TEMPLE & WEBSTER

H1 FY25 Investor Presentation

13 FEB 2025

Agenda

01 **Business and Strategy Update**
MARK COULTER CEO

02 **H1 FY25 Financial Results**
CAMERON BARNSLEY CFO

03 **Trading Update and Outlook**
MARK COULTER CEO

04 **Q&A**

01

Business and Strategy Update

MARK COULTER CEO

Revenue growth 24%, taking market share, strong margins

Revenue growth within our target range, significant market share gains

- Record half year revenue result of $314m for H1 FY25, up 24% vs H1 FY24 (pcp)
- Performance supported by growth in both new and repeat customers, and higher average order values (AOV)
- Our share of the furniture & homewares market in Australia grew to a record 2.9%, up 23% vs pcp[1]

Strong margins and cash flow, on track for full year margin guidance

- H1 FY25 EBITDA[2] of $13.2m, up 76% vs pcp, representing a margin of 4.2% (+126 bps vs pcp)
- Free cash flow[3] generation of $33m, demonstrating the strength of our asset light / negative working capital model
- Fixed costs as a percentage of revenue at 10.5% for H1 FY25, demonstrating continued operating leverage as the business scales

Executing well towards our mid-term goal of $1b+ in annual revenue

- Well capitalised and fully-funded to continue executing on our growth plans, with a closing cash balance of $139m[4]
- Tracking to plan across all of our long-term strategic goals
- On track to reach our mid-term goal of $1b+ in annual revenue

H1 FY25 revenue

$314m

***+24%** on H1 FY24*

H1 FY25 EBITDA[2]

$13.2m

***+76%** on H1 FY24*

Cash balance as at 31 December 2024[4]

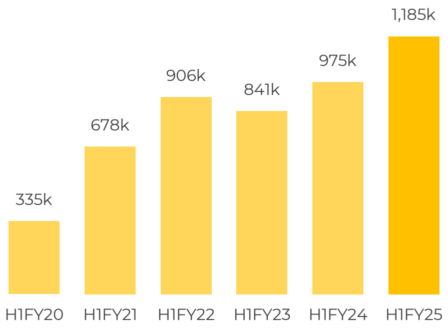
$139m

***+$32m** on FY24*

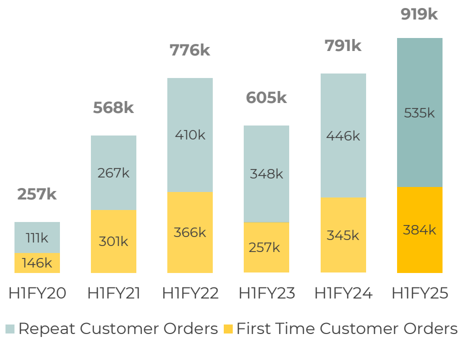
[1] Source: ABS Retail Trade, Australia (December 2024)
[2] EBITDA is a non-IFRS measure and is calculated by adding depreciation and amortisation, finance costs and interest income to profit before tax
[3] Refer to page 16 of the presentation for free cash flow calculation
[4] Cash in transit of $2.0m as of 31 December 2024 (30 June 2024: $9.2m) was reclassified from Cash & Cash Equivalents to Other Current Assets. This change in presentation was made in both reporting periods

Key performance indicators remain strong

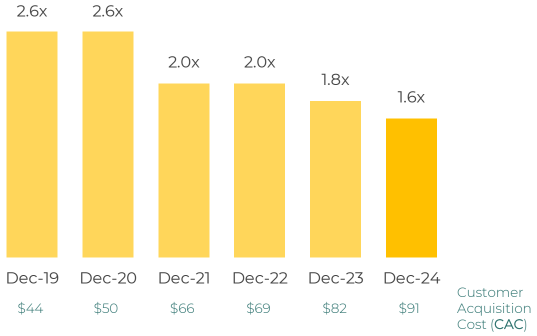
RECORD ACTIVE CUSTOMERS,[1] +22% VS PCP



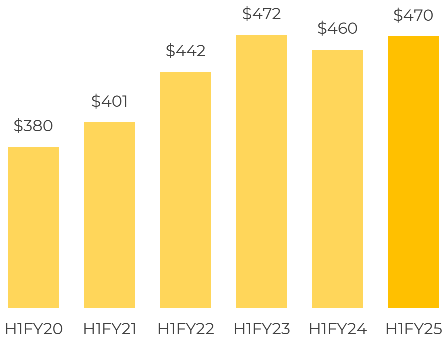
CONTINUED GROWTH IN ORDERS FROM BOTH NEW & REPEAT CUSTOMERS, TOTAL ORDERS +16% VS PCP [2]



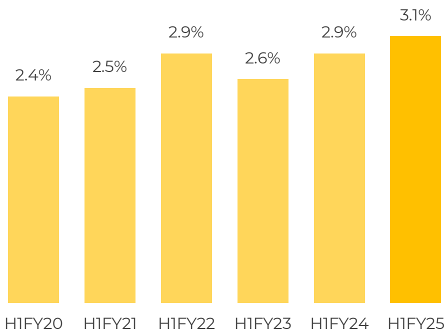
12-MONTH MARKETING ROI[3] REMAINS IN LINE WITH EXPECTATIONS DURING INVESTMENT PHASE



REVENUE PER ACTIVE CUSTOMER[4], +2% VS PCP

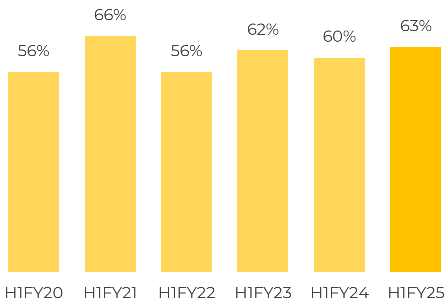


AVERAGE CONVERSION RATE[5], +7% VS PCP



MAINTAINING STRONG LEVELS OF CUSTOMER SATISFACTION

Net Promoter Score (**NPS**) = 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] Customer orders for H1 FY24 have been restated to exclude gift card and test orders, consistent with customer orders for H1 FY25

[3] Marketing ROI = Margin $ / CAC; Margin = Revenue per active customer as at 31 December 2024 x delivered margin % for CY24; CAC = Total marketing spend for CY24 x 72% (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

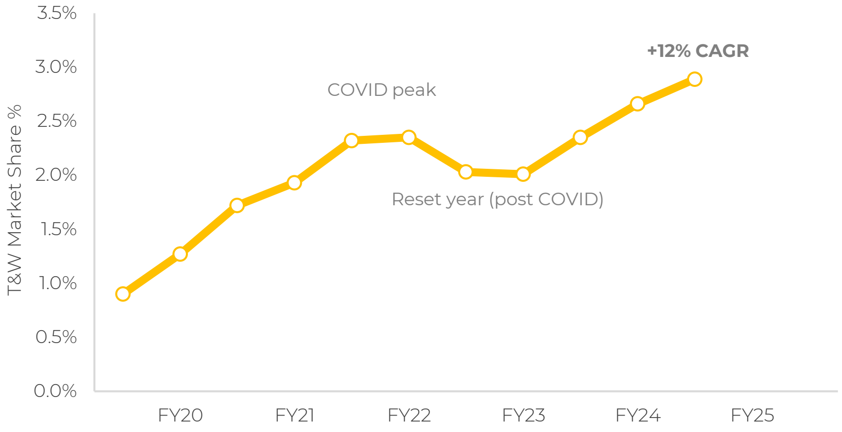
Our strategy is to take advantage of a "once in a generation" structural change to build a platform for growth

We believe that now is the time to accelerate our market share growth, with the 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
- We are the largest online retailer in the category[1] (+30% revenue CAGR since H1 FY17)
- Our competitive advantages improve with scale, further increasing our lead
- Asset light model, fully funded to execute on organic and inorganic growth plans
- We are building a platform for growth to capture adjacent growth opportunities

…and we are executing to this plan, with our market share hitting 2.9% in H1 FY25[2]

T&W SHARE OF THE TOTAL AUSTRALIAN FURNITURE AND HOMEWARES MARKET



We are winning share due to having a great range, at great value vis-à-vis our offline / omnichannel peers, high customer satisfaction levels (60%+ NPS), a much-loved brand and market leading content / data / AI capabilities.

[1] Source: IBISWorld Industry Reports: OD4176 Online Household Furniture Sales in Australia (September 2024), OD4174 Online Home Furnishing Sales in Australia (November 2024)
[2] Source: ABS Retail Trade, Australia (December 2024) to calculate total market. Market share calculated based on last twelve months period ending in December and June each year

Our mid-term goal of $1b+ in annual sales remains unchanged

	FY23	FY24	Mid-Term[1]	Commentary/Assumptions
Core business: B2C Furniture & Homewares Revenue	$335m	$424m	>$800m	• Total market (online & offline) view: Although there are some tailwinds (e.g., immigration), assuming the market remains at its FY23 ~$19b[2] size, T&W market share grows from 2.3% (FY23) to 4.2%. Our current market share is 2.9%. • 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]); T&W online market share grows from 10% to 15%
	+	+	+	
Growth plays (e.g. B2B / Home Improvement)	$61m	$74m	>$200m	
	=	=	=	
T&W Group Revenue	$396m	$498m	$1b+	**Our 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 Retail Trade, Australia (June 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 and 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

We are tracking to plan across all of our strategic goals

01

Become the top-of-mind brand in the category

to build brand equity and drive market share gains

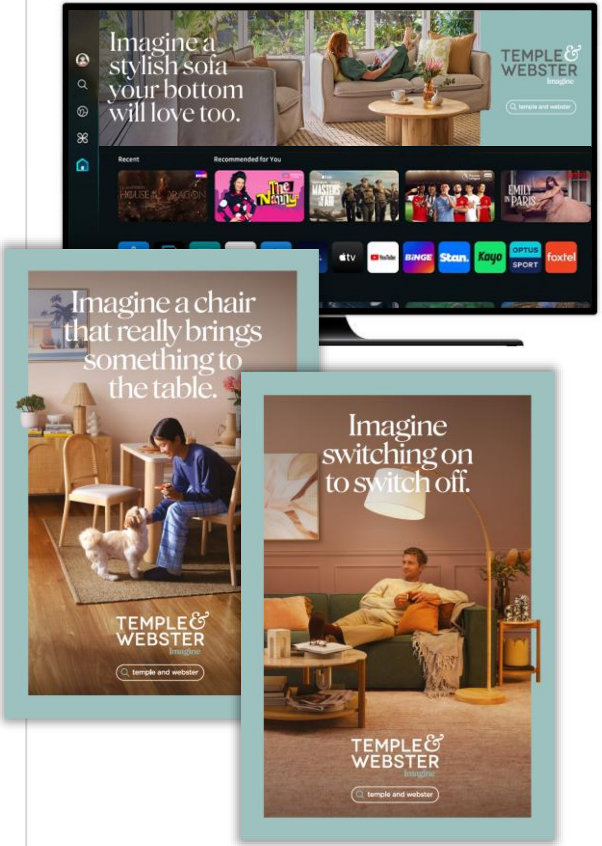
- We continue to optimise our marketing strategy by investing in brand and diversifying into other channels following the results of a marketing mix modelling (MMM) analysis in September 2024
- In H1 FY25, ~10% of marketing spend was directed towards brand channels (brand investment first started in 2023)
- Total brand marketing spend in H1 FY25 of $5m; spend expected to be higher in H2
- Results of our brand investment are yielding promising outcomes, with branded searches growing 24% vs pcp

02

Majority of revenue from exclusive products

to solidify our position of having the best range

- Revenue from exclusive products accounted for ~45% of total revenue during H1 FY25 (up from ~37% in H1 FY24), which includes growth in both private label and exclusive drop-ship products
- ~78% of our top 500 selling products in H1 FY25 were exclusive to Temple & Webster (up from 70% in FY24)
- We had an increase in private label options in H1 FY25 vs pcp, with reduced inventory days
- Higher penetration of exclusive products drives differentiation in our customer proposition, and increases the defensibility of our model over time



We are tracking to plan across all of our strategic goals (cont.)

03

Leading capabilities around data, AI & technology

to drive conversion and cost-base efficiencies

- Continue to leverage AI capabilities to implement initiatives that either boost revenue or reduce costs across the business
- For H1 FY25, 60%+ of customer pre / post sales support interactions were handled by AI and technology, which resulted in a greater than 50% reduction in customer care costs since H1 FY23
- AI calculated shipping prices improved revenue per visit by ~3%, and also increased shipping price accuracy by ~17% leading to delivered margin improvements
- Our app continues to be the fastest growing platform and highest converting in terms of traffic

04

Lower fixed cost % to obtain a price and margin advantage

to improve pricing and unit economics

- Business continues to benefit from cost discipline as it scales, with operating leverage expected to increase further as the business progresses towards its $1b mid-term revenue target
- Fixed costs as a % of revenue declined to 10.5% in H1 FY25, demonstrating continued progress vs H1 FY24, and continued progress towards our target of <6% fixed costs over the long term
- Key drivers of fixed cost leverage include automation and reduction in manual tasks, moderation of headcount growth over time, and improved productivity

05

Build scale through adjacent growth plays

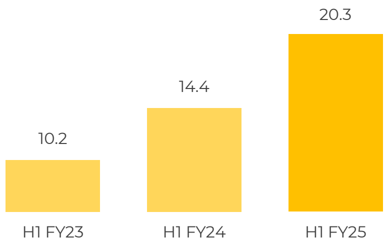
to continue diversifying our revenue mix

- Home improvement achieved $20m in revenue in H1 FY25, representing +41% growth vs pcp
- Exclusive products accounted for 24% of home improvement sales, up from 15% in H1 FY24
- Trade & Commercial achieved ~$24m revenue in H1 FY25, representing 10% growth vs pcp, a respectable result given observed macro headwinds with business customers

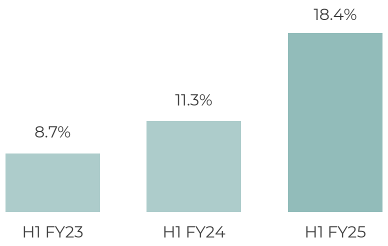
Home improvement is the fastest growing category of T&W

- Our home improvement business continues to grow strongly, providing us with access to a $17b+[1] market with no online-only dominant market player and low online penetration
- H1 FY25 home improvement revenue of $20m represents 41% growth vs pcp as customer awareness of our offering grows, driven by both new and repeat customers
- Private label penetration of home improvement has increased markedly since 2023, with continued success in Temple & Webster's own collection of bathroom and HVAC products (vanities, tapware, basins, toilets, ceiling fans); more products remain in development
- Customer satisfaction levels for home improvement customers are high with NPS levels consistently above 60%
- We will continue to invest in building out our private label and exclusive range and growing our existing categories

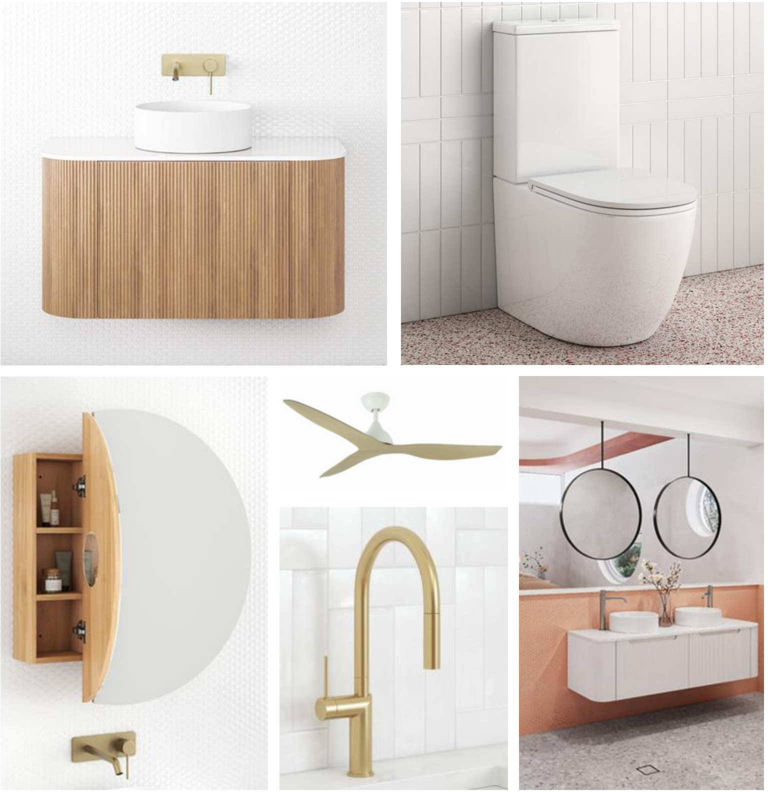
HOME IMPROVEMENT REVENUE ($M)



HOME IMPROVEMENT PRIVATE LABEL PENETRATION (%)



SELECTED TEMPLE & WEBSTER PRIVATE LABEL HOME IMPROVEMENT PRODUCTS



[1] Source: ABS Hardware, building & garden supplies retailing (December 2023), Euromonitor 2023 Home and Garden for CY23 , internal analysis

02

H1 FY25 Financial Results

CAMERON BARNSLEY CFO

Financial highlights

H1 FY25 revenue

$314m

+24% on H1 FY24

H1 FY25 delivered margin

$102m

+26% on H1 FY24

H1 FY25 fixed costs as % of revenue

10.5%

vs 10.7% for H1 FY24

H1 FY25 EBITDA margin[1]

4.2%

+126bps on H1 FY24

H1 FY25 free cash flow generation[2]

$33m

+61% on H1 FY24

Cash balance as at 31 December 2024[3]

$139m

+$32m on FY24

[1] EBITDA is a non-IFRS measure and is calculated by adding depreciation and amortisation, finance costs and interest income to profit before tax
[2] Refer to page 16 of the presentation for free cash flow calculation
[3] Cash in transit of $2.0m as of 31 December 2024 (30 June 2024: $9.2m) was reclassified from Cash & Cash Equivalents to Other Current Assets. This change in presentation was made in both reporting periods, i.e., in the half year ended on 31 December 2024 and in the year ended on 30 June 2024.

Results demonstrate our focus on disciplined growth

A$m	H1 FY24	H1 FY25	*$ Change*	*% Change*
Revenue	**253.8**	**313.7**	***59.9***	*23.6%*
(-) Cost of Sales	(169.3)	(207.2)	*(37.8)*	*22.3%*
(-) Warehousing	(3.7)	(5.0)	*(1.3)*	*34.1%*
Delivered Margin	**80.8**	**101.5**	***20.8***	***25.7%***
Delivered Margin (%)	*31.8%*	*32.4%*	*56 bps*	
(-) Marketing	(40.8)	(50.2)	*(9.4)*	*22.9%*
(-) Customer Service & Merchant Fees	(5.4)	(5.4)	*0.0*	*(0.1%)*
Contribution Margin	**34.6**	**46.0**	***11.4***	***33.1%***
Contribution Margin (%)	*13.6%*	*14.7%*	*105 bps*	
(-) Wages	(17.2)	(20.7)	*(3.5)*	*20.5%*
(-) Other	(8.3)	(9.6)	*(1.4)*	*16.4%*
Adjusted EBITDA	**9.1**	**15.6**	***6.5***	***72.0%***
Adjusted EBITDA Margin (%)	*3.6%*	*5.0%*	*141 bps*	
(-) Share Based Payments	(1.6)	(2.5)	*(0.8)*	*52.5%*
EBITDA	**7.5**	**13.2**	***5.7***	***76.3%***
EBITDA Margin (%)	*2.9%*	*4.2%*	*126 bps*	
(-) Depreciation & Amortisation	(2.9)	(2.9)	*(0.0)*	*0.8%*
EBIT	**4.6**	**10.3**	***5.7***	***124.0%***
Net Profit Before Tax	**6.4**	**12.5**	***6.0***	***94.0%***
Net Profit After Tax	**4.1**	**9.0**	***4.9***	***117.9%***

- Revenue for H1 FY25 **+24% vs pcp**, driven by growth in repeat and new active customers, increase in AOV, and a positive deferred revenue result (checkout revenue +22% vs pcp)
- Delivered margin for H1 FY25 **+26% vs pcp**, increasing as a % of revenue by 56 bps, as a result of a mix shift towards higher margin categories (including private label) and positive foreign exchange movements, offset by greater promotional activity and elevated warehousing costs
- Contribution margin for H1 FY25 **+33% vs pcp**, representing 14.7% of revenue, supported by scalability in customer service costs as a result of our AI investments and automation
- Marketing costs represented 16% of revenue for H1 FY25, of which $5m was spent on brand marketing; H2 FY25 brand investment expected to be higher vs H1 FY25
- H1 FY25 EBITDA margin of 4.2%, **+126 bps vs pcp**; EBITDA margin guidance of 1 – 3% for FY25 reiterated
- Net profit after tax for H1 FY25 **+118% vs pcp**, reflecting higher EBITDA, increased net interest income, and lower effective tax rate for the half year

Robust balance sheet reflects capital light nature of our business

A$m	30-Jun-24	31-Dec-24	*$ Change*	*% Change*
Cash & Cash Equivalents[1]	107.2	139.3	*32.1*	*29.9%*
Inventories	26.5	28.3	*1.8*	*6.9%*
Other Current Assets[1]	14.8	8.2	*(6.6)*	*(44.5%)*
Current Assets	**148.5**	**175.8**	***27.3***	***18.4%***
Intangibles, (inc. goodwill)	8.2	8.3	*0.1*	*0.6%*
Right-Of-Use Assets	21.1	19.3	*(1.8)*	*(8.5%)*
Property, Plant & Equipment	6.0	5.8	*(0.2)*	*(3.6%)*
Deferred Tax Assets	22.8	29.3	*6.5*	*28.5%*
Total Assets	**206.6**	**238.4**	***31.8***	***15.4%***
Trade Payables	45.2	58.0	*12.7*	*28.2%*
Deferred Revenue	21.2	22.6	*1.5*	*7.0%*
Employee Provisions	5.7	5.8	*0.1*	*1.0%*
Other Provisions	4.8	5.2	*0.4*	*7.5%*
Lease Liabilities	22.3	20.7	*(1.6)*	*(7.4%)*
Income Tax Payable	0.8	1.7	*0.8*	*100.1%*
Total Liabilities	**100.1**	**113.9**	***13.8***	***13.8%***
Net Assets	**106.5**	**124.5**	***18.0***	***16.9%***
Contributed Capital	101.9	105.8	*3.8*	*3.8%*
Reserves	18.7	23.8	*5.2*	*27.8%*
Retained Earnings	(14.1)	(5.1)	*9.0*	*n.m.*
Total Equity	**106.5**	**124.5**	***18.0***	***16.9%***

- Ending cash position of $139m[1], increased by **30% from FY24**
- Strong cash balance provides us with flexibility to take advantage of market conditions and pursue growth, whilst managing downside risk
- Cash balance now excludes cash in transit (FY24 $9.2m; H1 FY25 $2.0m), which relates to revenue generated via alternative payment channels and can take 1 – 3 days to be processed in our bank accounts (reclassification to Other Current Assets)
- Inventories increased by **7% from FY24**, despite materially higher revenue growth and increased private label product sales, reflecting an improvement in inventory turnover and greater penetration of exclusive dropship products
- Trade payables grew in-line with revenue
- Business model remains capital light with low investments in property, plant and equipment
- Deferred tax asset increased by $6.5m from FY24 primarily due to changes in the valuation (for tax purposes) of outstanding share based payments
- Business remains debt-free and is fully funded to execute on organic and inorganic growth opportunities

[1] Cash in transit of $2.0m as of 31 December 2024 (30 June 2024: $9.2m) was reclassified from Cash & Cash Equivalents to Other Current Assets. This change in presentation was made in both reporting periods

Continued growth in free cash flow generation provides us with capital management flexibility

A$m	H1 FY24	H1 FY25	*$ Change*	*% Change*
EBITDA	**7.5**	**13.2**	***5.7***	***76.3%***
(+) Change in Net Working Capital	11.5	19.5	*8.0*	*69.4%*
(+) Share Based Payments	1.6	2.5	*0.8*	*52.5%*
(+) Net Interest Income	1.9	2.8	*0.9*	*49.5%*
(-) Income Tax Paid	(1.0)	(2.3)	*(1.3)*	*127.4%*
(+/-) Other Items	0.5	(0.5)	*(1.0)*	*n.m*
Cash from Operating Activities	**21.9**	**35.1**	***13.2***	***60.1%***
(-) Payments for Plant & Equipment	(0.1)	(0.3)	*(0.2)*	*n.m*
(-) Payments for Intangible Assets	(0.1)	(0.2)	*(0.0)*	*33.3%*
(-) Payments for Lease Liabilities	(1.6)	(2.1)	*(0.5)*	*34.2%*
Free Cash Flow	**20.1**	**32.5**	***12.4***	***61.4%***

- Operating cash flow of $35m in H1 FY25 increased by **60% vs pcp**
- Generated $33m in free cash flow for H1 FY25, up **61% vs pcp**, providing us with flexibility in capital allocation in order to balance our growth ambitions with sustainable shareholder returns over time
- Cash flow generation supported by positive changes in net working capital as a result of our asset-light business model
- Capital expenditures remain low, with the majority of product and technology development costs expensed

Our capital management priorities

01 **Appropriate liquidity buffers to maintain strong balance sheet and manage risk**
Ensure the business has sufficient liquidity to operate in different operating environments

02 **Invest in organic growth to drive market share gains and build to $1b+ of annual revenue**
Invest in private label and exclusive product; invest in brand recognition and customer experience; new product categories

03 **Invest to maintain our competitive advantage**
Continued investment in technology and innovation

04 **Identify and pursue strategically relevant and accretive growth opportunities**
Pursue M&A opportunities that are strategically aligned and value accretive for shareholders

05 **Return surplus capital to shareholders over the long term as the business scales**
Continue on-market buy-back; consider other capital management options over the longer term

Our model allows us to reinvest for growth whilst expanding margins over the long-term

- As the leading online retailer in the furniture and homewares category in Australia with $139m in cash, no debt, high customer satisfaction levels and a scalable business model, we continue to believe that now is the time to invest in improving brand awareness
- As outlined previously, we have increased our investment in marketing through FY24 and FY25, with a focus on longer-term brand building
- After FY25:
  - We expect brand spend to become a recurring channel within the marketing mix alongside performance channels
  - We expect EBITDA margins to progressively build towards our long-term +15% target, whilst retaining flexibility to vary delivered margin and marketing levers to respond to market conditions
- As the business scales, we remain confident in our longer-term margin targets given expected leverage on marketing and fixed cost investments, as well as ongoing benefits from further development and use of AI tools across the business

T&W Group	FY24	FY25	*Long Term*	
Revenue	100%	100%	*100%*	
Delivered Margin	**31.6%**	**30 – 32%**	***>33%***	Scale benefits with suppliers, private label/exclusive product share increases, logistical efficiencies, and AI led pricing
BAU Marketing Costs	(13.6%)	(12 – 13%)	*(<11%)*	Repeat orders to grow from 57% to +80% (which run at a lower marketing cost to first-time)
Customer Service and Merchant Fees	(2.1%)	(1 – 3%)	*(<2%)*	AI has already started to materially disrupt this cost line
BAU Contribution Margin	**15.9%**	**15 – 17%**	***>20%***	Scale main driver of leverage, supported by tech/AI
Fixed Costs	(11.3%)	(10 – 12%)	*(<6%)*	
BAU EBITDA Margin	**4.6%**	**3 – 6%**	***+15%***	
FY24 / FY25 Marketing Investment	(2.0%)	(2 - 3%)		
EBITDA Margin (including Marketing Investment)	**2.6%**	**1 – 3%**		

03

Trading Update and Outlook

MARK COULTER CEO

Trading update and FY25 outlook

- The market share gains and revenue growth demonstrated in H1 FY25 have continued into H2 FY25
- Revenue from 1 January to 10 February 2025 is up 16% year-on-year,[1] despite the challenges of the cost-of-living crisis
- The February growth rate has accelerated to 19% year-on-year (from 1 February to 10 February 2025).[1] We expect this trend to continue, given easing of comparison growth rates and the ability for us to use the margin flexibility we have built over the first half of the financial year
- Our current on-market share buy-back program remains in place until June 2025 to improve shareholder returns in the absence of more accretive opportunities
- EBITDA margin guidance for FY25 of 1 – 3% is reiterated, and we remain on-track towards our mid-term goal of $1b+ in annual revenue

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

04

Q&A

Appendix:
H1 FY25 IFRS / EBITDA Reconciliation

A$m	H1 FY25
Net Profit Before Tax	**12.5**
Adjustments:	
Add: Depreciation and Amortisation	2.9
Add: Interest on Lease Liabilities	0.5
Less: Interest Income	(2.8)
EBITDA	**13.2**

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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.

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