TEMPLE & WEBSTER

FY22 Investor Presentation

Mark Coulter CEO
Mark Tayler CFO

Summary

FY22 Revenue	FY22 EBITDA	FY22 EBITDA Margin
$426.3m	**$16.2m**	**3.8%**
2-Year CAGR: 55%	2-Year CAGR: 38% *(incl. The Build investment)*	High end of 2-4% guidance

Temple & Webster is the leading pure play online retailer for furniture and homewares in Australia

The furniture and homewares market is large, stable and continues to shift online

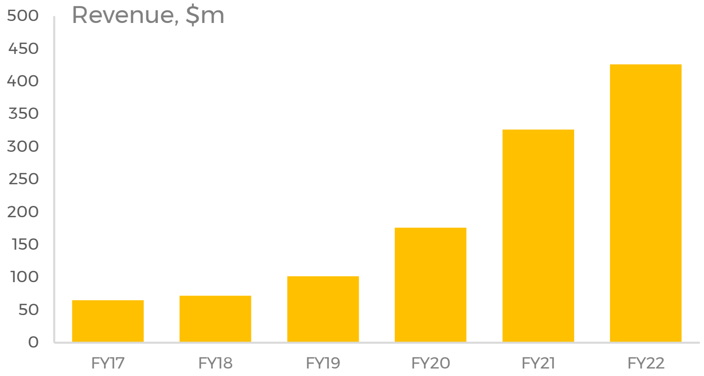
Attractive customer and unit economics with a track record of taking market share

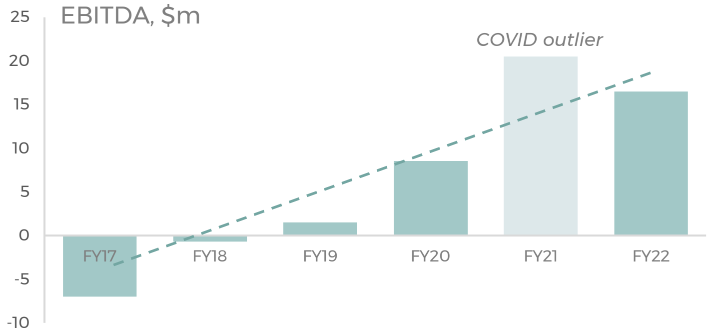
Cash flow positive, strong balance sheet position, $101m cash and no debt

The growth is presented as 2-Year Compound Annual Growth Rate (CAGR) to normalise for the erratic nature of growth over the preceding two years as a result of numerous lockdown periods.

Sources: Euromonitor International Limited; Home Furnishings and Homewares System 2022 edition. IBISWorld Online Home Furnishing Sales in Australia Industry Report and Online Household Furniture Sales in Australia Industry Report

Our strategy is to deliver a high growth business while growing profit





High growth

- Capitalise on the structural shift from offline to online
- Increase market share through conversion rate and traffic growth initiatives
- Add further revenue pools (e.g. trade and commercial; home improvement) to increase our Total Addressable Market ('TAM')

Margin expansion

- Increase private label share of business over time
- Drive marketing and other variable cost efficiencies
- Gain scale benefits for key cost lines (e.g. COGS, freight)

Cost control

- Maintain asset light strategy
- Phase investments in longer-term growth (e.g. brand building, new product launches, fixed cost investments)
- Slow/accelerate investment based on macro conditions

FY23 outlook

- While macro conditions and timing of COVID restrictions will be challenging for revenue growth, we have continued our margin and cost base management
- EBITDA margin % guidance (including The Build investment) for FY23 upgraded to 3-5% range (previously 2-4%).

Our customer proposition is based on range, inspiration and service

Our Core Belief

We believe everyone wants to live more beautifully.

Our Vision

Our vision is to make the world more beautiful, one room at a time.

Our Mission

Our mission is to deliver beautiful solutions for our customers' homes and work spaces, and for all of our other stakeholders, including suppliers and shareholders.

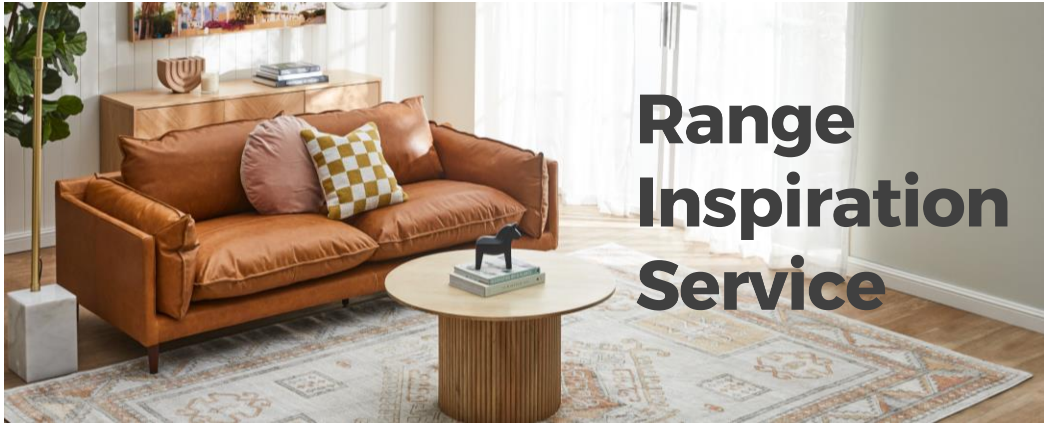
Our Goal

We believe if we can deliver on our strategic pillars (below), Temple & Webster will become the first place Australians turn to when shopping for their homes and work spaces.

Our Strategic Pillars

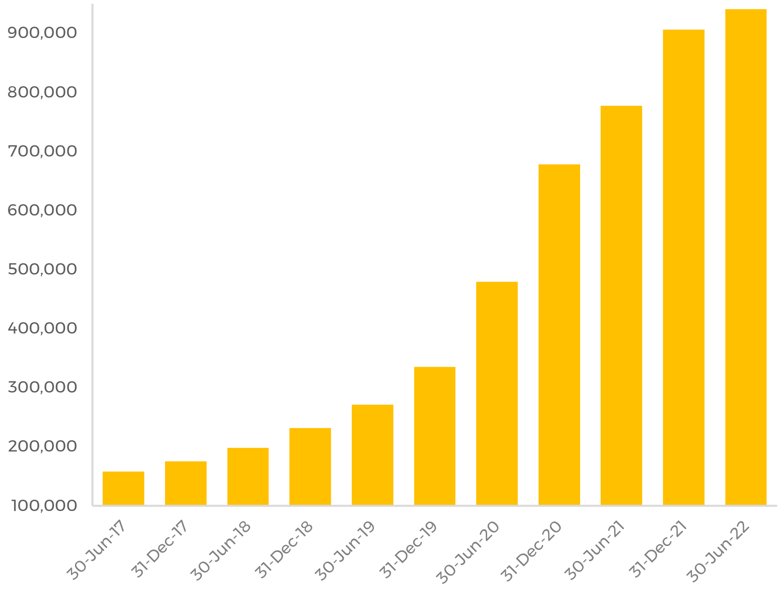
We want to be famous for having the best range in our category, the most inspirational content and services and a great delivery experience & customer service.

Our foundations are built on data-driven marketing, world-class technology and exceptional execution by an amazing team.



Active customers grew 21% to 940k

Active customer growth



Active customers are the number of unique customers who have transacted in the last twelve months (LTM). Includes both B2C and B2B customers

Range & content a key differentiator

- Curated range: 240k+ products from 500+ suppliers across 210 categories
- 73% drop ship (no inventory risk) and 27% private label/inventory
- Large in-house content team (e.g. stylists, photographers, editors)

Large website traffic and database

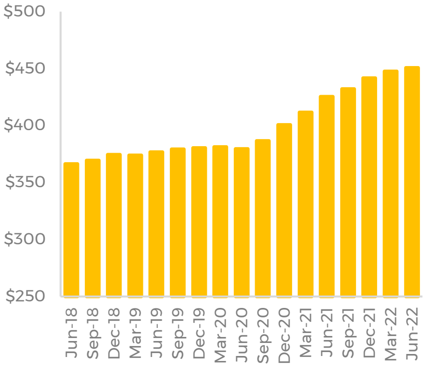
- 24m page impressions from 2.9m website users per month (Jun-22)
- 4m subscribers; ~935k combined social media reach
- 940k active customers
- 61% aided brand awareness (Nov-21, survey run annually)

Asset light business model

- Negative working capital model
- Leverage 3rd party warehouses and carrier networks
- Average time to dispatch ~1.6 days

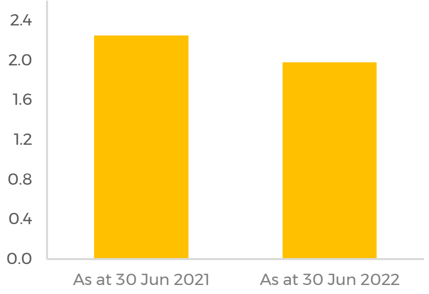
Whilst growth in revenue per active customer has allowed us to weather customer acquisition cost inflation

Revenue per active customer up 6%



Driven by both Average Order Value ('AOV') growth and repeat orders

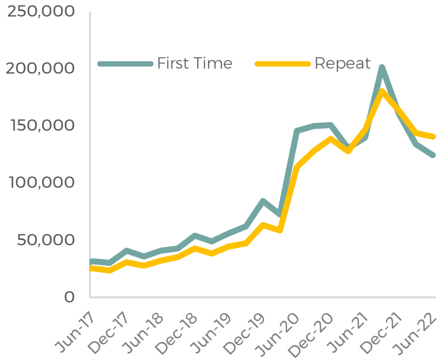
12 month marketing ROI ~2, despite COVID CAC inflation



Customer Acquisition Cost (CAC)	$58	$69

Increases in revenue per active customer has partially offset COVID CAC inflation, allowing 12 month marketing ROI to remain ~2X

55% of orders are now from repeat customers



Orders from repeat customers now more than first time customers. These orders require significantly less spend to acquire.

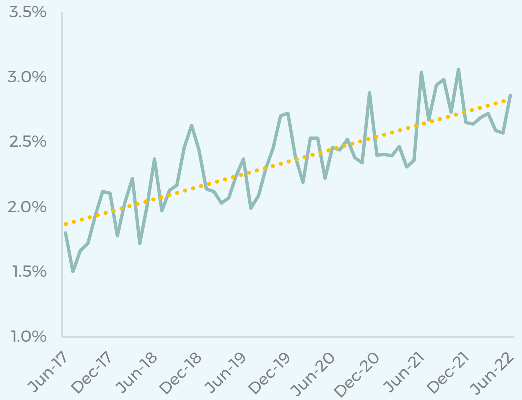
Marketing ROI = Margin $ / CAC

Margin = Revenue per active customer as at 30 June 2022 x delivered margin % for FY22

CAC = Total marketing spend for FY22 x 75% (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 FY22

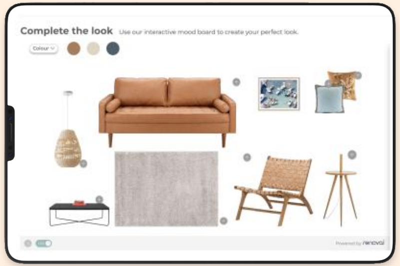
Conversion rate positive trend has maintained its momentum

Conversion rate by month



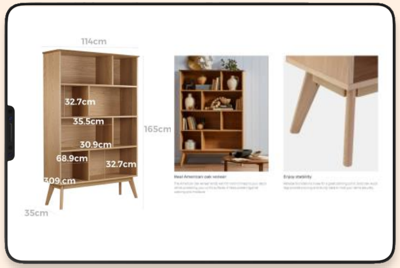
Key Initiative 1: Continued roll-out of AI based recommendations powered by Renovai

- Renovai is an Israeli start up that TPW has invested into which provides exclusive AI/AR tools using proprietary technology
- Complete the look has been rolled out across many categories, impacting, on average, 1 in every 5 visits Initial concepts of using
- Functionality is supporting an increase in both average order value and conversion rate



Key Initiative 2: Enhanced product pages

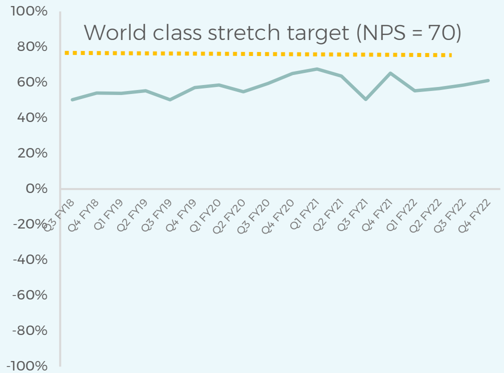
- Additional content added to the Product pages, enriching product descriptions
- Added new page formats and additional content to drive conversion rate
- Roll-out in progress to best-selling products



Conversion rate = number of transactions divided by number of unique visitors (source: Google Analytics)

Our diverse and digitally connected supply chain allows us to navigate headwinds, whilst providing a tailored customer experience

Net promoter score (score range: -100% to 100%)



Our asset light supply chain provides operational excellence through a digitally connected physical network of partners, who are collectively focused on providing an industry-leading experience

Our sourcing approach allows us to mitigate single point reliance

1,000s
of factories around the world

100+
Private label factories

240k+
products in stock ready for quick ship

Our fulfilment model allows us to avoid bottlenecks and other impacts

100s
of pick up points

~65%
of population within two hours of our private label facilities

<40 hrs
most customer orders are picked and shipped

Our delivery network allows us to balance demand and capacity

Delivery partners
are integrated providing a diversified network

Scale
1,000s of deliveries made daily allow us to gain priority

Forecasts
are provided to our network of partners to secure capacity

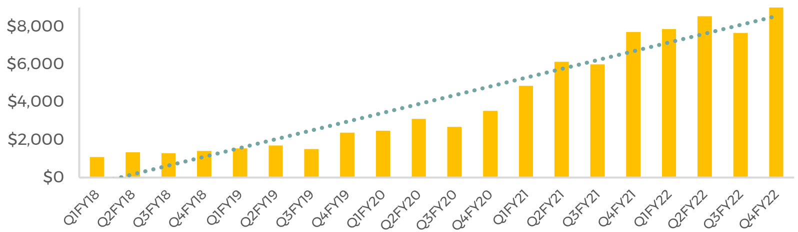
Transport control tower
anticipates and resolves delivery issues

The ~65% data point in relation to population within 2 hours of our private label facilities reflects expected metrics once all facilities are operational, expected from early 2023

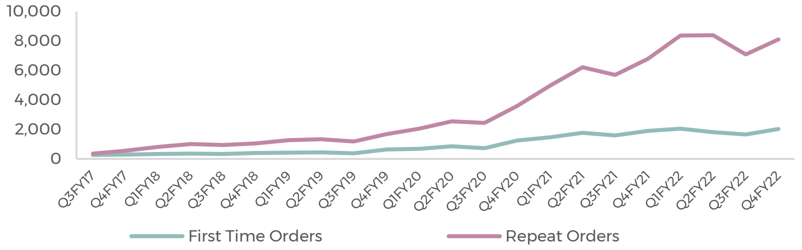
Our trade and commercial division (B2B) grew 39% YoY

Revenue

$'000s



First time & repeats



Our trade and commercial division continued to deliver strong results despite challenging market conditions in the second half of the year.

Key areas of focus included:

- Improving customer acquisition through new marketing programs, sector specific creative and more targeted spend.
- Improving conversion rate of new customers
- The successful launch of furniture package programs to the builder/developer market for both new build and the build to rent/investor market.
- Investment into inventory of key trade ranges for bulk sales opportunities.
- A dedicated Design & Projects team to focus on design, procurement and smooth delivery of large-scale projects
- The introduction of an Internal Lead Gen. program dedicated to identify and convert potential business customers shopping the site.

Revenue based on checkout revenue which is pre accounting adjustments (deferred revenue, refund provision)

Our home improvement category grew 61% in FY22

Home improvement is an attractive growth horizon for Temple & Webster

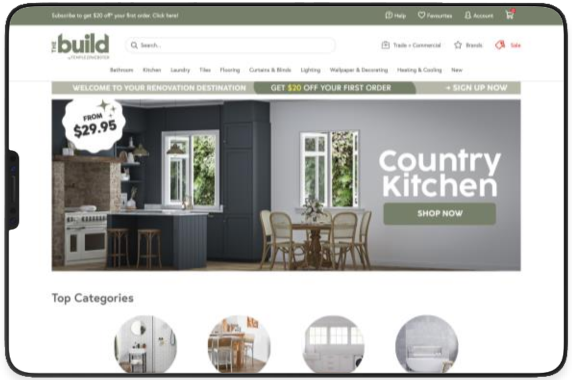
- Large, addressable market (~$26b, with ~$16b addressable to T&W)
- Opportunity to maximise share of spend in the home and cross-sell into our core furniture and homewares business
- Counter cyclical to the housing market (moving vs renovating)

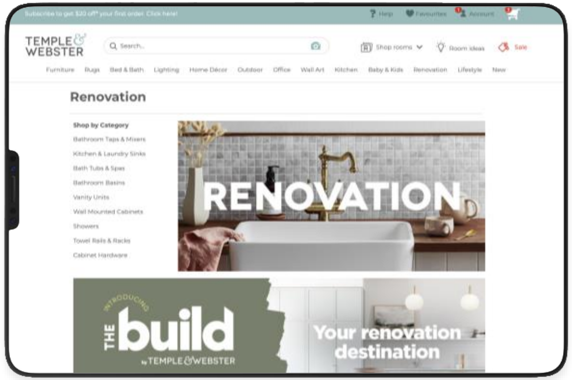
Launch of thebuild.com.au in May-22

- ~220 suppliers on site
- 20,700 products in total across 40 categories
- Recently launched flooring and tiles
- A dedicated team of 23 FTEs (inclusive of 9 offshore FTEs)
- Growing fast, on track to deliver $10-15m revenue in first 12 months

The Build complements T&W home improvement offering

- Home improvement across T&W and The Build up 61% YoY, contributing 5% to Group
- Home improvement range on T&W a subset of The Build's full offering
- We have begun to cross-sell into T&W's customer base





Our new HQ will be ready in H1 FY23

New HQ consolidates multiple facilities

- Single 5,000 m^2 site in Inner West (20 min out of Sydney CBD)
- Consolidates multiple offices, studio and studio warehouse into a single site
- 10-year cost effective lease with multiple expansion options (time & space)

Part of Employer Value Proposition ('EVP')

- New office is an important part of our EVP to attract and retain talent
- End of trip facilities, wellbeing/mindfulness room, catering with communal lunchtimes and training rooms enhance departmental communication and employee engagement

Office of the future

- Designed for in person interaction as part of a flexible office of the future (brainstorming, creative interactions, small breakouts)
- Tech throughout for video conferencing
- All departments have had significant input into design requirements

FY22 Financial Results

FY22 profit and loss results

Strong growth with revenue up 31% vs FY21 and up 142% vs FY20 which equates to a 55% 2-year CAGR. Revenue growth was driven by both active customer growth and revenue per active customer growth

Macro conditions led to weaker consumer demand during Q4, therefore our **focus was on margin preservation and slowing longer term investments**, with a focus on performance marketing channels

Delivered and contribution margins were in line with guidance despite inflationary pressures coming from product costs, freight costs and digital marketing

Fixed costs as a % of revenue (excl share based payments and The Build investment) were 9.1% vs 7.9% in FY21, however going forward this **will be a key source of operating leverage** given the substantial step up in people over FY21-FY22

EBITDA margin of 3.8% was at the high end of our stated 2-4% range, which included an investment in The Build of $1.7m

Adjusted EBITDA excludes share-based payments
EBIT includes the impact of depreciation of right-of-use asset representing long term leases in line with AASB16 Leases, including depreciation for dedicated warehousing space which started in Mar-21.
Three consecutive financial periods of financial performance are presented in the profit or loss statement to normalise for the erratic nature of growth over the preceding two years as a result of numerous lockdown periods.
The net impact of the Build financial result in FY22 has been presented in one line "The Build investment".

A$m	FY20	FY21	FY22
Revenue	**176.3**	**326.3**	**426.0**
Cost of Sales	(97.7)	(178.3)	(233.6)
Gross Margin	**78.6**	**148.0**	**192.4**
	44.6%	*45.4%*	*45.2%*
Distribution	(24.7)	(44.4)	(63.7)
One-off distribution	0.0	(2.9)	0.0
Delivered Margin	**53.9**	**100.7**	**128.7**
	30.6%	*30.9%*	*30.2%*
Advertising & Marketing	(21.0)	(42.4)	(56.7)
Customer Service & Merchant Fees	(5.9)	(10.7)	(14.1)
Contribution Margin	**27.0**	**47.6**	**57.9**
	15.3%	*14.6%*	*13.6%*
Wages	(13.9)	(19.0)	(27.0)
Other	(3.7)	(6.9)	(11.9)
Adjusted EBITDA	**9.4**	**21.7**	**19.0**
	5.3%	*6.7%*	*4.5%*
The Build Investment	0.0	0.0	(1.7)
Share Based Payments	(0.9)	(1.2)	(1.1)
EBITDA	**8.5**	**20.5**	**16.2**
	4.8%	*6.3%*	*3.8%*
Depreciation & Amortisation	(0.6)	(1.6)	(3.1)
EBIT	**7.9**	**18.9**	**13.1**
	4.5%	*5.8%*	*3.1%*

FY22 guidance 12-15%

FY22 guidance 2-4%

Our strategy is to deliver a high growth business while growing profit

Substantial progress has been made from FY17 to FY22 in terms of the unit economics of Temple & Webster

We are committed to a profitable growth strategy, targeting an increase in our unit economics each year, even after investment into key areas such as home improvement, data & analytics, private label expansion. We will do this through margin expansion initiatives and phasing investments in growth.

T&W Group	FY17	FY22	Longer Term Goal	Key Levers
Revenue	100%	100%	100%	
Delivered Margin (after distribution costs)	**27.6%**	**30.2%**	**>33%**	**Scale benefits with suppliers, private label/made-to-order share increases, improved logistical efficiencies**
Customer Service Staff & Merchant Fees	4.7%	3.3%	<3%	**CS to return to pre-covid levels with natural cost management and transaction costs to reduce with further optimisation**
Advertising & Marketing Costs	12.6%	13.3%	<10%	**Repeat orders grow to 80%+ total business (which run at a lower marketing cost)**
Contribution Margin	**10.3%**	**13.6%**	**>20%**	
Wages	17.2%	6.3%	<4%	**This will still allow investment into key areas, however fixed costs to grow at a slower pace than top line**
Other	4.1%	2.8%	<2%	**Scale benefits with other fixed costs e.g., tech licensing, in-sourcing consultants costs**
EBITDA Margin	**(11.0%)**	**3.8%**	**>15%**	

All periods include the impact of the new accounting standard AASB16.

Cash flow positive with no debt

A$m	30-Jun-21	30-Jun-22
Assets		
Cash & Cash Equivalents	97.5	101.0
Inventories	21.3	26.4
Other current assets	4.4	6.0
Intangibles, (inc. goodwill)	8.1	8.1
Right-of-use assets	7.0	5.4
PPE	1.2	6.0
Deferred tax assets	7.8	14.4
Investment in Renovai	0.9	3.1
Total Assets	148.3	170.3
Liabilities		
Trade payables	31.6	36.6
Deferred revenue	15.3	14.1
Employee provisions	3.4	5.5
Other provisions	3.9	4.3
Lease liabilities	7.1	5.1
Income tax payable	3.2	1.9
Total Liabilities	64.3	67.4
Net Assets	**84.0**	**102.9**
Equity		
Contributed capital	115.4	115.8
Reserves	4.7	11.3
Retained earnings	(36.1)	(24.2)
Total Equity	**84.0**	**102.9**

The new office/HQ is still under progress with occupancy expected in FY23.

Closing cash balance of **$101m and no debt**

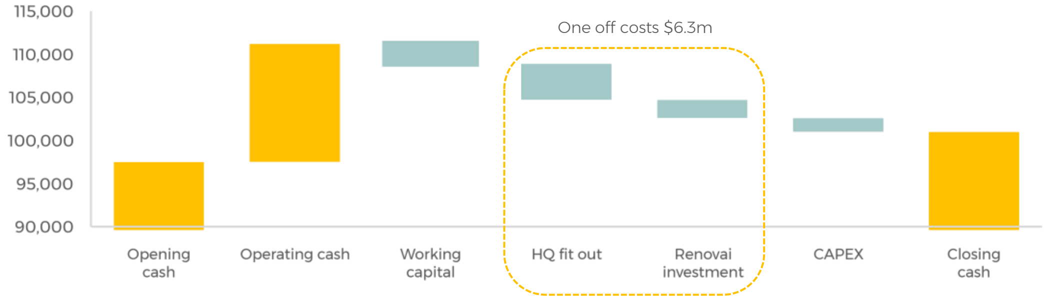
Operating cash was driven from FY22 profitability and the group's capital light model

Data driven approach ensures **owned inventory metrics continue to remain healthy** and lower the risk of overstock situations or stock obsolescence

One off investments made into our Israeli AI/AR start up Renovai and fit out of new office/HQ (10-year lease starting in FY23)

Excess cash to be deployed, either via organic, inorganic or via capital management initiatives

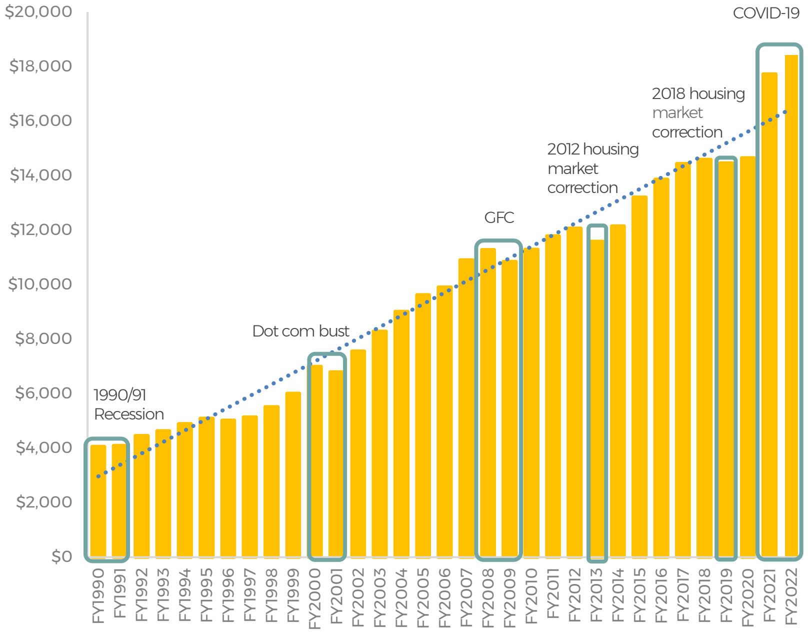
Cash bridge



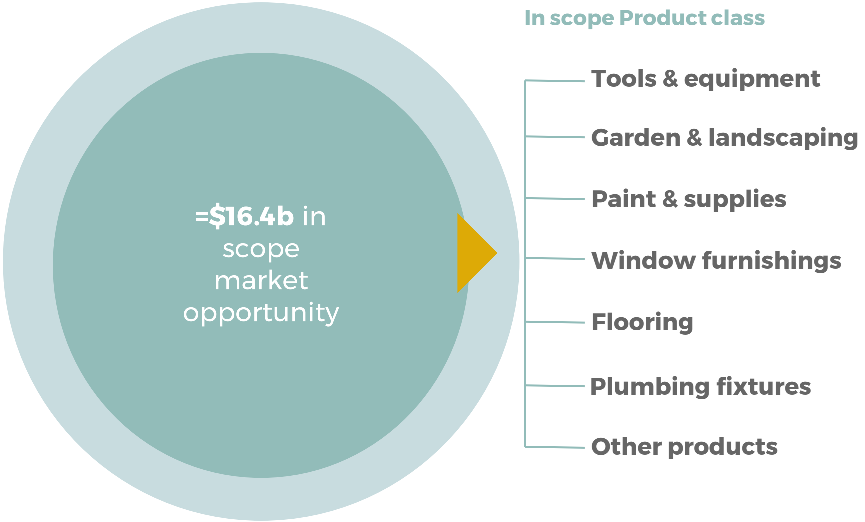
Strategy & Outlook

Our Total Addressable Market is now >$30billion

The ~$16b furniture and homewares market is stable and has shown steady growth, even through periods of high interest rates, high inflation, recessionary periods and housing market declines



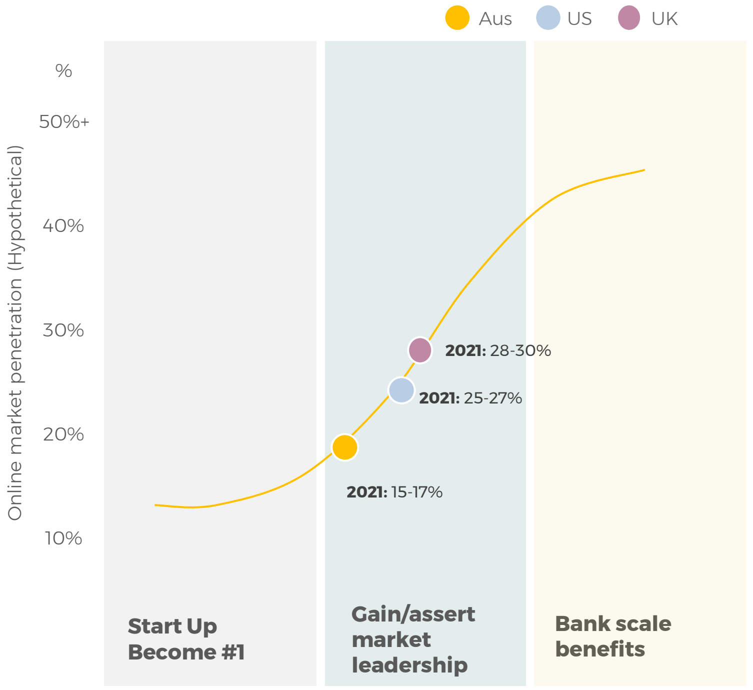
Home improvement adds a further ~$16b to our TAM (in-scope categories only)



TAM of >$30bn includes furniture and homewares B2C and B2B as well as home improvements markets
Source:, ABS Retail Sales data, Euromonitor 2022 Retailing Ecommerce

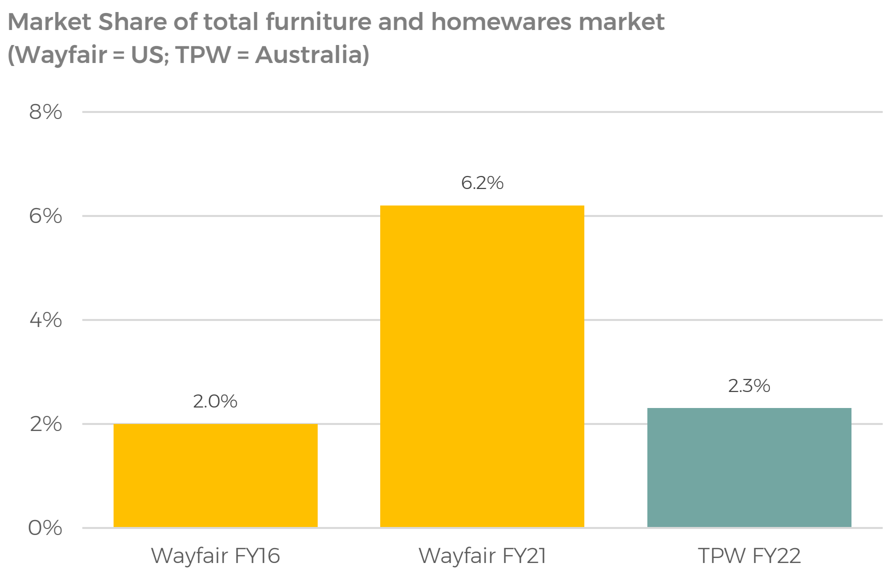
Our core furniture and homewares category will provide strong growth for many years due to online penetration and market share increases

Australia furniture and homewares market significantly lags the online penetration of other countries such as the US and UK



Source:, ABS Retail Sales data, Euromonitor 2022 Retailing Ecommerce

In the US, the online market leader, Wayfair, tripled its market share of the entire furniture and homewares market from 2% to 6% to become one of the largest furniture and homewares retailers (if not the largest)



Source: ABS Retail Sales data, Statista, Euromonitor 2022 Retailing Ecommerce, T&W estimates

Our core markets have different fundamentals than many other ecommerce categories, providing a clearer path to sustainable profit

Fundamental Quality	Benefit
Large AOV/ Good margins	• Many costs are variable and related to the order (e.g. pick & pack, customer care) • Higher Average Order Values and margins allow for larger order profitability and larger customer acquisition costs • Furniture is a high margin category relative to some others (consumer electronics, appliances etc.)
Mostly unbranded category	• Most of the category is sold under the retailer brand (vs the supplier). For example, >75% of what Temple & Webster sells is either white-labelled or sold under a Private Label • This allows more catalogue differentiation and means there is a bigger opportunity for higher-margin initiatives such as private label
Bulky is difficult	• Logistics around bulky goods is difficult, specialized and expensive • This naturally reduces the level of competition in the space, but also provides a clear reason for customers to shop those companies who can provide a consistent delivery experience
International shipping prohibitive for bulky	• Air freight is prohibitively expensive for bulky deliveries • This reduces the number of competitors shipping into Australia allowing for greater market share and higher margins

Source:, ABS Retail Sales data, Euromonitor 2022 Retailing Ecommerce

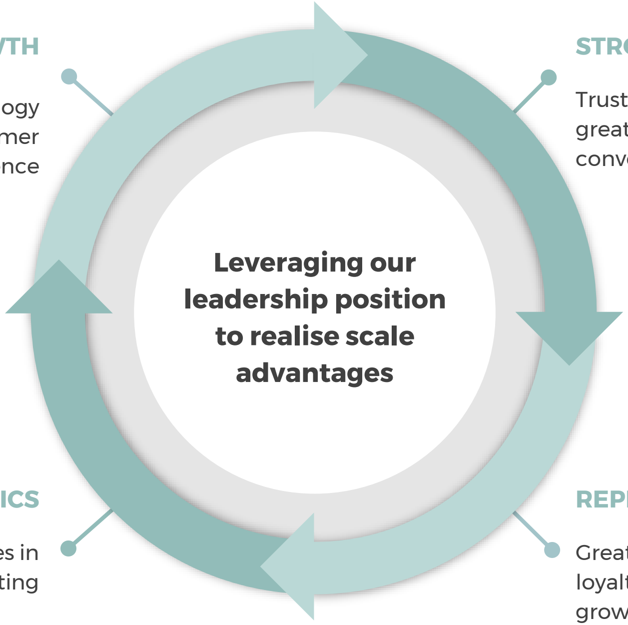
Scale increases our operating leverage, allowing us to accelerate investment in future growth and take market share

INVESTING FOR GROWTH

Phasing investment in marketing, data, technology development, product range and overall customer experience

STRONG CONSUMER PROPOSITION

Trusted brand, large range of quality products and great user experience attract customers, grow conversion and drive customer satisfaction



BETTER UNIT ECONOMICS

Increased scale provides cost advantages in product sourcing, logistics and marketing

REPEAT & FIRST TIME ORDERS

Great initial customer experience builds customer loyalty and grows share of wallet, delivering revenue growth

Our strategy to continue to take further market share

Add depth and breadth across our core and adjacent categories; **grow private label division**

Expand digital capabilities: data, personalisation, AI, augmented reality

Increase brand awareness from 61% to +80% through digital and non-digital channels

Add inspirational content & service: video; 3D; AR/VR; design help

Focus on exceptional customer service and a great delivery experience to drive repeat behaviour

Continue to build out next growth horizons (trade and commercial and home improvement)

Trading update & outlook

- Given FY23 cyclical headwinds, we have accelerated some of our margin optimisation and cost management programs. As such, we are upgrading our EBITDA margin % guidance for FY23 from 2-4% to a 3-5% range. This profitability range is after our investment into The Build, which demonstrates the increasing operating leverage of the core business.

- Inventory levels heading into FY23 remain strong with all metrics (ageing, $ value, GMROI) in line or better than internal targets.

- Timing of lockdowns during FY22 will make year on year growth comparisons volatile during the first half. This can be seen with July trading down 21% year on year, and August (to 14th) trading 17% down year on year. Importantly, this trading is ahead of our internal estimates, and month-to-month seasonality suggests a return to double digit growth during FY23 once we finish lapping COVID lockdowns from the year before.

- We remain committed to our profitable growth strategy. We're confident we have the people, platforms, brand and business model to achieve our goal of becoming Australia's largest retailer of furniture and homewares.

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

Q&A

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