 being an outlier due to the timing of the onset of the pandemic and first lockdown

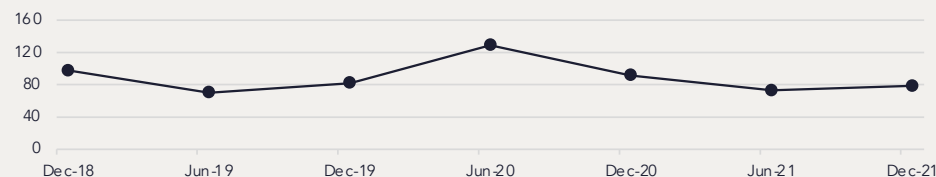
Stock Days



Debtors Days



Creditors Days

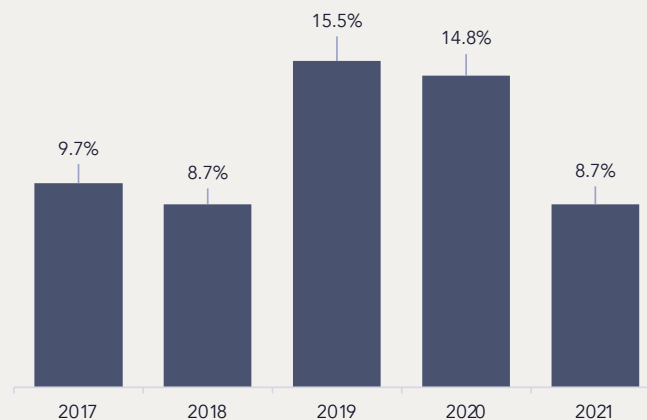


Note: Debtor Days and Creditor Days are presented net of VAT

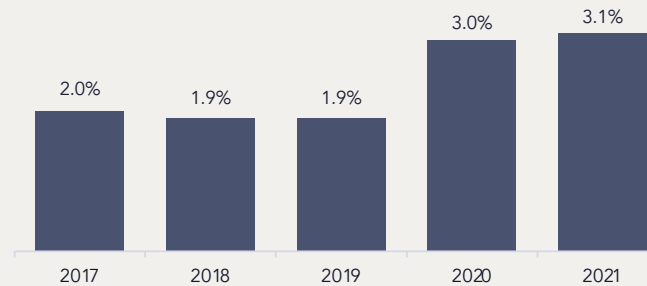
Capital Expenditure

- Capex was elevated above historic levels in the year reflecting investment in the global fulfillment network expansion programme
- Expansionary capex in FY 2020 – FY 2022 largely relates to the rollout of 3.6m sq ft of global distribution capacity
- Investment in THG global network unlocks GMV capacity
- FY22 capex expected to be comparable YoY as expansionary capex projects complete
- Recurring capex accounts for c.30% of total capex and c.2% - 3% of group sales

Group capex as a % of revenue



Recurring capex as a % of revenue



Note: Graph data subject to rounding

Divisional Review

THG / BEAUTY



LOOKFANTASTIC

cult
BEAUTY

D DERMSTORE

 GLOSSYBOX

THG / BEAUTY

Digital Strategic at the centre of global beauty

>3.0m

INSTAGRAM
FOLLOWERS

£1,118m

SALES FY 2021
+52% YOY
+48% CAGR (2016 – 2021)

9.2m

ACTIVE CUSTOMERS
+2.3m YOY

17.1m

CUSTOMER ORDERS
+4M YOY (+31%)

BEST-IN-CLASS
IN HOUSE
PRODUCTION
INNOVATION &
MANUFACTURING

£60

AOV 2021
+£5 YOY

79%

REPEAT RATE⁽¹⁾
+2ppt YOY

#1

INTERNATIONAL
SUBSCRIPTION BOX
AND DIGITAL SAMPLING
PARTNER⁽²⁾

>1,300

BRAND PARTNERS
ACROSS GLOBAL
BEAUTY SITES

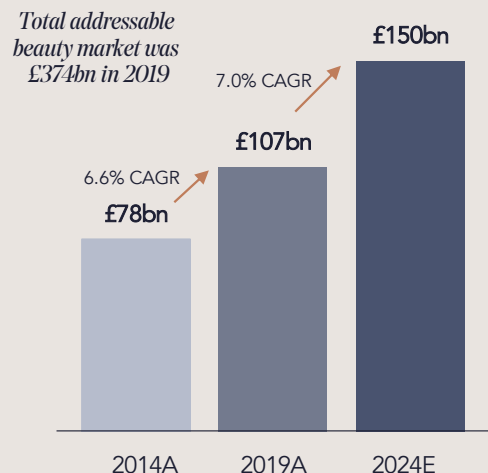
Note: (1) Online revenue from returning customers. Lookfantastic only, (2) Leading global management consultancy

THG Beauty operates in a highly attractive and defensive market



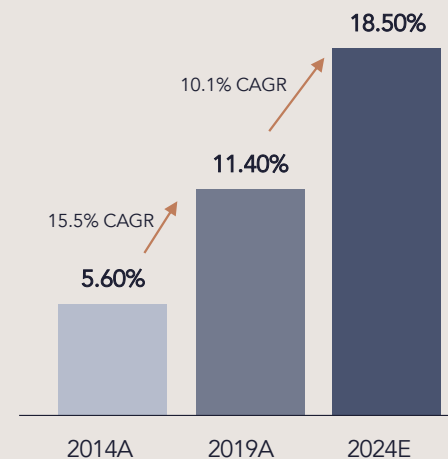
Prestige beauty continues to grow robustly

Addressable market size



Online growth well above the overall category

Online penetration rate⁽¹⁾



Supportive long term growth drivers

- Extremely loyal global customer base
- High purchase categories
- Low product returns (c.2%)
- Selective distribution of prestige beauty brands can be a barrier to entry
- Influencers play a key role

Note: (1) Penetration rate pertains to the total global beauty market.

THG / BEAUTY

Dermstore Case Study



Building the #1 global D2C platform in beauty

- THG Beauty completed the acquisition of Dermstore, the leading US pure-play online prestige and professional skincare retailer, in February 2021
- Facilitated a much-strengthened position in the US online beauty market, with over 19% of the Group's sales in the US following the acquisition, further enhancing our relationships with key global beauty brand partners
- Provides THG with a platform to drive further digital sales growth of THG's portfolio of eight owned beauty brands through access to Dermstore's loyal and rapidly growing customer base
- 17 new brand launches during 2022 with THG's own brand portfolio now available
- Opportunity to increase the scale of our beauty box business through bringing new initiatives to the Dermstore customer base, as has proven to be highly successful for Lookfantastic – in turn unlocking incremental marketing revenue

Cult Beauty Case Study



cult
BEAUTY

Cult Beauty: The favoured partner for Indie Brands

- The acquisition in August 2021 provided THG Beauty with a much-strengthened position in the UK online beauty market and an opportunity to broaden consumer choice due to Cult Beauty's distinguished brand portfolio
- Cult Beauty has a content first approach and a merchandising strategy designed to offer customers a curated mix of independent brands alongside selected globally recognised brands, complementing Lookfantastic's wider brand library
- The integration plan remains on track, with successful migration to the Ingenuity platform ahead of schedule, delivering immediate improvements including:
 - 14% uplift in conversion rates in Q4 2021 vs Q4 2020
 - 6% uplift in average order values
 - Improvement in page load times
- A highlight post re-platforming has been the success of the Cult Beauty Advent calendar, which sold over 11k units in 2 hours
- The launch of the Cult Beauty app in October 2021, supporting THG Beauty's strategy of driving higher customer engagement and an enhanced user experience

THG / NUTRITION



MYVITAMINS

MP

MYPROTEIN

exante

MYVEGAN

THG / NUTRITION

The world's largest online sports nutrition brand⁽¹⁾

7.3m+

GLOBAL SOCIAL MEDIA
FOLLOWERS

£660m

SALES FY 2021
+21% YOY
+21% CAGR (2016 – 2021)

7.2m

ACTIVE CUSTOMERS
+0.9m YOY

13.9m

CUSTOMER ORDERS
+1.6m YOY

MYPROTEIN
RANKED #1
ACROSS ALL
PURCHASE DRIVERS
IN UK MARKET⁽²⁾

£46

AOV 2021
-£1 YOY

84%

REPEAT RATE⁽³⁾
+2 ppt YOY

>65%

OF HOUSEHOLDS CATERED
FOR (VS 20% FOR SPORTS
NUTRITION)⁽⁴⁾

>200

NEW SKUS
LAUNCHED IN 2021

Note: (1) Company belief based on FY21 revenue, (2) Leading global management consultancy, (3) Online revenue from returning customers. Myprotein only, (4) Leading global management consultancy,

Strong market proposition with increasing Brand Awareness in major markets

Myprotein one of the top 3 in Brand Awareness scores in 10 of our top 12 markets

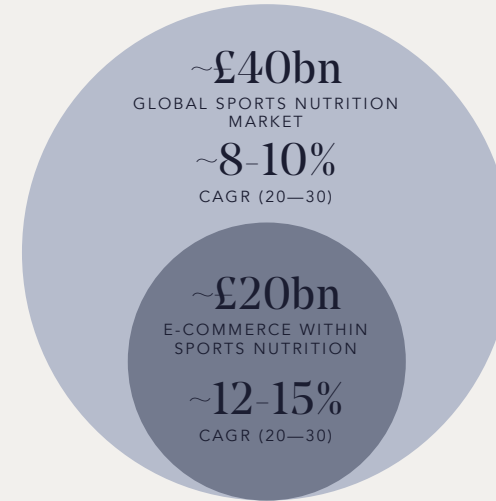
Of consumers with Brand Awareness...

- In the top 3 in Brand Consideration scores in 10 of our top 12 markets
- In the top 3 in Favourite / Preferred Brand scores in 10 of our top 12 markets
- In the top 3 brands in representing Good Value in 11 of our top 12 markets
- In the top 3 brands in Brand Affinity (the extent to which consumers like a brand) in 10 of our top 12 markets

Source: Myprotein consumer survey November 2021 [N=9,248]

Sports nutrition market sold via e-commerce expected to grow 3-4x by 2030

2030 vs 2020



In-house manufacturing provides THG Nutrition with a highly advantaged business model

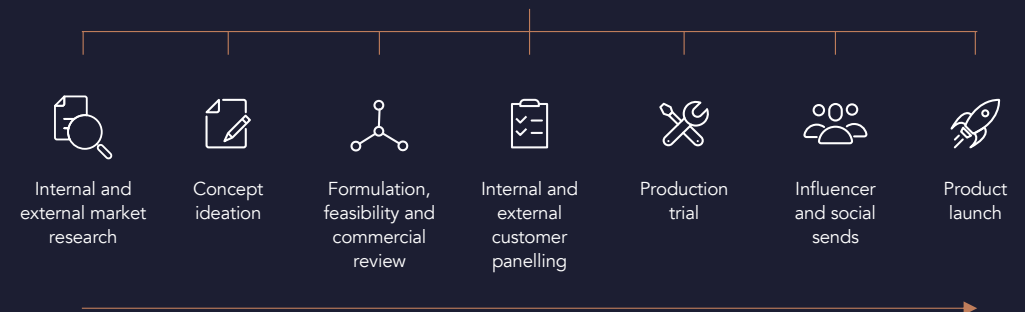
- New product innovation informed by millions of daily demand insights from THG Nutrition's active customer base
- THG has the capabilities to produce supplements, bars, vitamins, drinks and flavours in-house, accounting for >80%⁽¹⁾ of revenue, through a network of manufacturing facilities in the UK, US and Europe
- NPD timeline shortened from c.12-15 months to c.6-9 months with a focus on sustainable ingredients, packaging and processes
- Retail listings for Myprotein bars, foods & snacks in 3 of the UK's largest grocers, ensuring a strong presence within the convenience sector to complement our digital offering

Innovation update:

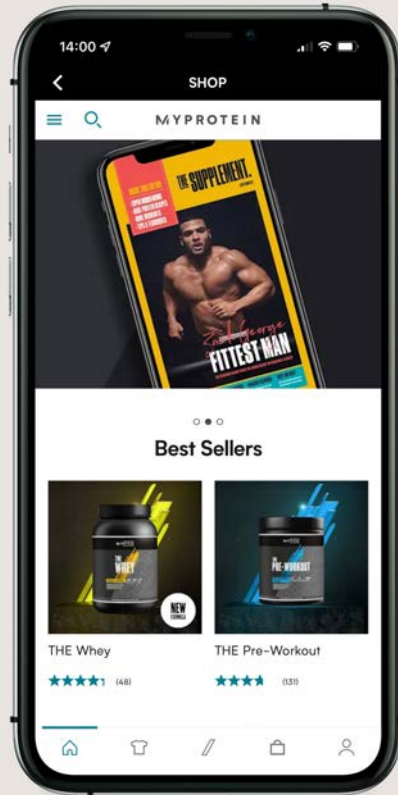
- **Claremont** - 20+ flavours matched and improved across the existing range
- **Berryman's** – New range of vitamin enhanced, BCAA energy & sparkling vegan protein drinks – contributing to triple digit growth in the RTD category
- **Brighter Foods** - Two new Myprotein bars launched in 2021, with more than 10 bars in active development



FUNCTIONS MANAGED IN-HOUSE BY THG NUTRITION

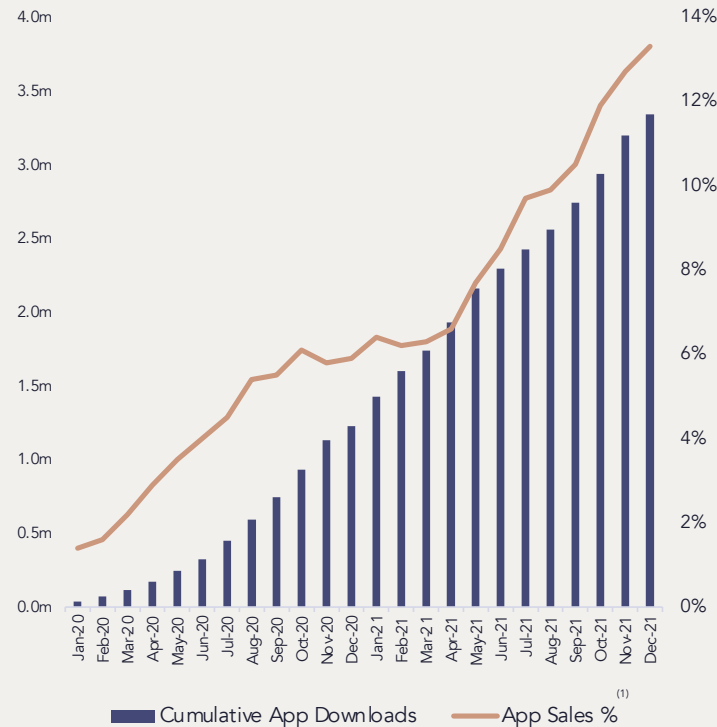


App launched in early 2020



Myprotein's apps are driving higher customer value

Leading to higher engagement and improved AOVs



+7% Higher AOV for app users than website users⁽²⁾

-14% Time between orders⁽³⁾

2.6x Higher return on push notifications versus email⁽⁴⁾

+20% Customer lifetime value vs. non-app channels⁽⁵⁾

(1) % of Myprotein online sales (2) For new customers acquired via app vs. website (3) For existing customers vs. website (4) Revenue per send based on last click revenue from email and push notifications (5) For new customers acquired via the app vs. website

THG / INGENUITY

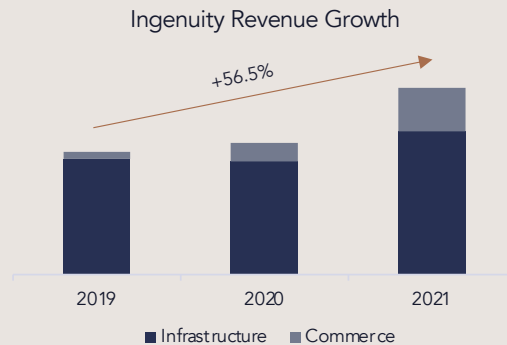
“To deliver an enterprise-grade end-to-end solution for international ecommerce, powering the Direct to Consumer technology, infrastructure and proposition for brands to launch and scale into new markets across the globe”

Ingenuity Commerce:

- End-to-end technology services charged to 3rd party brand owners and retailers across a broad cross-section of categories, across major geographies for digital commerce solutions.
- Multi-year contracts (3-10 years), highly profitable and cash generative

Ingenuity Infrastructure services:

- Delivering key services to THG own brands (not currently charged) and Ingenuity clients at scale and with best-in-class know-how
- Services charged as a single service to 3rd parties: Hosting; Translation; Manufacturing; THG (eco) (e.g. recycling)

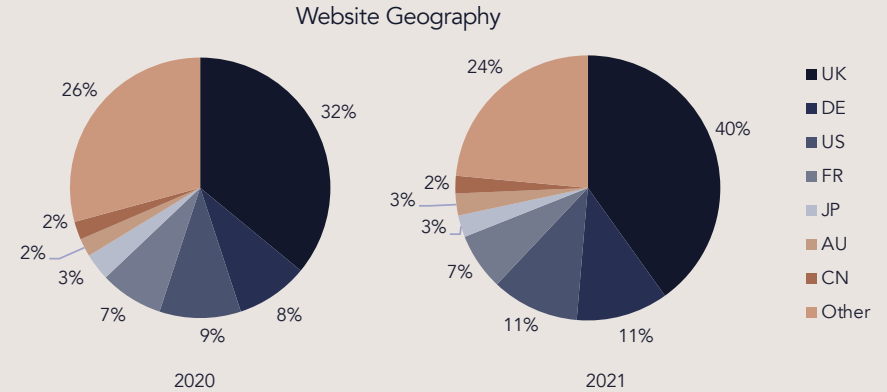
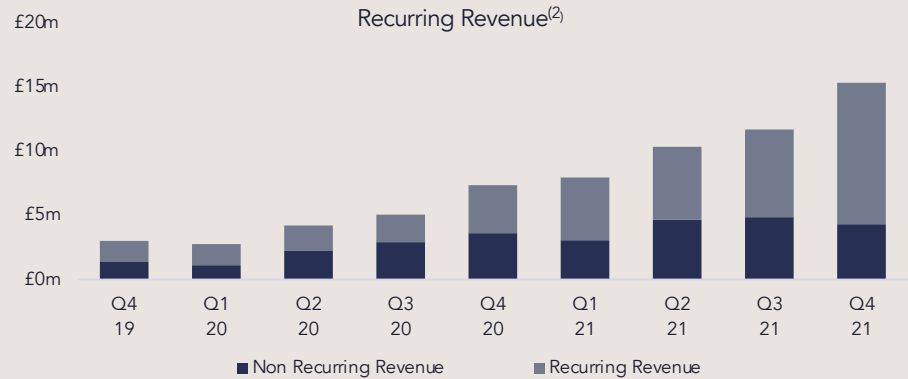
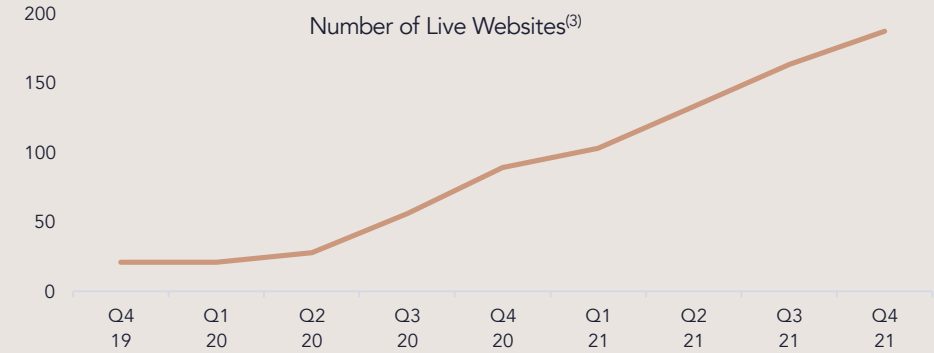
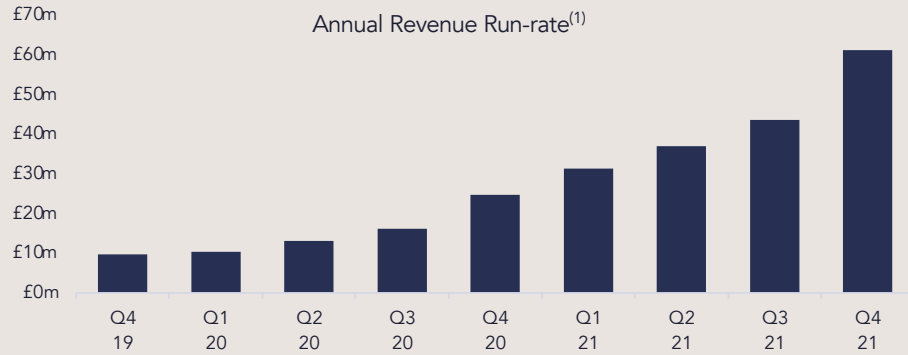


THG Ingenuity Model Overview – A Business in a Box

FY 2021 Sales £194.3m



Highly recurring revenue with a growing international presence, strong order book visibility



⁽¹⁾ Annual revenue run-rate comprises quarterly recurring revenue and trailing 12 month non-recurring revenue. ⁽²⁾ Recurring revenue: Platform license fee, GMV linked service fees, managed service fees, revenue share, content retainers and partnership marketing campaigns. Non Recurring revenue (incurred within a Commerce contract): Site Build Fees, Partnership Integration Fees, Translation Fees and Content Fees. ⁽³⁾ Websites relate to bundled digital services relating to the launch, trading, marketing and fulfilment and support of websites.

Our Growth is supported by a Global Infrastructure Network...

MAP KEY:

- Production Site
- Fulfilment Site
- Content Production Office
- Luxury Hotel / Spa
- Hosting Locations

North America:

- Vancouver, Canada
- Toronto, Canada
- Montreal, Canada
- Washington, DC, USA
- New York City, USA
- Chicago, USA
- Los Angeles, USA
- Seattle, USA
- Miami, USA
- California, USA
- Phoenix, USA
- Salt Lake City, USA
- Nevada, USA
- Texas, USA
- Atlanta, USA
- Dallas, USA
- Kentucky, USA
- Indiana, USA
- San Jose, USA
- New Jersey, USA
- Orlando, USA
- Queretaro, Mexico

South America:

- São Paulo, Brazil
- Chile

Europe:

- Oslo, Norway
- Paris, France
- Berlin, Germany
- Frankfurt, Germany
- Stockholm, Sweden
- Lviv, Ukraine
- Amsterdam, Netherlands
- Milan, Italy
- Wroclaw, Poland

U.K:

- London, UK
- Luton, UK
- Manchester, UK
- Warrington, UK
- Newcastle, UK
- Hale, UK
- Frome, UK
- Guernsey (British Isles)
- Northwich, UK
- Tywyn, UK
- Blackpool, UK

Middle East:

- Dubai, UAE

Asia:

- Delhi, India
- Chennai, India
- Tokyo, Japan
- Seoul, South Korea
- Ningbo, China
- Hong Kong
- Singapore

Australasia:

- Sydney, Australia
- Melbourne, Australia



9

Production Facilities

18

Warehousing & Fulfilment Sites

32

Data Centres

50+

Local & Global Payment Methods

195

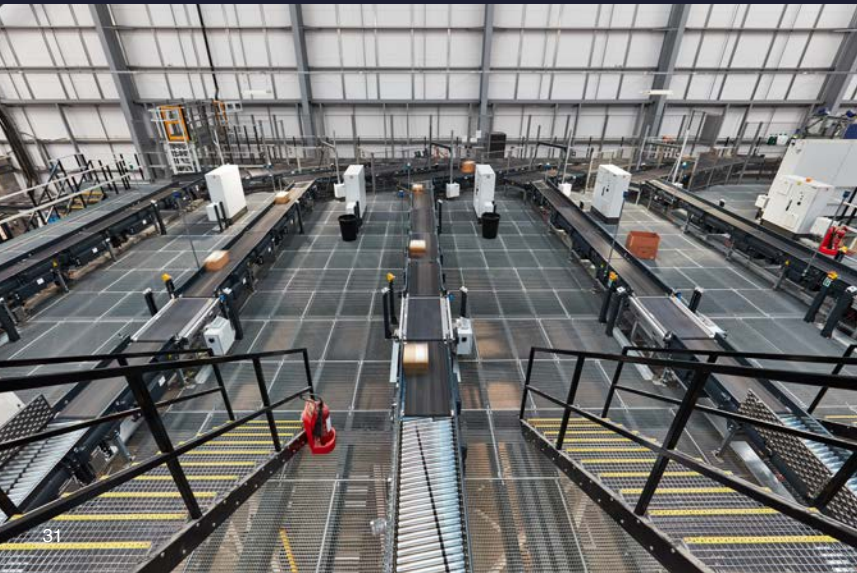
Shipping Destinations

200+

Courier Services Integrated

Extending Global Footprint

- Significant investment well progressed in fulfilment and manufacturing capacity across UK, Europe, US and Asia
- Over 60% delivered by Q1 2022
- Doubling GMV capacity to nearly £14bn
- Options to further extend in US and Asia
- Capacity to grow THG brands and facilitate Ingenuity growth in major markets



THG New Jersey

- 350k sq ft automated facility opened in Q1 2022 (automation in 2023)
- A key piece in the Group's US infrastructure enabling delivery to 94% of Zipcodes⁽¹⁾ in 2 days on a standard service
- Supports optimal east coast fulfilment and medium-term growth

THG Melbourne

- 320k sq. ft., almost 5 times the size of the previous Australia site
- Daily outbound capacity has increased from 40k units/day to 135k units/day, with potential to further increase this offering in line with future demand growth
- Estimated 85% same day dispatch compared to 70% in 2021 due to investment in operational hours
- 14 months project to first dispatch, shortening average delivery times from 10 days (via UK) to 3 days

THG Poland Extension

- 150 sq ft extension to existing facility under construction
- Pill, snacks and capsule manufacturing launched in 2021

⁽¹⁾Eligible Zipcodes having at least 1 shipment being delivered within 2 days of customers ordering with tracked delivery at checkout.

UK Automation Cost Per Unit ('CPU') benefits



FY 2021 Investment

- Substantial additional capacity delivered across the UK network
- Operating cost levels maintained through investment in automation offsetting the rising labour cost base and capacity cost
- Total UK network CPU for 2022 is expected to remain constant this year

ICON 2 (Manchester)

- Majority of savings in UK through AutoStore automation launched in September 2021
- Over £40m invested in Category B fit out and automation
- GMV capacity of >£2.5bn, with option to extend to c.£5bn
- 24-month payback on capex investment

FY 2022 Investment

- Q1 2022 Dermstore integration into the US network from current 3rd party logistics footprint, with savings driven by superior courier rates
- Cult Beauty integration into ICON 2 UK in Q1 2022 completed in 4 weeks

6

New warehouse added to the network in 2021

>58%

Total UK volume expected to be processed through ICON 2 in 2022

c.43m

Dispatch unit volume in ICON 2

Strategic Priorities

Global fulfilment solutions



THG Ingenuity - Fulfilment only solutions

THG Ingenuity's Global Fulfilment solution encompasses every aspect of international order processing, tracking and delivery into territories across the globe

- Warehousing and distribution
 - Manual or automated solutions
- Voyager - Warehouse Management System SaaS solution
 - THG's proprietary solution has the flexibility to integrate into third party warehouses
 - Receiving and reporting model, flexible replenishment and efficient fulfilment mechanism
- Cross-border ecommerce
 - Localised solutions
 - Adapting to local practices and regulatory requirements
- THG Delivered
 - Brand tailored system for order management
 - Global courier platform
- FIR/ST - Fulfilment Inventory Retrieval System Technology
 - Partnership combining Voyager, with AutoStore's AS/RS Warehouse Grid and robotics order fulfilment technology
 - Solution for ecommerce retailers and global brands

Marketing & Influencers



THG Society - Leveraging influencer marketing to...



Reach new markets



Expand share of voice



Increase brand awareness



Develop a passionate community and fuel trust



Generate sales through product promotion to a relevant audience



Optimise marketing spend

THG Society is THG Ingenuity's 360 influencer marketing solution - behind the global growth of THG's own brands

Our data driven methodologies combined with a tried and tested process, enable our brands to reach customers across the globe

THG Society can run cross market influencer campaigns on behalf of brands, offering a 360 solution from campaign design, creation, execution right through to reporting and payments

In 2021 THG Society continued to expand both its product offering and client base. More and more brands are partnering with THG Society to execute influencer content campaigns, underpinned by our proprietary campaign management and data platform

THG / Marketing - Growing sales efficiently

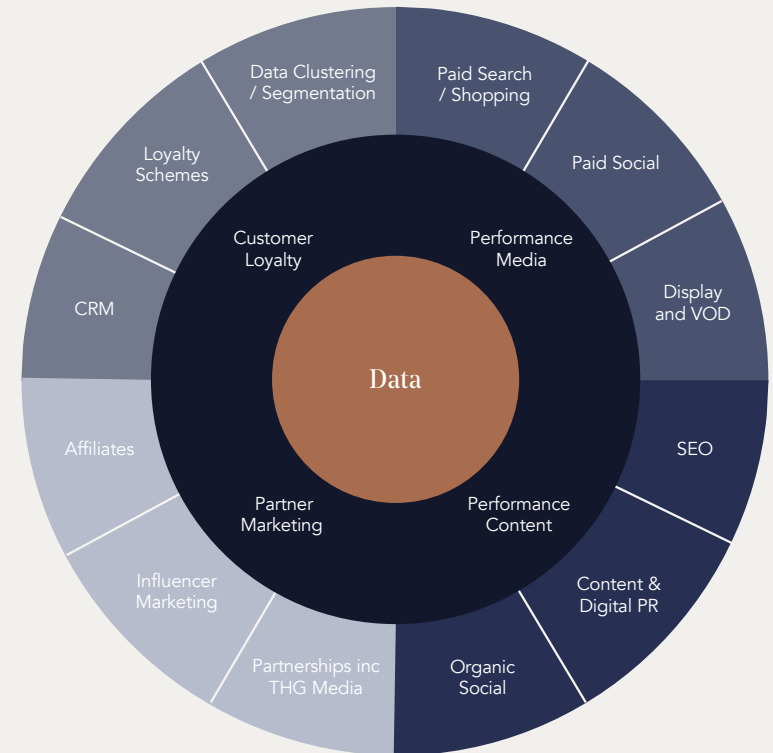
- Finding the best route to market - acquiring, engaging and retaining customers. Unlocking growth through a digital channel mix optimised for the full customer journey
- Powered by an ecosystem of proprietary built marketing technology combined with an ever-growing list of best-in-class MarTech partners

THG / Precision - Dedicated performance marketing division

- 1st party data ecosystem fully integrated into both THG and Partner platform stack across all key partners
- Ongoing assessment of website performance using web analytics tools and marketing ROI enables an agile and efficient approach

THG / Media - Where commerce meets content

- THG Ingenuity's advertising solution, offering clients the opportunity to partner with our brands across our vast network to reach audiences and elevate awareness
- Partnering with brands and third parties to create unique campaigns across THG Media real-estate (digital magazines etc) to accelerate brand growth
- Campaigns run in collaboration with brand partners include; on-site exposure, email, events, magazines, packaging inserts, search optimisation, content co-creation and paid media campaigns
- Strategic priority to continue to build out the platform's capability, with the addition of sponsored advertisement and search, giving new avenues for partners to engage more deeply with consumers, in addition to driving incremental revenue



THG

Q1 2022 Trading Update
Outlook and Guidance

Q1 2022 Highlights

- Revenue growth of +17.2% YoY and +87.9% over a 2-year period, a strong result considering the particularly challenging comparable global lockdown period in 2021, with the long-term trend towards e-commerce continuing to support new customer acquisition and retention

Key Priorities

- Deliver continued revenue growth of +22% to +25% (CCY) on FY 2021, before the c.1.0% revenue impact of Russia / Ukraine
- Investment across the operating network, marketing ecosystem and technology platform, balancing inflationary pressures which remain elevated in the first half

Revenue by division

£'m	Q1 2022	Q1 2021	YoY Growth	YoY Growth CCY	2 Yr Growth	2 Yr Growth CCY
THG Beauty	264.7	220.8	+19.9%	+19.7%	+128.3%	+131.3%
THG Nutrition	160.6	146.3	+9.8%	+12.6%	+45.0%	+50.1%
THG Ingenuity	51.9	40.4	+28.6%	+28.1%	+62.2%	+63.9%
THG OnDemand	25.5	26.4	-3.7%	-3.6%	+106.0%	+107.7%
Other	17.6	13.4	+31.0%	+32.8%	+50.5%	+50.8%
Group Revenue	520.2	447.3	+16.3%	+17.2%	+84.0%	+87.9%
<i>Ingenuity Commerce Revenue</i>	<i>11.8</i>	<i>7.9</i>	<i>+47.9%</i>	<i>+47.9%</i>	<i>+326.1%</i>	<i>+326.1%</i>

Note: Above numbers and table subject to rounding. Any reference to revenue growth throughout this document is on a constant currency basis ("CCY") - removing fluctuations arising from translation of foreign exchange by restating prior year numbers at current year exchange rates.

Outlook and Guidance

- The full year effect of anticipated improvements primarily expected in the second half across whey commodity prices, business model efficiencies driving improved operating leverage and increased Ingenuity Commerce revenues, all support continued margin recovery in 2023 and a return to 9.0% to 10.0% adjusted EBITDA in the medium-term
- Significant operating investments made in talent, technology and infrastructure, provide operational leverage for the Group to confidently rebuild towards historical adjusted EBITDA margins
- This includes the extension of our vertical integration strategy through in-housing production of own-brand beauty and nutrition ranges

	FY 2022	Medium-Term
Revenue growth* (%)	c.22.0% - 25.0%	c.20.0% – 25.0%
Adj. EBITDA** margin (%)	c.6.0%	c.9.0% - 10.0%
Net finance costs (incl leases)	c.£100.0m	c.£75.0m
Total capex % of revenue	c.7.0% - 8.0%	c.5.5% – 6.5%
Leverage ***	<1.0x net debt	Neutral

* Revenue growth is on a constant currency basis ("CCY"), and is before the impact of the Russia/Ukraine expect to be c 1 %pt

**Adjusted EBITDA is defined as operating profit before depreciation, amortisation and adjusted items.

*** Leverage is defined as Net Cash/Debt (before leases) to Adjusted EBITDA

Note: Above numbers and table subject to rounding. Any reference to revenue growth throughout this document is on a constant currency basis ("CCY") - removing fluctuations arising from translation of foreign exchange by restating prior year numbers at current year exchange rates.

Preliminary FY 2021 Results & Q1 2022 Trading Update Summary

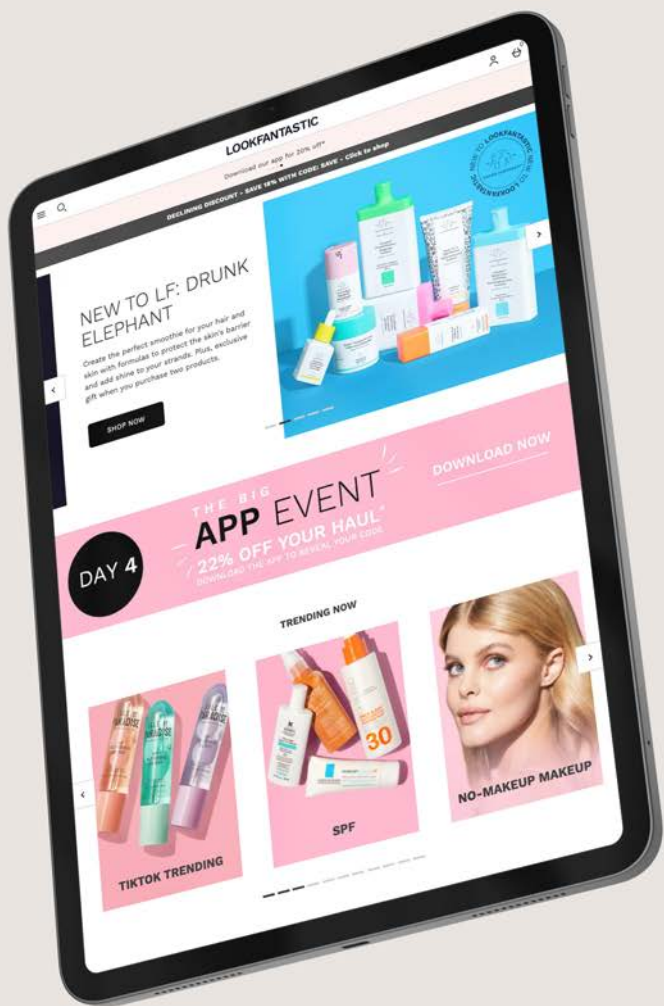
- Record financial performance with Group revenue of £2.2bn, +38.1% YoY. On a 2 year basis, sales growth of 95.1% across all business units
- All divisions delivered organic growth against challenging comparatives during FY 2021
- Strong liquidity available through over £530m of cash and c.£170m undrawn revolving credit facility
- THG remains well-positioned to capitalise on the long-term trend towards e-commerce, notwithstanding the macro landscape
- Responding to inflation with cost discipline and pricing reviews
- A strong start to FY 2022 considering the particularly challenging comparable global lockdown period



Thank you

Appendix





APPENDIX

Non-financial KPIs

	2021	2020	2019
<i>THG Ingenuity</i>			
Number of websites ⁽¹⁾	187	89	21
<i>THG Beauty⁽²⁾</i>			
Active customers (millions) ⁽³⁾	9.2	6.9	4.1
Number of orders (millions) ⁽⁴⁾	17.1	13.1	8.3
Average order value (£) ⁽⁵⁾	60	55	51
<i>THG Nutrition</i>			
Active customers (millions)	7.2	6.3	4.3
Number of orders (millions)	13.9	12.3	8.7
Average order value (£)	46	47	48

¹Number of websites defined as website with a specific domain name/URL

²THG Beauty metrics exclude Glossybox beauty subscriptions

³Active customers is defined as customers who have purchased at least once within the period

⁴Number of orders is defined as orders fulfilled within the period

⁵Average Order Value is defined as the average order value per customer order on a gross revenue basis, inclusive of any shipping revenue

Glossary

<i>Terms</i>	<i>Meaning</i>
Adjusted EBITDA	means the non-GAAP measure which is defined as Earnings Before Interest, Taxes, Depreciation, and Amortisation and adjusting items
AutoStore	means AutoStore AS, a warehouse robotics company
Bentley	means Bentley Laboratories LLC, an innovative developer and manufacturer of prestige skincare and haircare products that was acquired by THG on 15 June 2021
Berryman	means David Berryman Limited, the fruit based ingredient business that was acquired by THG on 8 December 2020
Brighter	means Brighter Foods Limited, a specialist developer and manufacturer of snack bars that was acquired by THG on 11 May 2021
Board	means the Board of Directors of the Company (or its subsidiaries as the context may require from time to time)
Claremont	means Claremont Limited, UK's leading independent flavour manufacturing and development laboratory for sports nutrition and beverages that was acquired by THG on 10 December 2020
Covid-19	means the disease caused by Severe Acute Respiratory Syndrome Coronavirus 2, which is responsible for the ongoing global pandemic that has impacted the Company's operations
Cult Beauty	means Cult Beauty Limited, the UK based online beauty retailer of prestige and emerging independent brands that was acquired by THG on 3 August 2021
Dermstore	means Dermstore LLC, the pure play online prestige skincare business that was acquired by THG on 2 February 2021
GMV	means Gross Merchandise Value
Icon Technology campus	means the Manchester ICON Technology Campus
MarTech	means Marketing Technology
THG (eco)	means the Company's sustainability solutions division

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PRELIMINARY FY 2021 RESULTS



Preliminary FY 2021 Results
Q1 2022 Trading Update