

ASX Announcement

14th February 2023

Temple & Webster Half Year Results and Trading Update

Temple & Webster (ASX: TPW), Australia's leading pure play online retailer for furniture and homewares¹, today released its Appendix 4D, Half Year Report and Results Presentation for the half year ending 31 December 2022.

Financial highlights:

- Successful implementation of cost management and margin improvement programs with Q2 FY23 EBITDA up 11.8% vs Q2 FY22
- EBITDA margin of 3.5% for the half in line with 3-5% guidance
- Revenue of \$207.1m for the half (noting the comparative period was significantly impacted from strong ecommerce demand due to COVID lockdowns)
- Sound inventory position of \$25.7m at 31 December 2022
- Closing cash balance of \$102.4m with no debt

Temple & Webster CEO, Mark Coulter, said: "We're pleased with the progress made during the half, with a return to year-on-year profit growth in Q2 as we benefited from our focus on margin optimisation and cost management, despite revenue being down year-on-year, which highlights the flexibility of the business model.

"While we dialed back spend in the half, we continued investing in our digital capabilities, product range and target verticals, with our Trade and Commercial and Home Improvement businesses growing 17% and 12% respectively. We have the flexibility to phase longer term investments as we leverage our previous step up in people and platforms, and a highlight during the half was opening our new headquarters in St Peters, an important part of our proposition to attract and retain talent.

"Pricing remains a key differentiator for the business, growing our gross margin through strategic pricing initiatives and better sourcing. Similarly, with 72% drop ship that carries no inventory risk and 28% private label inventory, through our supply chain model we further improved flexibility and our product range, placing us in a strong position to continue growing market share."

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

Trading update and outlook

Sales from the 1st of Jan to the 5th of February (first 5 weeks of 2H FY23) were down 7%, noting the pcp was significantly impacted from strong ecommerce demand during the Omicron outbreak.

We note that December 2022 sales were up slightly vs December 2021, a trading period that was not impacted by Omicron.

Mark Coulter said: “We remain committed to our profitable growth strategy and will continue our focus on margin optimisation and cost management to ensure we end the year within our 3-5% EBITDA range.

“We believe our business model, customer metrics, brand and new growth horizons position us well to navigate any trading conditions and return to a high growth business.

“Furthermore, we have over \$100m of cash to expand our roadmap of sales initiatives and pursue inorganic opportunities to support sustainable growth. Longer-term, ecommerce in the Australian furniture & homewares category remains highly under-penetrated, and we have a much larger addressable market to go after in our new target verticals.”

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This announcement has been authorised by the board of directors.

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Forward Looking Statements

Certain statements contained in this announcement are forward-looking statements or statements about future matters, including any indications of, and guidance or outlook on, the earnings, financial position and/or performance of Temple & Webster. These statements involve known and unknown risks and uncertainties and other factors (many of which are beyond the control of Temple & Webster) and involve significant elements of subjective judgement and assumptions as to future events (which may or may not be correct). No representation, warranty or assurance is given that the occurrence of any of the events expressed or implied in these statements will actually occur or that actual outcomes will not differ materially from the outcomes expressed or implied in these statements.

About the Temple & Webster Group

Temple & Webster is Australia's largest pure play online retailer of furniture and homewares.

Temple & Webster has over 200,000 products on sale from hundreds of suppliers. The business runs an innovative drop-shipping model whereby products are sent directly to customers by suppliers, enabling faster delivery times and reducing the need to hold inventory, allowing for a larger product range.

The drop ship range is complemented by a private label range which is sourced directly by Temple & Webster from overseas suppliers.

The Build by Temple & Webster (www.thebuild.com.au) is a pure play online retailer for home improvement. Sharing the same mission as its leading furniture and homewares sister site Temple & Webster, The Build helps Australians make their homes more beautiful and turn home renovators' visions into reality by providing the biggest and best range, a beautiful and easy shopping experience, and inspirational content.

Temple & Webster Group's registered office and principal place of business is 2, 1-7 Unwins Bridge Road, St Peters, Sydney, Australia and is listed on the Australian Securities Exchange under the code TPW.