

22 August 2024

ASX Compliance
ListingsComplianceSydney@asx.com.au

To whom it may concern

Response to ASX Aware Letter dated 19 August 2024

Temple & Webster Group Ltd (TPW) responds to the above letter as follows.

- Does TPW consider that any measure of its statutory or underlying earnings for the 2024 financial year as disclosed in the Results Announcements ('Results') differed materially from the market's expectations, having regard to the Earnings Guidance?**

In your response, please have regard to ASX's commentary in paragraph 4(a) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.

TPW response:

No. TPW provided EBITDA guidance for the year ending 30 June 2024 (FY24) of 1-3% (as a percentage of revenue) and the result for FY24 of 2.6% excluding one-off costs or 1.7% including one-off costs were both within that range.

TPW refers to its trading update dated 9 May 2024 (**Trading Update**) and notes that, in reference to the Trading Update, ASX has emphasised the words "targeting the mid-point of the range". That statement appears in the final paragraph of the Trading Update. That statement did not modify the EBITDA guidance. In the first paragraph of the Trading Update, the following statement is made: "Full year EBITDA guidance range of 1-3% EBITDA reiterated". There is no doubt that the EBITDA guidance was the range of 1-3% and the FY24 result of 2.6% is within that range. Therefore, the FY24 result did not differ from the market's expectations having regard to the Earnings Guidance.

In any event, it is noted that paragraph 4(a) of section 7.3 of Guidance Note 8 states, relevantly, the following:

"Where an entity has published its earnings guidance as a range rather than a single figure, ASX will generally interpret that as a composite representation that its earnings will not be less than the lower point of the range, nor more than the higher point of the range. Accordingly, the 5%/10% guidance above should be applied by reference to the lower point of the range (in the case of a negative earnings surprise) or the higher point of the range (in the case of a positive earnings surprise)."

TPW considers that, given its FY24 result is within the range of its guidance, there was no earnings surprise.

TPW did not provide any further earnings guidance.

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2. Please explain the basis for the view provided in response to question 1, including details of:

2.1 the Earnings Guidance; and

2.2 the date when TPW first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, the Earnings Guidance.

TPW response:

In relation to question 2.1, please see TPW's response to question 1.

In relation to question 2.2, TPW continued to consider that the FY24 EBITDA result would be within the range of the Earnings Guidance from the date of the Trading Update until 13 August 2024, being the date of the Results Announcements.

3. Does TPW consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and the Earnings Guidance for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of TPW's securities?

Please answer separately for each measure of earnings referred to in the Results.

TPW response:

No

4. If the answer to question 3 is "no", please provide the basis for that view.

TPW response:

In relation to EBITDA, at all relevant times TPW's expected EBITDA was within the range of the Earnings Guidance.

5. If the entity first became aware of the variance before the release of the Results Announcements, did TPW make any announcement prior to the release of the Results Announcements, which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe TPW was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps TPW took to ensure that the information was released promptly and without delay.

TPW response:

As noted above, there was no variance. As a result, this question is not applicable.

6. Please provide details of any other explanation TPW may have for the trading in its securities following the release of the Results Announcements.

As ASX will appreciate, TPW cannot comment definitively as to the factors influencing trading in its shares. However, TPW makes the following observations:

- (a) TPW's shares have previously traded at levels above \$12.24, including as recently as May 2024;
- (b) during the relatively short period between the Trading Update on 9 May 2024 and the Results Announcement on 13 August 2024, global equities markets including the ASX have experienced volatility due to various macro-economic factors;

- (c) market sentiment in relation to retail businesses was arguably weak in the lead up to the Results Announcement;
- (d) the Results Announcements included a number of positive data points which may have given the market confidence that it was appropriate for the TPW share price to return to levels experienced earlier in calendar year 2024, including:
- (i) Revenue growth of 26% for FY24 vs the prior comparison period (pcp) which was against a furniture and homewares market which was down ~4%, equating to over 30% market share gains for the year;
 - (ii) This revenue result was in line with TPW's target range of 20-36% revenue growth as stated in the August-23 results presentation and February-24 results presentation;
 - (iii) Free cash flow generation of over \$25m for the year (excluding buyback and investing activities);
 - (iv) TPW experienced material cost base savings and customer conversion gains throughout the year which were led by generative AI activities;
 - (v) Active customers surpassed 1 million; and
 - (vi) July/August trading remained resilient with revenue up 26% vs the pcp.

7. Please confirm that TPW is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

TPW response:

TPW is in compliance with the Listing Rules, including Listing Rule 3.1.

8. Please confirm that TPW's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TPW with delegated authority from the board to respond to ASX on disclosure matters.

TPW response:

TPW's responses to the questions above have been authorised and approved by the Company Secretary in accordance with TPW's published Price Sensitive Information Policy.

Please do not hesitate to contact me if you have any questions or wish to discuss any of information in this letter.

Yours faithfully

A handwritten signature in black ink that reads "Lisa Jones". The signature is written in a cursive style with a large, looped initial 'L'.

Lisa Jones
Company Secretary
Temple & Webster Group Ltd

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19 August 2024

Reference: 98256

Ms Lisa Jones
Company Secretary
Temple & Webster Group Ltd
Unit 2, 1-7 Unwins Bridge Road
ST PETERS NSW 2044

By email

Dear Ms Jones

Temple & Webster Group Ltd ('TPW'): ASX Aware Letter

ASX refers to the following:

- A. TPW's announcements released on the ASX Market Announcements Platform ('MAP') on 13 August 2024 in connection with its full year results ('Results Announcements'), being:
- 1.1 "Appendix 4E & Financial Report", released on MAP at 8:09 am;
 - 1.2 "FY24 Results, Trading Update & CFO Appointment", released on MAP at 8:09 am; and
 - 1.3 "FY24 Investor Presentation", released on MAP at 8:09 am.
- B. The change in the price of TPW's securities from \$9.50 at the close of trading on 12 August 2024 to a high of \$12.24 on 13 August 2024, following the release of the Results Announcements.
- C. TPW's announcement titled "2023 AGM Presentation" released on MAP on 29 November 2023 at 8.14 am, which disclosed the following:

T&W Group	FY23	FY24/25	Long Term
Revenue	100%	100%	100%
Delivered Margin (after distribution costs)	30.8%	30-31%	>33%
Customer service staff & Merchant fees	2.8%	2-3%	<2%
BAU Marketing costs	12.2%	12%	<11%
BAU Contribution Margin	15.8%	15-17%	>20%
Fixed costs	12.1%	11-12%	<6%
BAU EBITDA Margin	3.7%	3-6%	+15%
<i>FY24/FY25 marketing investment</i>		2-3%	
<i>FY24/FY25 EBITDA Margin inc. marketing investment</i>		1-3%	

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- D. TPW's announcement titled "Trading Update" released on MAP on 9 May 2024 at 8.21 am, in which TPW reaffirmed earnings guidance for the 2024 financial year ('Earnings Guidance'), which stated [emphasis added]:
- "...We reiterate our EBITDA guidance of 1-3%, **targeting the mid-point of the range...**"*
- E. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- F. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*
- G. Section 4.4 in Guidance Note 8: *Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.
- "3.1A Listing Rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following 5 situations applies:*
- It would be a breach of a law to disclose the information;*
 - The information concerns an incomplete proposal or negotiation;*
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - The information is generated for the internal management purposes of the entity; or*
 - The information is a trade secret; and*
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
- 3.1A.3 A reasonable person would not expect the information to be disclosed."*
- I. ASX's policy position on "market sensitive earnings surprises", which is detailed in section 7.3 of Guidance Note 8: *Continuous Disclosure: Listing Rules 3.1 – 3.1B*, which states that:
- "If an entity becomes aware that its earnings for the current reporting period will differ materially (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact. ...*
- ...
- An earnings surprise will need to be disclosed to the market under Listing Rule 3.1 if it is market sensitive – that is, it is of such a magnitude that a reasonable person would expect information about the earnings surprise to have a material effect on the price or value of the entity's securities. ..."*

Request for information

Having regard to the above, ASX asks TPW to respond separately to each of the following questions and requests for information:

1. Does TPW consider that any measure of its statutory or underlying earnings for the 2024 financial year as disclosed in the Results Announcements ('Results') differed materially from the market's expectations, having regard to the Earnings Guidance?

In your response, please have regard to ASX's commentary in paragraph 4(a) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.

2. Please explain the basis for the view provided in response to question 1, including details of:
 - 2.1 the Earnings Guidance; and
 - 2.2 the date when TPW first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, the Earnings Guidance.
3. Does TPW consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and the Earnings Guidance for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of TPW's securities?

Please answer separately for each measure of earnings referred to in the Results.

4. If the answer to question 3 is "no", please provide the basis for that view.
5. If the entity first became aware of the variance before the release of the Results Announcements, did TPW make any announcement prior to the release of the Results Announcements, which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe TPW was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps TPW took to ensure that the information was released promptly and without delay.
6. Please provide details of any other explanation TPW may have for the trading in its securities following the release of the Results Announcements.
7. Please confirm that TPW is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
8. Please confirm that TPW's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TPW with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4:00 PM AEST on Thursday, 22 August 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, TPW's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out above and may require TPW to request a trading halt immediately if trading in TPW's securities is not already halted or suspended.

Your response should be sent by e-mail to **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on MAP.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in TPW's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to TPW's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that TPW's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Regards

ASX Compliance