

TEMPLE &
WEBSTER

FY24

Annual General Meeting

28 OCTOBER 2024



TPW's Acknowledgement of Country

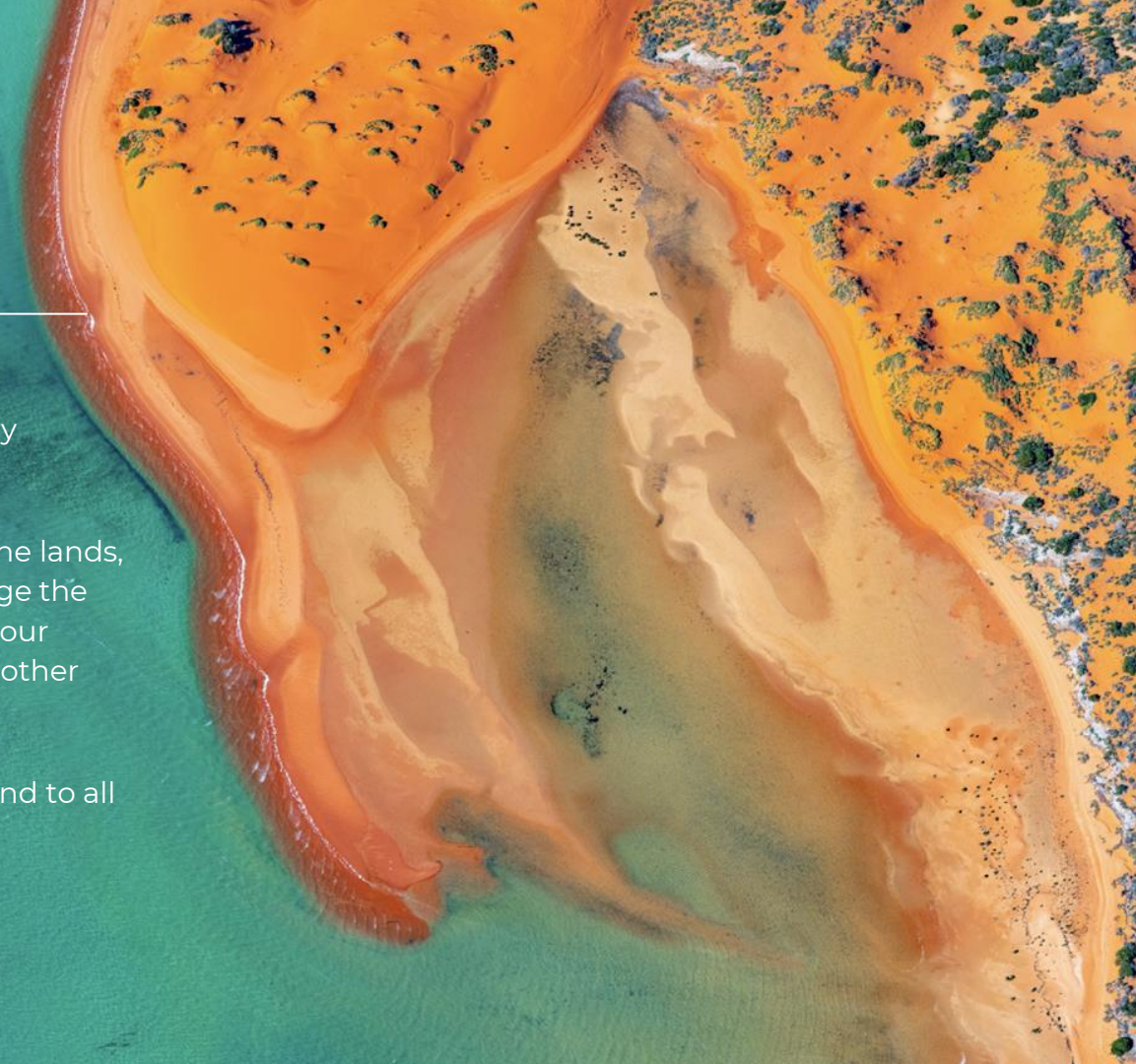
Temple & Webster Group acknowledges the Traditional Owners and Custodians of Country throughout Australia.

We recognise their enduring connection to the lands, the waterways, and the skies. We acknowledge the Gadigal and Wangal people, on whose lands our corporate head office is located, as well as all other First Nation Countries we operate across.

We pay our respects to Elders past, present and to all Aboriginal and Torres Strait Islander peoples.

Malkana Country
Francois Peron National Park, WA

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Chair's report

Stephen Heath



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 homewares¹
- 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)
- 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

¹Source: IBISWorld Industry Reports: OD4176 Online Household Furniture Sales in Australia, OD4174 Online Home Furnishing Sales in Australia

²Source: ABS 8501.0 Retail Trade, Australia (2024)

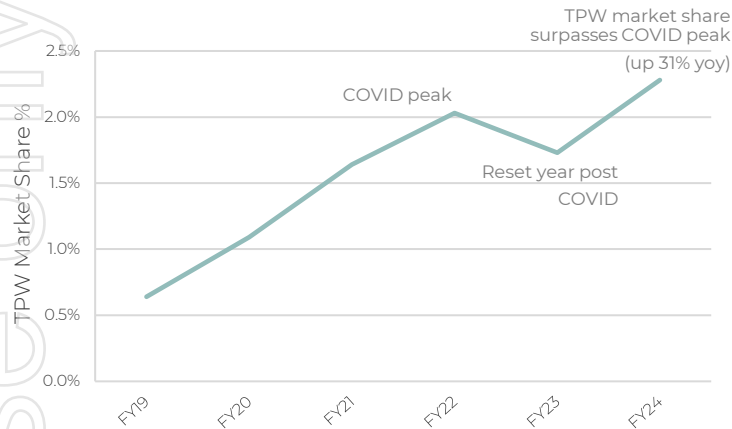
³Revenue growth is based on checkout revenue which is pre-accounting adjustments (deferred revenue and refund provision)

⁴EBITDA 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)

⁵FCF refer to net cash flow pre-financing and investing activities (share buyback outflows and investment in Renovai)

Our business model is driving market share gains

TPW share of the total Australian Furniture and Homewares market¹



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

¹Source: 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 category² (34% CAGR since 2017)**

At \$498m in revenue (FY24), we have overtaken the majority of our competitors², 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)

¹Source: Euromonitor 2024 Home and Garden for CY23

²Source: IBISWorld Industry Reports: OD4176 Online Household Furniture Sales in Australia, OD4174 Online Home Furnishing Sales in Australia

Governance updates in FY24

Board of Directors



Stephen Heath
Independent NED,
Chair



Conrad Yiu
NED, Deputy Chair



Belinda Rowe
Independent NED &
Chair of N&RC



Melinda Snowden
Independent NED &
Chair of A&RC



Mark Coulter
Managing Director
and CEO

Policy updates



In FY24, we amended our Securities Dealing Policy to broaden the trading window for Non-Executive Directors and Key Management Personnel



We also established a Minimum Shareholding Policy for Non-Executive Directors and the Executive Leadership team to ensure better alignment with shareholder interests

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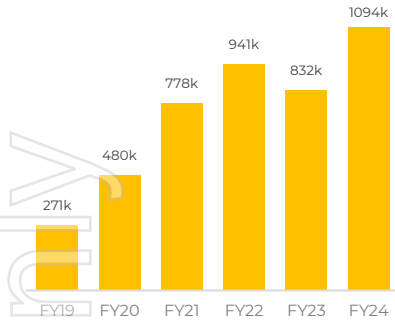
CEO's report

Mark Coulter

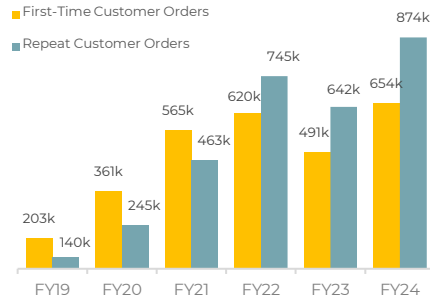


FY24 Key Performance Indicators

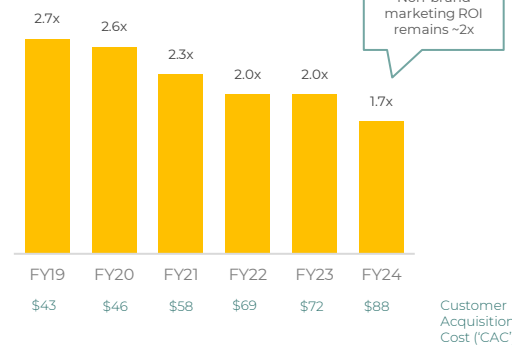
RECORD ACTIVE CUSTOMERS¹



ORDERS FROM BOTH REPEAT² & NEW CUSTOMERS GROWING STRONGLY



12-MONTH MARKETING ROI³ IN LINE WITH EXPECTATIONS



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

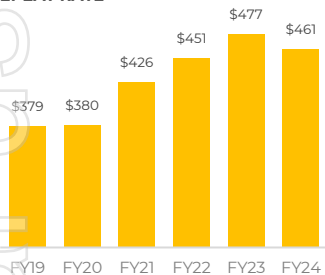
²As disclosed in the FY24 half year presentation, the repeat customer order numbers for FY22 and FY23 have been revised as they were previously understated.

³Marketing ROI = Margin \$ / CAC

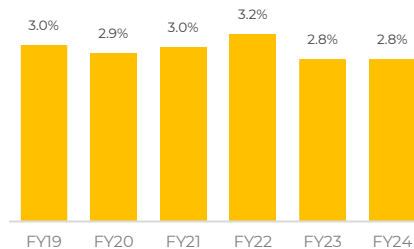
Margin = Revenue per active customer as at 30 June 2024 x delivered margin % for FY24

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

REVENUE PER ACTIVE CUSTOMER⁴ DOWN ~3%, DUE TO A ~5% DECREASE IN AVERAGE ORDER VALUE, OFFSET BY GROWTH IN REPEAT RATE

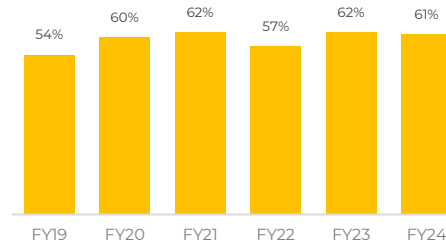


AVERAGE CONVERSION⁵ RATE REMAINS HIGH VS OUR INDUSTRY PEERS⁶



MAINTAINING STRONG CUSTOMER SATISFACTION

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



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

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

⁶Sourced from Similar Web - purely used for benchmarking purposes.

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 \$45m³ 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 \$29m³ 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)

Trading update & outlook

Trading update

- The Group continues to deliver significant market share gains¹ in the face of the current cost-of-living crisis
- YTD revenue from 1 July to 24 October is up 21%² vs pcp
- Good momentum in leading indicators: average order values back to growth; ~60% orders now from repeat customers
- Margin levels continue to track in line with our target range, despite some increases in international freight rates
- Strong balance sheet position with over \$100m in cash and no debt.

Marketing update

- Media mix modelling analysis on our FY24 brand investment provided promising results, giving us confidence to continue our brand investment into FY25, including a cross-channel campaign over the November, December and Black Friday sales period.

Outlook

- We expect the November and Black Friday sale period to keep increasing in importance in the retail calendar, especially for online shopping
- The Group remains on track to achieve its medium-term target of \$1 billion in annual revenue within 3-5 years (from FY23)
- EBITDA margin guidance for FY25 (1-3%) reaffirmed
- Our \$30m on-market buy-back program will continue to improve shareholder returns in the absence of more accretive opportunities



¹Source: ABS 8501.0 Retail Trade, Australia (2024) to calculate total market for July and August 2024

²Revenue growth is based on checkout revenue which is pre-accounting adjustments (deferred revenue and refund provision).

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