TEMPLE & WEBSTER

FY24 Investor Presentation

Mark Coulter CEO
Mark Tayler CFO

FY24 delivered ~$500m in revenue, up yoy 26%, on track to our $1b+ target

Overview

- Australia's leading pure-play online retailer for furniture and homewares[1]
- TPW market share of the total Furniture & Homewares market is now 2.3%[2], up 31% year on year ('yoy')
- Profitable, cash flow generative and funded for growth
- Generative AI delivering material conversion and CODB gains

Strong revenue growth in F24 and leading into FY25

- FY24 revenue up 26% year on year to $498m
- Strong growth despite cyclical headwinds
- FY25 continues to trade well, with growth of 26%[3] yoy (YTD to Aug 11)

EBITDA (pre-one-off costs)[4] at the top end of guidance

- Profitable, asset light model driving +$25m in free cash flow ('FCF')[5]
- EBITDA result of 2.6%, within our target 1-3% range (excludes one-off costs, see page 12)
- All margins within or above target ranges

On track to reach $1b+ sales

- On track to reach mid-term goal of $1b+ in revenue
- Closing cash of $116m, no debt, fully funded to execute on growth plans

FY24 Revenue

$498m

FY24 EBITDA
(pre-one-off costs)[4]

$13.1m

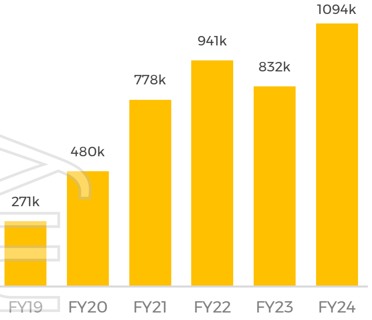
Cash Balance at 30 June 2024

$116m

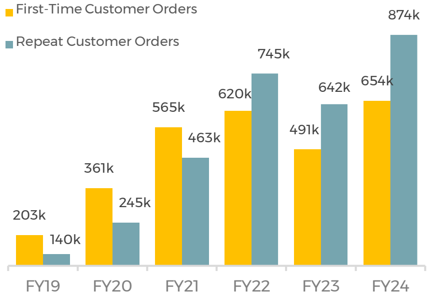
[1]Source: IBISWorld Industry Reports: OD4176 Online Household Furniture Sales in Australia, OD4174 Online Home Furnishing Sales in Australia
[2]Source: ABS 8501.0 Retail Trade, Australia (2024)
[3]Revenue growth is based on checkout revenue which is pre-accounting adjustments (deferred revenue and refund provision).
[4]EBITDA is a non IFRS measure and is calculated by adding depreciation and amortisation, finance costs and interest income to profit before tax. The above result excludes one-off costs pertaining to a write-down of the Renovai investment (see pages 9 and 12)
[5]FCF refer to net cash flow pre-financing and investing activities (share buyback outflows and investment in Renovai)

FY24 Key Performance Indicators

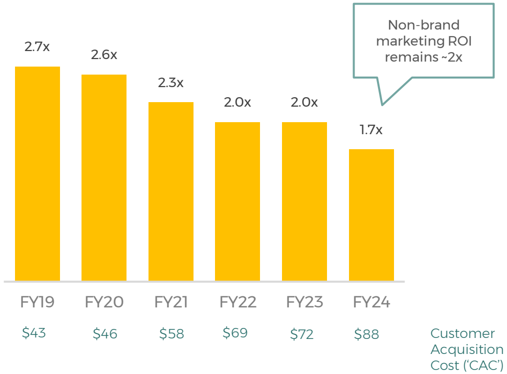
RECORD ACTIVE CUSTOMERS[1]



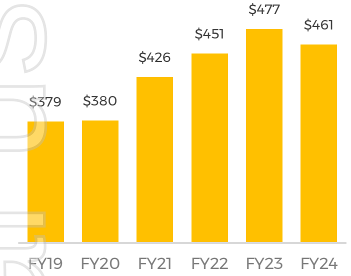
ORDERS FROM BOTH REPEAT[2] & NEW CUSTOMERS GROWING STRONGLY



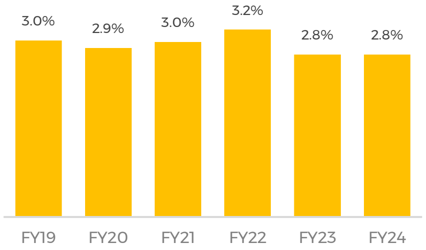
12-MONTH MARKETING ROI[3] IN LINE WITH EXPECTATIONS



REVENUE PER ACTIVE CUSTOMER[4] DOWN ~3%, DUE TO A ~5% DECREASE IN AVERAGE ORDER VALUE, OFFSET BY GROWTH IN REPEAT RATE

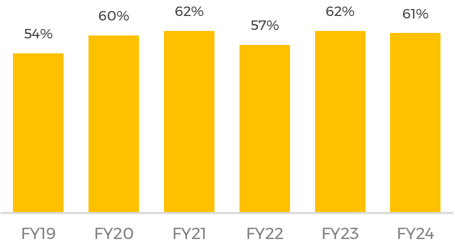


AVERAGE CONVERSION[5] RATE REMAINS HIGH VS OUR INDUSTRY PEERS[6]



MAINTAINING STRONG CUSTOMER SATISFACTION

Net Promoter Score = Score from -100% to 100%



[1] Active customers are the number of all unique customers who have transacted in the last twelve months ('LTM').

[2] As disclosed in the FY24 half year presentation, the repeat customer order numbers for FY22 and FY23 have been revised as they were previously understated.

[3] Marketing ROI = Margin $ / CAC

Margin = Revenue per active customer as at 30 June 2024 x delivered margin % for FY24

CAC = Total marketing spend for FY24 x 74% (being the estimated percentage of marketing spent on new customer acquisition, i.e., excludes estimated spend on repeat customers) divided by the number of first-time customers during the period

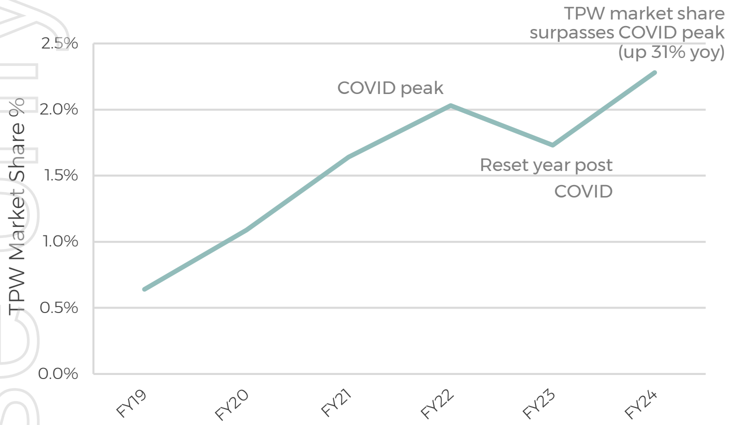
[4] Revenue per active customer = Last 12 months net revenue (excluding deferred revenue accounting adjustments) divided by active customers.

[5] Average conversion rate is the total number of purchases divided by the total number of monthly users. Sourced from Google Analytics.

[6] Sourced from Similar Web – purely used for benchmarking purposes.

Our business model is driving market share gains

TPW share of the total Australian Furniture and Homewares market[1]



Growth & market share gains driven by:

- We have one of the **best and largest ranges** of **quality furniture & homewares items**
- As an online-only retailer we can offer **better prices and great value** to our customers
- Our **flexible supply chain** lets us rapidly switch to growth categories, e.g. home office
- **Temple & Webster is a loved brand,** with high product review ratings and customer satisfaction scores
- **Core competitive strengths** around sourcing, data/tech, AI, logistics, content & marketing

[1] *Source: ABS 8501.0 Retail Trade, Australia (2024) to calculate total market.*

Our strategy is to take advantage of a "once in a generation" structural change to build a platform for growth

We believe that now is the time to accelerate our market share growth, with the ultimate goal of becoming the largest retailer of furniture & homewares in Australia

- **The category is undergoing a "once in a generation" shift from offline to online** — Millennials/Gen Z cohort are driving online channel adoption. Australian online penetration for Furniture & Homewares at ~20%[1], lags other geographies (e.g., US and UK), and other higher penetrated categories
- **We are the largest online-only retailer in the category[2] (34% CAGR since 2017)** — At $498m in revenue (FY24), we have overtaken the majority of our competitors[2], and have the resources and scale to increase our market share
- **Our competitive advantages improve with scale, further increasing our lead** — As we get bigger our core customer proposition improves around the breadth and depth of our range, pricing, data/personalisation, content, service and delivery experience
- **Asset light model, fully funded to execute on organic and inorganic growth plans** — We have +$100m of cash, no debt, an asset light model and are profitable, unit economics will continue to improve as we scale
- **We are building a platform for growth to capture adjacent growth opportunities** — We are leveraging capabilities we have built for our core Australian B2C Furniture & Homewares business, including sourcing, logistics, AI/Data, digital marketing & content creation, to expand into adjacent markets and categories (e.g. B2B and Home Improvement)

[1] Source: Euromonitor 2024 Home and Garden for CY23
[2] Source: IBISWorld Industry Reports: OD4176 Online Household Furniture Sales in Australia, OD4174 Online Home Furnishing Sales in Australia

On track to reach our mid-term goal of $1b+ in annual sales

	FY23	FY24	Mid-Term[1]	Commentary/Assumptions
Core business: B2C Furniture & Homewares Revenue	$335m	$424m	>$800m	• **Total market (online & offline):** Although there are some tailwinds (e.g., immigration), assuming the market remains at its FY23 ~$19b[2] size, TPW market share grows from 2.3% to 4.2% • ***Alternative online-only view:*** *Market grows from 18% penetration in FY23 to 28% as millennials become the largest spending cohort in the category (in line with the US/UK at 27-28%[3]); TPW online market share grows from 10% to 15%*
	+	+	+	
Current (B2B/Home Improvement) and future growth plays	$61m	$74m	>$200m	• Growth from both current and future growth plays • Significantly increases the Group's Total Addressable Market • Adds further revenue diversification to the Group • Growth plays will leverage core capabilities of the Group while adding scale
	=	=	=	
TPW Group Revenue	**$396m**	**$498m**	**$1b+**	• **Growth rate will be commensurate with our speed of execution**

[1]*Mid-term implies 3-5 years from FY23*
[2]*Excludes Trade & Commercial and Home Improvement Source: ABS 8501.0 Retail Trade, Australia (2023)*
[3]*Source: Euromonitor 2023 Home and Garden for CY22*

Our strategic plan

OUR VISION

To make the world more beautiful, one room at a time

CUSTOMER PROMISE

We want to be famous for having the best range in our category, the most inspirational content and services and a great delivery & customer service experience

OUR MID-TERM[1] STRATEGIC GOALS

01 **Become the top-of-mind brand in the category**

02 **Majority of revenue from exclusive products**

03 **Leading capabilities around data, AI & technology**

04 **Lower fixed cost % to obtain a price and margin advantage**

05 **Build scale through adjacent growth plays**

OUR GOAL

To be the largest furniture & homewares retailer, and the first place Australians turn to when shopping for their homes

[1]Mid-term implies 3-5 years from FY23

Update on our strategic goals

Ahead of target — On target — In progress

01 Become the top-of-mind brand in the category

- FY24 was a year of experimentation (at scale) to get a statistically significant read on the benefit of adding incremental marketing channels (TV, online video, OOH, audio, print, cinema and paid social)
- Good growth in direct, and branded search traffic; however unprompted brand awareness remains <10%[1] ,
- Media mix modelling currently in place; recommendations due H1 FY25; optimised campaigns to roll out H2 FY25

02 Majority of revenue from exclusive products

- Revenue from exclusive products grew to 43% of total revenue
- Includes growth in both private label and exclusive drop-ship products
- ~70% of our top 500 selling products are exclusive to Temple & Webster
- AI tools are being tested for data led product design (by our new internal design team)

03 Leading capabilities around data, AI & technology

- Developed our own Generative AI ('Gen AI') solution powering multiple internal and customer-facing solutions
- Added new hires to our internal dedicated AI team, integrating both Gen AI and Machine Learning expertise
- Significant conversion and cost base benefits in place, exceeding expectations, see next page

04 Lower fixed cost % to obtain a price and margin advantage

- Making good progress towards our target of <6% fixed costs as a % of revenue by FY28
- FY24 fixed cost % of 11%[2] compares with 12% in FY23
- Scale will accelerate leverage of cost base

05 Build scale through adjacent growth plays

- Trade & Commercial ('B2B') achieved $45m[3] revenue in FY24 at a 27% growth rate
- FY24 was a year of investing in future capabilities, people, marketing, B2B product ranges
- Home improvement achieved $29m[3] revenue in FY24 revenue at a 26% growth rate
- 2 websites (T&W and The Build) consolidated into 1 (T&W), improving focus and profitability

1. Lucid (Hub Consulting) Temple & Webster Brand Tracker - June 2024
2. Excludes one-off costs in FY24. Refer to page 12 for further details
3. Revenue is based on net revenue (excluding deferred revenue accounting adjustments)

Data, AI & technology is a key differentiator vs our peers

Developing internal AI capabilities

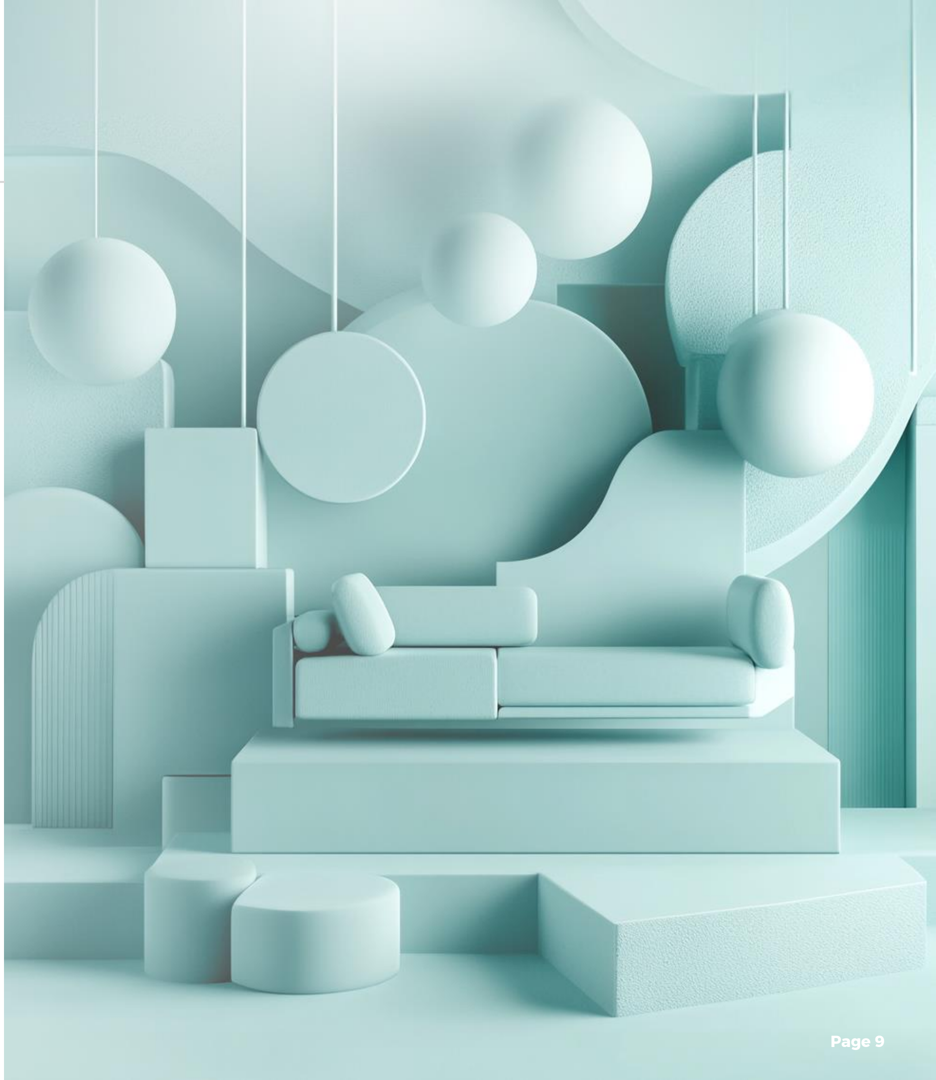
- New hires added to our internal AI team, combining Machine Learning and Gen AI knowledge
- AI R&D function created, focused on experimenting with new Large Language Models and building new disruptive solutions
- These solutions are outperforming external SaaS vendors, driving competitive advantage

Better conversion and experience through App

- App continues to be the fastest-growing platform and highest converting in terms of traffic
- ~900,000 lifetime downloads (iOS and Android)
- 4.8 star rating from 27k+ reviews across iOS and Android app stores

AI "Solutions in a box" already delivering results

- Conversion improvements being driven by product content generation and recommendations (9%[1]) and live chat (3%[1])
- ~40% of customer pre/post sales support interactions now handled by AI and technology resulting in ~$4m in annualised CODB savings
- Internal AI assistant deployed and available for all employees
- All solutions built in-house using same platform-agnostic AI engine, allowing quick deployment of new features and highly extensible
- Roadmap aims to disrupt key retail value chain elements; ranging, pricing, promotion and personalisation



[1] *Statistically significant results from A/B testing using Sitespect*

FY24 Financial Results

Tracking to target as we execute on our strategy

In Aug-23, **we outlined a plan focused on high growth, achieving a mid-term target of $1b+ in annual sales** whilst building on strategic moats of brand, range, AI/data, a low fixed cost base and future growth horizons.

We also outlined a financial profile for FY24 and FY25 to facilitate this plan. This financial profile was predicated on investing 2-3% of revenue into our first significant brand marketing campaign to drive awareness and market share.

FY24 growth and margins were either above or within our target ranges outlined in that plan.

Metric	FY24Targets	FY24 Result	
Revenue Growth	20-36% CAGR	**25.9%**	Mid-point of range
Delivered margin %	30-31%	**31.6%**	Above target range
Customer Service/Merchant Fees	2-3%	**2.1%**	AI gains materialising faster than expected
BAU Contribution margin %	15-17%	**15.9%**	Mid-point of range
Fixed costs %	11-12%	**11.3%**	Down from 12% in FY23
BAU EBITDA %	3-6%	**4.6%**	Mid-point (excludes brand investment)
Marketing Investment %	2-3%	**2%**	Brand investment (TV, online, video, OOH, audio, print, cinema and paid social)
EBITDA %	1-3%	**2.6%**[1]	High end of target range

1 EBITDA (pre-one-off costs) - see reconciliation on page 19

High growth, long term investments, EBITDA at top end of guidance

A$m	FY23	FY24
Revenue	**395.5**	**497.8**
Cost of Sales	(266.6)	(331.8)
Gross Margin	**128.9**	**166.1**
	32.6%	*33.4%*
Distribution	(7.3)	(8.6)
Delivered Margin	**121.7**	**157.4**
	30.8%	*31.6%*
Advertising & Marketing	(48.1)	(77.9)
Customer Service & Merchant Fees	(11.3)	(10.3)
Contribution Margin	**62.3**	**69.3**
	15.8%	*13.9%*
Wages	(29.9)	(36.8)
Other	(14.5)	(15.5)
Adjusted EBITDA	**17.9**	**17.0**
	4.5%	*3.4%*
Share Based Payments	(3.1)	(3.9)
EBITDA (pre-one-off costs)	**14.8**	**13.1**
	3.7%	*2.6%*
One-off costs	-	(4.7)
EBITDA	**14.8**	**8.4**
	3.7%	*1.7%*
Depreciation & Amortisation	(5.3)	(5.8)
EBIT	**9.5**	**2.6**
	2.4%	*0.5%*
NPBT	**11.9**	**6.4**
	3.0%	*1.3%*
NPAT	**8.3**	**1.8**
	2.1%	*0.4%*

- **Revenue for FY24 was up 26% vs last year** driven by growth in both repeat and new customers
- This was a particularly strong result given the overall market for furniture and homewares was down ~4%[1] for the year, resulting in **TPW increasing its market share by 31%[1] vs last year**
- **Delivered margin $$'s were up 29% vs last year** led by improved shipping recovery, decreased refunds and replacement costs and mix gains as customers shift spend into lower discretionary/higher margin categories (i.e. bedroom, dining, living room furniture)
- **Customer service costs and merchant fees were down ~30% as a % of revenue** yoy as a result of AI efficiencies
- The Group's first material **brand marketing investment** for the year was ~$10m, **in line with our stated 2-3% of revenue** (actual result was 2%)
- **Contribution $$'s were up 11% vs last year**, even after a significant brand marketing investment

- **Fixed costs as a % of revenue were down from 12% in FY23 to 11% in FY24** as a result of measured fixed cost investments being outpaced by revenue growth
- Given our focus on internal AI efforts at the expense of external vendors (see page 9), we made the decision to write-down our investment in our external AI software associate, Renovai ($4.7m)
- **EBITDA margin of 2.6%** (excluding one-off costs) was **within our stated target range of 1-3%**
- Effective tax rate was higher than historical levels as a result of the Renovai write-down and timing of DTA recognition on share-based option plans

[1]Source: ABS 8501.0 Retail Trade, Australia (year ended 30 June 24 against prior corresponding period)

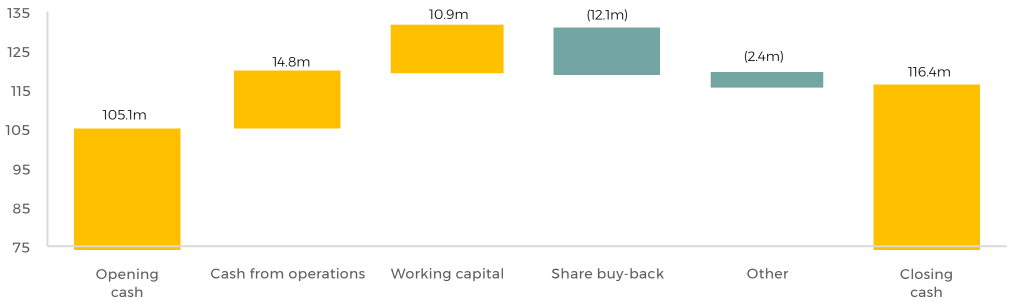
Asset light model delivered +$25m in free cash flow

A$m	30-Jun-23	30-Jun-24
Assets		
Cash & Cash Equivalents	105.1	116.4
Inventories	18.1	26.5
Income tax receivable	0.3	0.0
Other current assets	6.4	5.6
Intangibles, (inc. goodwill)	8.0	8.2
Right-of-use assets	24.6	21.1
PPE	7.0	6.0
Deferred tax assets	18.2	22.8
Investment in Renovai	3.0	0.0
Total Assets	190.8	206.6
Liabilities		
Trade payables	34.2	45.2
Deferred revenue	13.7	21.2
Employee provisions	5.3	5.7
Other provisions	4.8	4.8
Lease liabilities	25.0	22.3
Income tax payable	0.0	0.8
Total Liabilities	83.0	100.1
Net Assets	**107.7**	**106.5**
Equity		
Contributed capital	114.5	101.9
Reserves	9.1	18.7
Retained earnings	(15.9)	(14.1)
Total Equity	**107.7**	**106.5**

- The Group ended with **$116m in cash with no debt**
- **This positions TPW strongly** to take advantage of prevailing market conditions, both positive and weaker conditions
- We remain **fully funded to execute on both organic and inorganic strategies**

The below cash flow waterfall highlights the cash generative nature of the business with FCF of +$25m (before share buyback and other costs[1])

Operating Cash Flow Waterfall



[1] *"Other" cash outflows refer to investment in Renovai*

FY25 financial profile will enable growth and further share gains

FY25

- As previously disclosed, FY25 will include an additional 2-3% of revenue invested into marketing, spread across brand and performance channels to increase awareness and market share
- EBITDA margins to start incrementally building from FY26 towards our long-term EBITDA margin of +15%

Why are we confident in our long-term EBITDA targets?

- The categories we operate in are unbranded, creating naturally higher margins due to lower price comparisons
- Our capital light model means we do not need to invest heavily as we scale
- Leverage on fixed costs and marketing will become more evident as we scale
- Gen AI has the potential to materially disrupt our cost base
- We have delivered EBITDA margins of between 5%-10% earlier in our lifecycle

T&W Group	FY24	FY25	Long Term
Revenue	100%	100%	100%
Delivered Margin (after distribution costs)	**31.6%**	30-32%	**>33%**
Customer service staff & Merchant fees	2.1%	1-3%	<2%
BAU Marketing costs	13.6%	12-13%	<11%
BAU Contribution Margin	15.9%	15-17%	**>20%**
Fixed costs	11.3%	10-12%	<6%
BAU EBITDA Margin	**4.6%**	**3-6%**	**+15%**
FY24/FY25 marketing investment	*2.0%*	*2-3%*	
FY24/FY25 EBITDA Margin inc. marketing investment[1]	*2.6%*	*1-3%*	

Longer-term assumptions

- **Scale benefits with suppliers, private label/exclusive product share increases, improved logistical efficiencies, and AI led pricing**
- **AI has already started to materially disrupt this cost line**
- **Repeat orders to grow from 57% to +80% (which run at a lower marketing cost to first-time)**
- **Scale main driver of leverage, supported by tech/AI**

[1] *EBITDA (pre-one-off costs)*

Trading Update & Outlook

Trading update & outlook

- FY25 has started strongly with revenue from July 1 to August 11 up 26%[1] year on year
- Our customer proposition focused on price, range and convenience continues to resonate with customers who are being impacted by ongoing cost-of-living pressures
- At our mid-term target of $1b+ in annual sales, we believe our strategic moats around our range, being a top-of-mind brand, data & AI capabilities, fixed cost % and new growth plays will be firmly entrenched. At this point we will leverage the significant scale benefits that follow.
- The group's current $30m on-market buyback will continue to improve shareholder returns in the absence of more accretive opportunities, with 0.2m shares bought back at a total cost of $1.8m since the 17th of June 2024
- We remain committed to our goal of becoming Australia's largest retailer of furniture and homewares.

[1] Revenue growth is based on checkout revenue which is pre-accounting adjustments (deferred revenue and refund provision).

Q&A

Appendix

IFRS/EBITDA reconciliation

A$m	FY24
Profit before tax	**6.4**
Adjustments	
Add: Depreciation and amortisation	5.8
Add: Interest on lease liabilities	1.2
Less: Interest income	(5.0)
EBITDA	**8.4**
One-off costs	
Add: Impairment of investment in an associate[1]	1.7
Add: Change in fair value of convertible notes[1]	3.0
EBITDA (pre-one-off costs)	**13.1**

[1] *One-off costs resulting from a write-down of Renovai investment*

Disclaimer

This presentation (Document) has been prepared by Temple & Webster Group Limited ACN 608 595 660 (T&W Group or the Company). This Document is a presentation to provide background information on the Company and its subsidiaries and is not an offer or invitation or recommendation to subscribe for securities nor does it constitute the giving of financial product advice by the Company or any other person. The information in this Document is selective and may not be complete or accurate for your particular purposes.

The Company has prepared this Document based on information available to it to date and the Company is not obliged to update this Document. Certain information in this Document is based on independent third-party research. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this Document. To the maximum extent permitted by law, neither the Company, nor its directors, officers, employees, advisers or agents, nor any other person accepts any liability, including, without limitation, any liability arising from fault, negligence or omission on the part of any person, for any loss or damage arising from the use of this Document or its contents or otherwise arising in connection with it.

This information has been prepared by the Company without taking account of any person's objectives, financial situation or needs and because of that, you should, before acting on any information, consider the appropriateness of the information having regard to your own objectives, financial situation and needs. We suggest that you consult a financial adviser prior to making any investment decision.

This document contains certain “forward-looking statements”. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, event or result “may”, “will”, “can”, “should”, “could”, or “might” occur or be achieved and other similar expressions. These forward-looking statements reflect the current internal projections, expectations or beliefs of the Company based on information currently available to the Company.

Forward-looking statements are, by their nature, subject to a number of risks and uncertainties and are based on a number of estimates and assumptions that are subject to change (and in many cases outside of the control of the Company and its Directors) which may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements. There can be no assurance as to the accuracy or likelihood of fulfillment of any forward-looking statements events or results. You are cautioned not to place undue reliance on forward-looking statements. Additionally, past performance is not a reliable indication of future performance. The Company does not intend, and expressly disclaims any obligation, to update or revise any forward-looking statements.

The information in this Document is only intended for Australian residents. The purpose of this Document is to provide information only. All references to dollars are to Australian dollars unless otherwise stated.

This document may not be reproduced or published, in whole or in part, for any purpose without the prior written consent of T&W Group.

TEMPLE & WEBSTER