TEMPLE & WEBSTER

H1 FY22 Investor Presentation

Mark Coulter CEO
Mark Tayler CFO

Summary

$235.4m
H1 FY22 Revenue

↑46%
vs H1 FY21 Revenue

↑218%
vs H1 FY20 Revenue

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

Strong growth with H1 Revenue up 46% YoY and 218% on a 2-year basis

H1 EBITDA, 5.1%, ahead of full year range (2-4%)

Debt free balance sheet, capitalized to take further market share

Sources: Euromonitor International Limited; Home Furnishings and Homewares System 2020 edition. IBISWorld Online Home Furnishing Sales in Australia Industry Report and Online Household Furniture Sales in Australia Industry Report

H1 FY22 Business Update

Record half with strong growth

- We continue to be one of the fastest growing retailers in Australia
- H1 Revenue up 46% YoY, up 218% on a 2-year basis
- 6th straight quarter of revenue per active customer growth
- EBITDA 5.1%, above the full year target range of 2-4%

Investment in brand and tech leading to better cohort performance

- Brand awareness up to 61% as we start to market to the broader furniture and homewares market
- Investment in AI generated tools is leading to improved conversion and revenue per active customer
- App metrics continue to improve and are driving higher repeat rates

Supply chain diversity is mitigating short term disruptions

- Having diversity in our supply chain has allowed us to scale sustainably during COVID periods
- Sourcing directly from over 100 factories via private label and 1,000's indirectly via drop ship
- Strong inventory position (+$20m) leading into H2

Good progress on next growth horizons

- Trade & Commercial revenue up 49%, represents ~7% of Group
- Home Improvement revenue up 95%, represents ~4% of Group
- T&W is well placed to be a leading player in both markets

Our strategy 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.

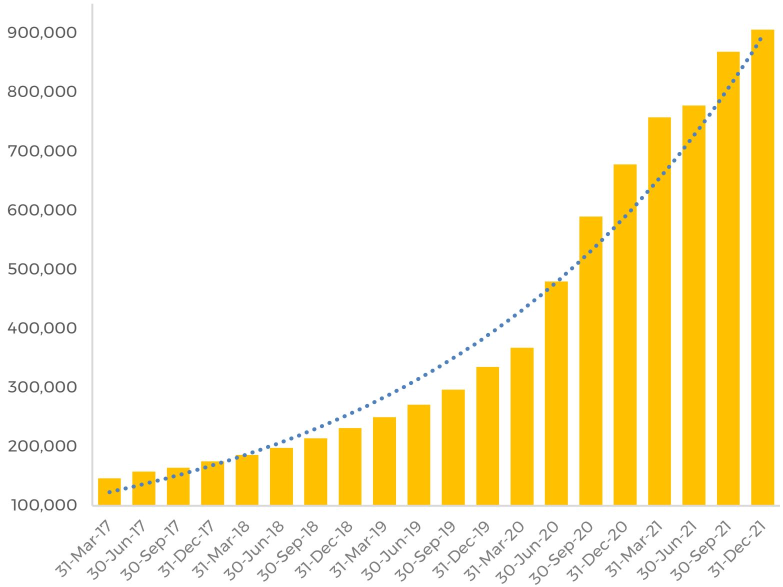
Our Strategic Pillars

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

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

We are continuing to follow our strategy with strong growth in our core furniture and homewares market

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
- 74% drop ship (no inventory risk) and 26% private label
- Large in-house content team (e.g. stylists, photographers, editors)

Large website traffic and database

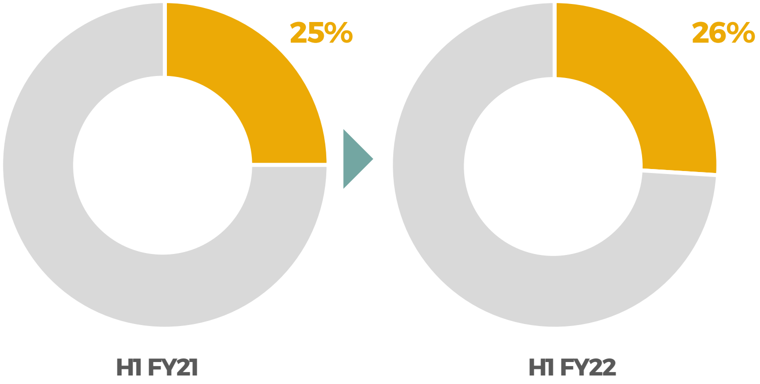
- 28m page impressions from 3.9m website users per month (Nov-21)
- 3.8m subscribers; ~915k combined social media reach
- 906k active customers
- 61% aided brand awareness (Nov-21)

Asset light business model

- Negative working capital model with 74% of sales drop ship
- Leverage 3rd party warehouses and carrier networks
- Average time to dispatch ~1.7 days

Private Label share continues to grow, supporting the group's goal of the biggest and best range in our category

Private label share (% of total sales)



Private label contribution up YoY despite significant supply chain impacts

High growth categories include Sofas, Living room and Outdoor Furniture, plus Lighting, Rugs & Christmas décor

Private label has extended into Baby & Kids and Cookware

Private label is higher margin and provides logistical simplicity by placing inventory closer to customers

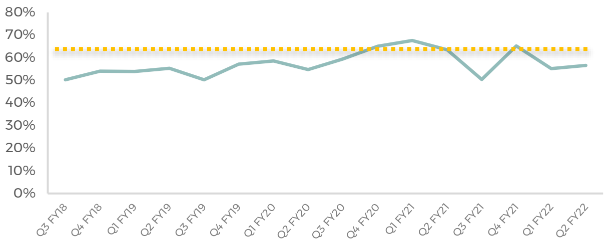
In-house demand **planning tool** has been **developed to further optimise inventory levels** and lower risk

Strong inventory position across all categories heading into H2

Supply chain diversity is mitigating short term disruptions; NPS tracking back to target levels

Customer satisfaction (NPS) has been impacted by local logistics, however is starting to track back towards 65% target

Net Promoter Score (score range: -100% to 100%)



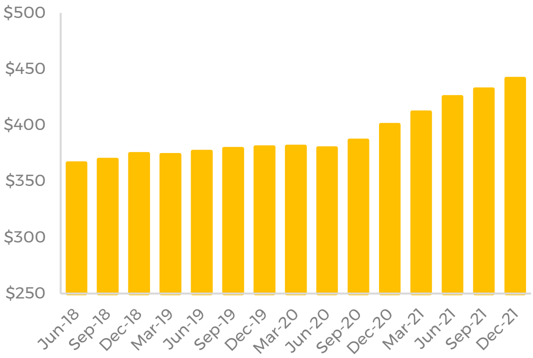
- COVID-19 has strained supply chains since early 2020
- Escalating global supply chain costs and capacity constraints have challenged traditional sourcing models
- Increased demand for home delivery, compounded by staff shortages as a result of COVID-19 placed pressure on logistcs and fulfilment

Despite supply chain headwinds, diversity within our supply chain is helping us to navigate these challenges

	Sourcing	**Fulfilment**	**Delivery**
Our capabilities…	Our drop ship suppliers are sourcing from 1000's of factories around the world We source from over 100 factories through our private label division We have over 200k sku's which are in stock and ready to fulfill	We fulfill orders daily from 100's of locations throughout Australia, with data integrations into a diversified network of logistics providers We forward position private label inventory close to customer demand in multiple warehouses	We proactively monitor performance of in-transit orders via our Transport Control Tower We develop daily forecast plans in advance, for our network of carrier partners to secure capacity
… allow us to	…diversify our supply chain and mitigate reliance on single point sourcing	…stay ahead of logistical bottlenecks and workforce capacity impacts through a diversified network	…anticipate and resolve delivery issues before disruptions impact customer experience

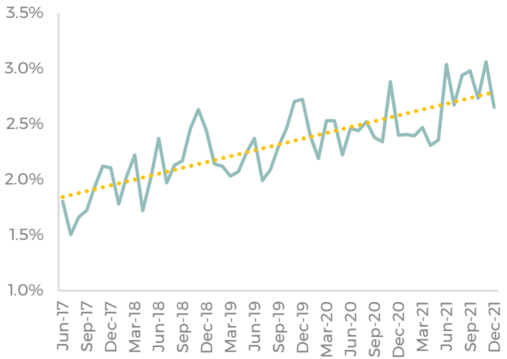
6th straight quarter of growth in Revenue per Active Customer

Revenue per active customer up 10%



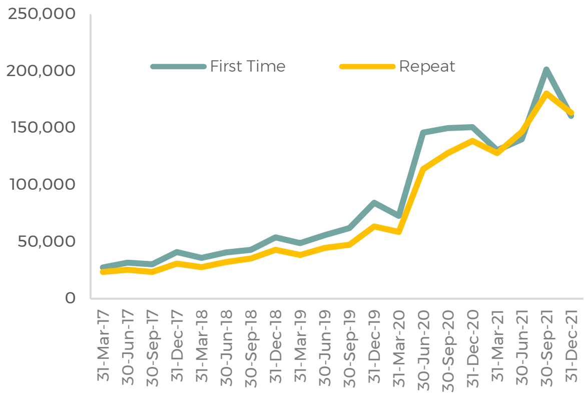
Driven by both Average Order Value (AOV) growth and repeat orders

Conversion rate trend is positive



Positive trend is consistent across all platforms: Desktop, Mobile and App

Growth driven by new and repeat customers



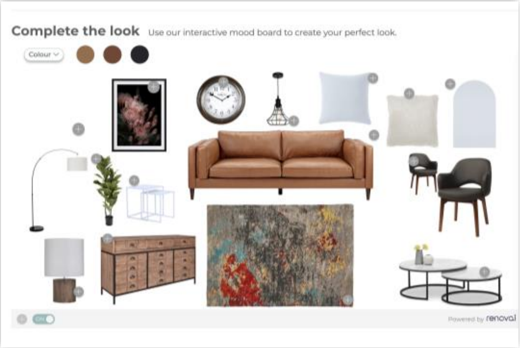
Most recent cohorts are outperforming previous cohorts in repeat orders

Active customers are the number of unique customers who have transacted in the last twelve months (LTM).
Conversion rate = number of transactions divided by number of unique visitors (source: Google Analytics)

Investments in Data and Technology are key drivers of improving cohort performance

AI based recommendations

Complete the look functionality is supporting an increase in both average order value and conversion rate

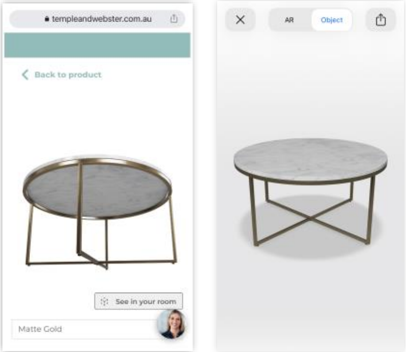


3D/Augmented Reality

3D imagery is being used to complement existing 2D imagery on product pages

Currently testing a number of Augment Reality (AR) use cases utilising 3D images

Goal is to have the largest 3D catalogue of furniture and homewares in Australia

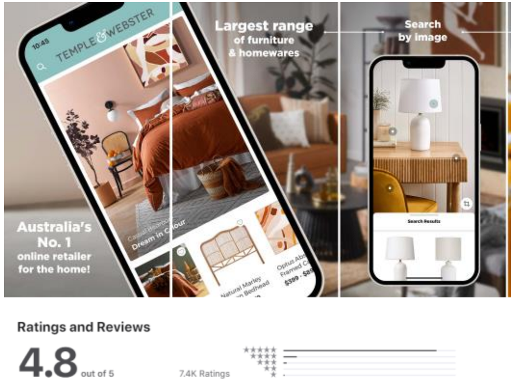


iOS and Android Apps

4.8 app rating for both platforms: iOS and Android

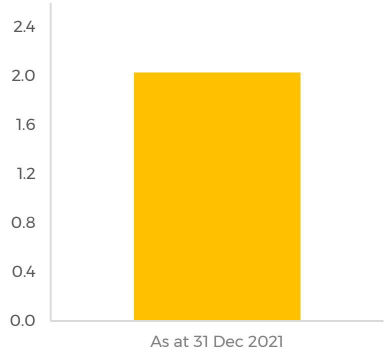
Higher AOV and conversion rate than the mobile site (non app)

Driving higher repeat rate when customer migrates to the App



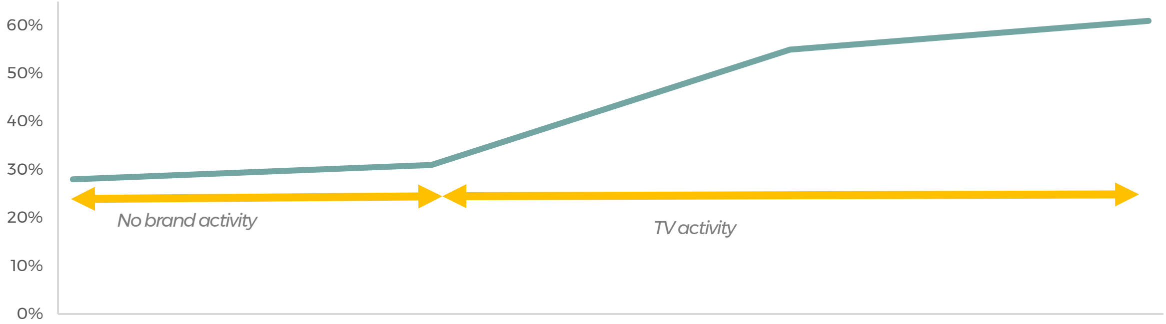
12-month marketing ROI is holding above 2 as brand awareness increases

12 month marketing ROI >2 with TV investment



$66 | Customer Acquisition Cost (CAC)

Brand awareness increase



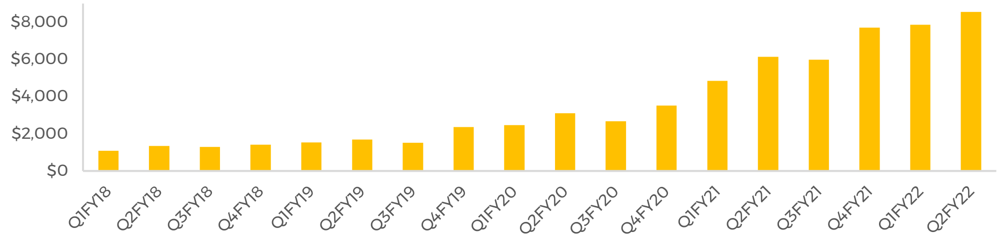
- Brand marketing in early stages
- Driving both new customer acquisition and re-engagement of repeats
- National brand campaign to launch H2

Marketing ROI = Margin $ / CAC
Margin = Revenue per active customer as at 31 December 2021 x delivered margin % for H1 FY22
CAC = Total marketing spend for H1 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 H1 FY22
Revenue per active customer = Last 12 months revenue divided by active customers

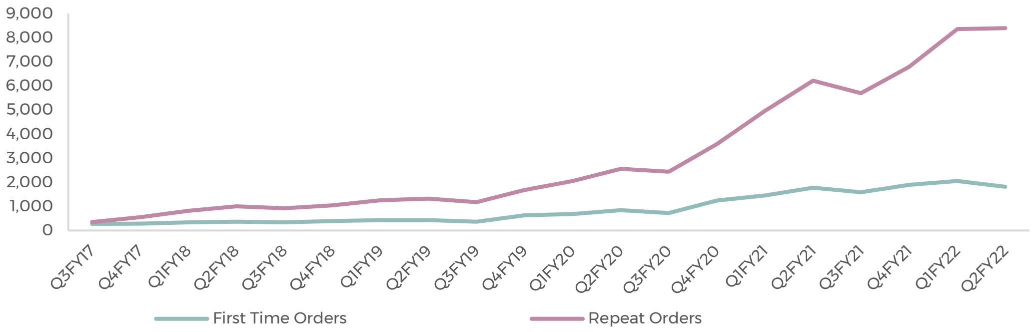
Our 2nd Growth Horizon, Trade and Commercial (B2B) grew 49% in H1

Revenue

$'000s



First time & repeats



Our Trade division continued to show strong growth despite challenging market conditions due to COVID-19 disruptions within the hospitality and commercial sectors.

Key areas of focus included:

- The launch of a series of furniture package options to the builder developer market
- Development of partnership packages for high value builder/developer customers including display designs, furniture packages and marketing/selling incentives
- The expansion of both sector based sales and customer care teams
- Transition into dedicated warehousing space has contributed to the high level of repeat orders

New marketing programs and new customer acquisition will be a key focus for H2.

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

Our 3rd Growth Horizon, Home Improvement grew 95% in H1

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 realise synergies with core furniture & homewares business
- Counter cyclical to the housing market (moving vs renovating)

T&W have a small existing position, with natural bridgehead into the market

- Our existing Home Improvement offering delivered strong growth YoY - however, is still a small representation of Group revenues (~4%)
- T&W is well placed to deliver a compelling online customer value proposition in the consumer renovations space; leveraging our deep expertise, audience & brand reach, and strengths across our core furniture & homewares offering
- We are adding category managers, merchandise managers, dedicated technology and logistics support to aggressively pursue this opportunity

H1 FY22 Financial Results

Reiterating our short-mid and longer term profile

	Short-mid term **High growth / win the market**	Longer term **Leverage scale / grow profit**
Revenue	Market leader takes a disproportionate share of accelerating online penetration Execute on organic and inorganic growth opportunities	Continue to take advantage of longer term online market penetration Leverage organic and inorganic growth opportunities
Contribution margin	Focus on growing contribution dollars (versus contribution margin %) Areas of investment: • Using price and promotions to drive new customer conversion • Brand building initiatives (e.g. TV)	Leverage scale and strategic moats to grow contribution margin % Smarter pricing; better supplier terms due to scale; higher brand awareness
Fixed Costs	Invest in longer term growth plays and capabilities to build strategic moats around business: • Mobile, tech, AR/AI/3D • Brand awareness • Trade and Commercial division • Home Improvement • Delivery experience • Size of catalogue and private label range • Data and personalisation	Slow investment in fixed costs Take advantage of operating leverage in our business model Disciplined investment in next horizon growth businesses (e.g. international expansion)
Profit	**2-4% EBITDA level and re-invest operating leverage to drive above market growth**	**Focus on growing profit $ and % as a result of operating leverage**

H1 FY22 profit and loss results

A$m	H1FY20	H1FY21	H1FY22
Revenue	**74.1**	**161.6**	**235.4**
Cost of Sales	(41.3)	(88.1)	(129.7)
Gross Margin	**32.8**	**73.5**	**105.7**
	44.2%	*45.5%*	*44.9%*
Distribution	(10.8)	(20.2)	(34.0)
Delivered Margin	**22.0**	**53.4**	**71.7**
	29.7%	*33.0%*	*30.5%*
Advertising & Marketing	(8.3)	(20.7)	(32.0)
Customer Service & Merchant Fees	(2.4)	(5.2)	(7.3)
Contribution Margin	**11.3**	**27.5**	**32.4**
	15.3%	*17.0%*	*13.8%*
Wages	(6.6)	(8.9)	(13.2)
Other	(2.0)	(3.3)	(6.4)
Adjusted EBITDA	**2.7**	**15.3**	**12.7**
	3.6%	*9.5%*	*5.4%*
Share Based Payments	(0.4)	(0.5)	(0.7)
EBITDA	**2.3**	**14.8**	**12.0**
	3.1%	*9.2%*	*5.1%*
Depreciation & Amortisation	(0.3)	(0.5)	(1.5)
EBIT	**2.0**	**14.3**	**10.6**
	2.6%	*8.9%*	*4.5%*
NPAT	**2.9**	**12.2**	**7.3**
	3.9%	*7.5%*	*3.1%*

Strong growth with H1 revenue up 46% vs FY21 and up 218% vs FY20

Revenue growth driven by both active customer growth (34%) and revenue per active customer growth (10%)

Delivered margin in line with expectations (~30%) and tracking in alignment with historical levels (pre H1 FY21)

Marketing as a % of revenue up to 13.6% vs 12.8% as we step up both performance and TV to **increase brand awareness** (now 61%)

Fixed costs as a % of revenue (incl share based payments) were 8.7% vs 7.8% in H1FY21 as a result of **investments in key areas** such as tech, logistics, customer care, 3D, AI/AR and data teams

EBITDA of 5.1% was a result of strong trading and timing of fixed cost investments (see above), the full cost of H1 investments will materialise in H2. Full year EBITDA range remains 2-4%

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.

Cash position is allowing for investment into growth initiatives

A$m	30-Jun-21	31-Dec-21
Assets		
Cash & Cash Equivalents	97.5	105.5
Inventories	21.3	21.8
Other current assets	5.4	4.1
Intangibles, (inc. goodwill)	8.1	8.2
Right-of-use assets	7.0	6.0
PPE	1.2	3.3
Deferred tax assets	7.8	7.0
Investment in associate	0.0	2.4
Total Assets	148.3	158.3
Liabilities		
Trade and other payables	33.2	34.3
Employee accruals and provisions	5.6	6.4
Deferred revenue	15.3	13.8
Lease liabilities	7.1	6.1
Income tax payable	3.2	5.7
Total Liabilities	64.3	66.3
Net Assets	**84.0**	**92.0**
Equity		
Contributed capital	115.4	115.4
Reserves	4.7	5.5
Retained earnings	(36.1)	(28.9)
Total Equity	**84.0**	**92.0**

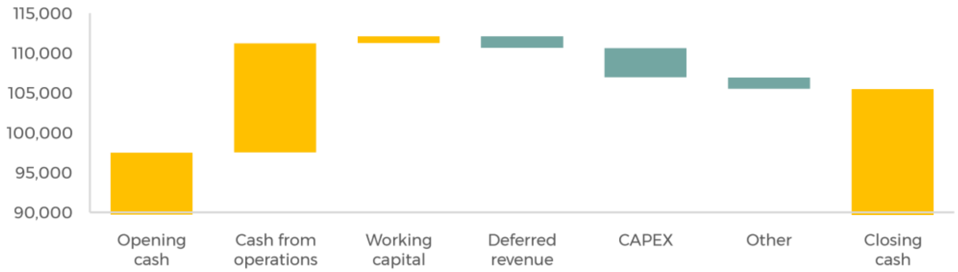
Closing cash balance of **$105.5m and no debt**

Positive cash flows were predominately driven from operations and the group's capital light/negative working capital model

Inventory metrics (WOC/ageing profile/GMROI) **continue to track in line with target ranges**

Our flexible balance sheet is **allowing us to invest surplus cash into new growth horizons**, such as Home Improvement

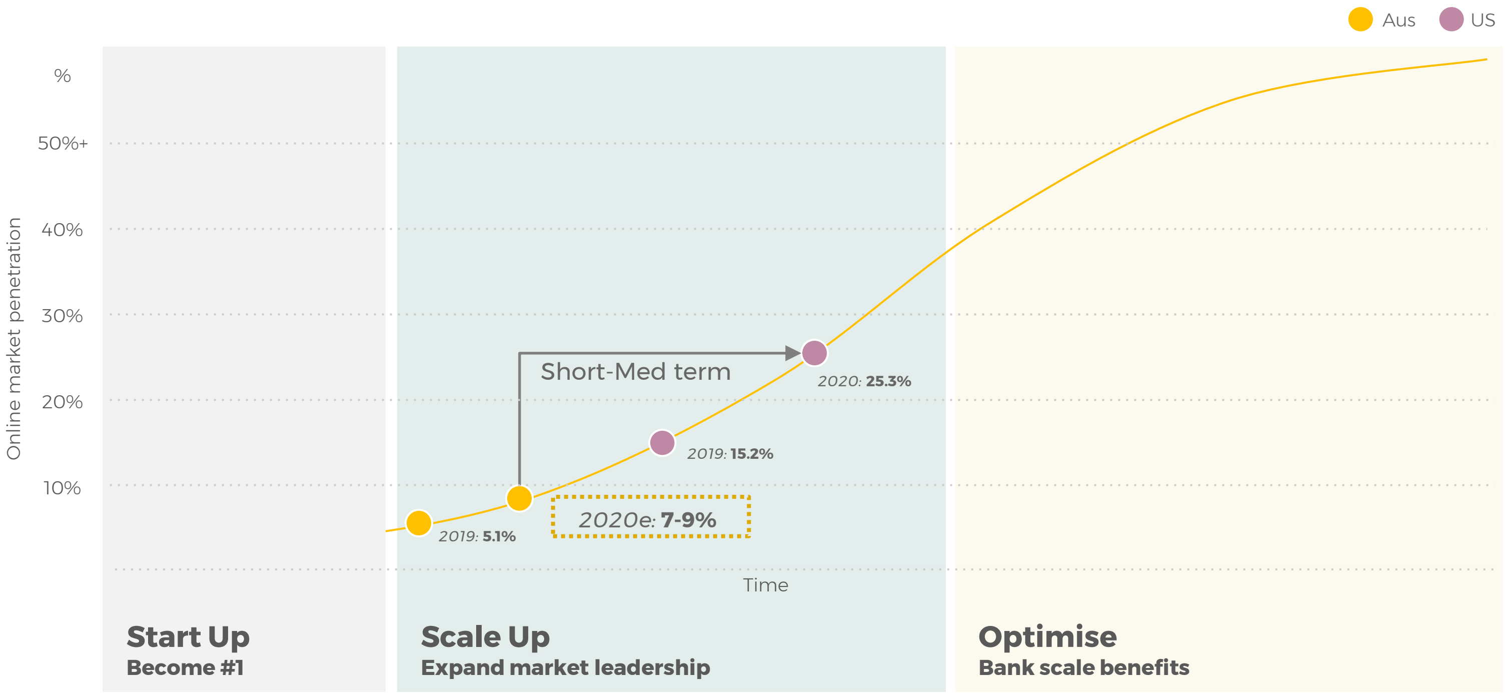
Cash Bridge



Strategy & Outlook

Our core B2C furniture and homewares category is a ~$16b market, undergoing a structural shift towards online

Hypothetical adoption curve for online penetration in the Furniture & Homewares market

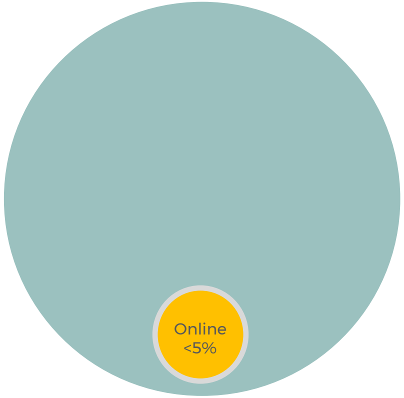


Source: Euromonitor International Limited; Home Furnishings and Homewares System 2020 edition, ABS Retail Sales data, TPW estimates

Home Improvement adds a further ~$16b to our addressable market

Product class

- Tools & equipment
- Garden & landscaping
- Paint & supplies
- Window furnishings
- Flooring
- Plumbing fixtures
- Other products



Less than 5% moved online

Source: ABS Retail Sale data January 2021. Hardware and Building Supplies Retailing in Australia G4231, Ibis World December 2020. Floor Coverings Retailing in Australia G4212 , Ibis World July 2021. Online Hardware and Tool Sales in Australia OD5118, Ibis World November 2021. Furniture Retailing in Australia G4211, Ibis World June 2021. Online Home Furnishing Sales in Australia OD4174, Ibis World June 2021. Temple & Webster estimates.

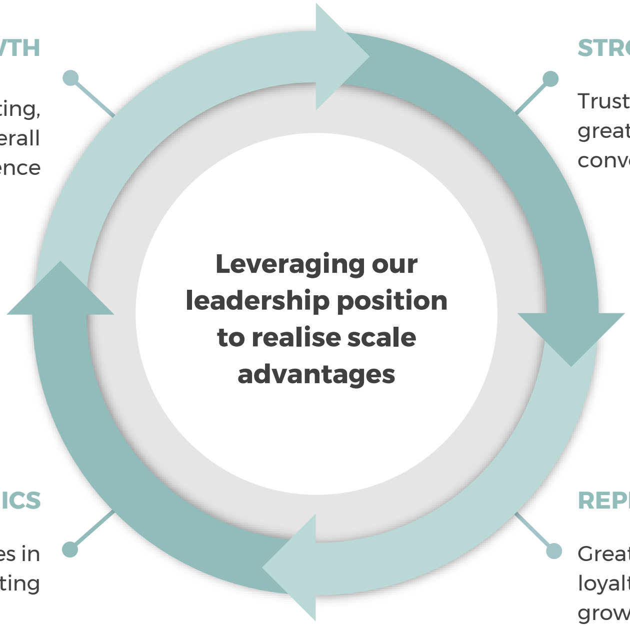
Scale increases our operating leverage, allowing us to accelerate investment in future growth and take market share

REINVEST FOR GROWTH

Use cash flows generated to reinvest in marketing, 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

Growth Strategy

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 & Commercial and Home Improvement)

Trading update & outlook

- The second half of FY22 has started strongly with YoY revenue growth of 26% for the period 1st January to the 6th of February vs. the same period in 2021, and up 161% vs 2020
- We remain confident our strategy is resonating with the next generation of shopper and that we are well placed to continue to take share in the markets we are operating in
- We will continue to reinvest operating leverage where it makes sense to do so, building strategic moats around the core business whilst investing into our new growth horizons

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

Q&A

Disclaimer

This presentation (Document) has been prepared by Temple & Webster Group Limited ACN 608 595 660 (T&W Group or the Company). This Document is a presentation to provide background information on the Company and its subsidiaries and is not an offer or invitation or recommendation to subscribe for securities nor does it constitute the giving of financial product advice by the Company or any other person. The information in this Document is selective and may not be complete or accurate for your particular purposes.

The Company has prepared this Document based on information available to it to date and the Company is not obliged to update this Document. Certain information in this Document is based on independent third-party research. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this Document. To the maximum extent permitted by law, neither the Company, nor its directors, officers, employees, advisers or agents, nor any other person accepts any liability, including, without limitation, any liability arising from fault, negligence or omission on the part of any person, for any loss or damage arising from the use of this Document or its contents or otherwise arising in connection with it.

This information has been prepared by the Company without taking account of any person's objectives, financial situation or needs and because of that, you should, before acting on any information, consider the appropriateness of the information having regard to your own objectives, financial situation and needs. We suggest that you consult a financial adviser prior to making any investment decision.

This document contains certain “forward-looking statements”. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, event or result “may”, “will”, “can”, “should”, “could”, or “might” occur or be achieved and other similar expressions. These forward-looking statements reflect the current internal projections, expectations or beliefs of the Company based on information currently available to the Company.

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.

The information in this Document is only intended for Australian residents. The purpose of this Document is to provide information only. All references to dollars are to Australian dollars unless otherwise stated.

TEMPLE & WEBSTER