

## ASX Announcement

15 August 2023

### Temple & Webster Full Year Results, Strategy and Trading Update

Temple & Webster (ASX: TPW), Australia's leading pure play online retailer for furniture and homewares<sup>1</sup>, today released its Appendix 4E and Audited Financial Results and Investor Presentation for the year ended 30 June 2023.

#### Financial highlights:

- FY23 Revenue of \$396m with the business back to growth since Q4 FY23
- Positive momentum has continued into FY24 with YTD revenue to 13 August up 16% vs pcp
- FY23 EBITDA of \$14.8m with an EBITDA margin of 3.7%, in line with 3-5% target range
- H2 FY23 EBITDA of \$7.5m up 80% vs H2 FY22
- FCF of \$17.0m (before share buyback and Renovai investment)
- Strong financial position with a closing cash balance as at 30 June 2023 of \$105m and no debt

Temple & Webster CEO, Mark Coulter, said: "Our FY23 performance demonstrates the resilience and flexibility of our business model and it's great to see that we're now firmly back in growth mode. In this environment, shoppers are searching for quality items at affordable prices as cost-of-living pressures impact household budgets and it's clear our agile range is resonating with consumers.

As the leading online-only furniture & homewares retailer, the market's transition from offline to online presents a once in a generation opportunity to become the top-of-mind brand in our category. Increasing scale will drive better financial returns, cost efficiencies and bigger budgets for marketing, people and technology, especially as we leverage our data and early adoption of AI.

Our focus over the next 3-5 years is to accelerate our growth plans and build scale. Our strong cash generation and healthy balance sheet provides us with an opportunity to gain market share, potentially even more efficiently given current economic conditions."

#### Strategic Priorities

The Group is targeting annual sales of \$1b+ within 3-5 years. During this period, Temple & Webster will strengthen its competitive moats by focusing on five key strategic priorities:

- 1) Becoming the top-of-mind brand in the furniture & homewares category;
- 2) Generating the majority of revenue from exclusive products;
- 3) Developing market-leading capabilities around technology, AI and data;

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<sup>1</sup> Source: IBISWorld Industry Reports:OD4176 Online Household Furniture Sales in Australia,OD4174Online Home Furnishing Sales in Australia

- 4) Lowering our fixed costs % to obtain price and margin advantage;
- 5) Building scale through adjacent growth plays, including Home Improvement and Trade & Commercial (B2B).

### **Trading update and outlook**

The positive momentum from Q4 FY23 has accelerated into FY24 with revenue to 13 August up 16% vs PCP driven by growth in both repeat and first time customers.

Mark Coulter said: “We have had a strong start to FY24. While the near-term macroeconomic climate will continue to put pressure on the sector, our business model, product offering, strong customer metrics and AI abilities give us confidence to aggressively go after market share in the near-term and deliver substantial longer-term benefits.

“Our inventory levels continue to be well managed and the business has never been in a stronger financial position. We have room to deploy funds in support of our growth plans, but we will do this in a disciplined way, remaining profitable at all times.

“Our \$30m on-market buyback will continue to improve shareholder returns in the absence of more accretive opportunities, with 2.7m shares bought back at a total cost of \$12.3m to date.

“We remain committed to our longer-term goal of becoming Australia’s largest retailer of furniture and homewares.”

### **Other FY23 Highlights**

- Q4 revenue growth driven by both repeat and first-time customers
- Orders from repeat customers now make up 54% of total orders
- Revenue per active customer up 6% for the year vs pc
- NPS improved to 62% due to expansion of asset light T&W delivery service now covering eastern seaboard metro and key regional areas
- Marketing return on investment is holding at 2x, despite inflationary pressures, which provides headroom to increase our brand spend in FY24 and FY25
- All pre-sale product enquiry live chats (+20% of all customer enquiries) are now powered by our custom Generative AI solution
- AI enhanced product descriptions (across more than 200,000 products) has led to an increase in conversion rate, add to carts and revenue per visit.
- 536k lifetime downloads of our iOS and Android apps. These apps are demonstrating higher conversion rates, great customer lifetime values and higher customer satisfaction
- The Trade & Commercial (B2B) division grew 9% YoY (gross revenue) to represent 10% of the Group
- Home Improvement is one of the fastest growing categories, with Group revenue of \$23m in its first full year of operation.

**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.

Temple & Webster's Trade & Commercial division services the B2B market, offering exclusive product ranges, procurement, styling, specialised delivery and installation services by a dedicated support team.

The Group also provides home improvement products via both the Temple & Webster and The Build websites, with everything customers need to renovate and redecorate their homes.

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.