

ASX Announcement  
28 October 2024

### AGM Addresses and Trading Update

In accordance with Listing Rule 3.13.3, attached are the addresses to be delivered by the Chair and CEO at the Company's Annual General Meeting ('AGM') later this morning. The presentation slide deck will also be lodged separately.

A trading update contained in the CEO presentation is set out below.

#### **Revenue up 21% YTD, market share growing, margins on target**

- The Group continues to deliver significant market share gains<sup>1</sup> despite the ongoing cost-of-living crisis
- Year-to-date revenue from 1 July to 24 October is up 21%<sup>2</sup> vs. pcp
- Good momentum in leading indicators: average order values back to growth; ~60% orders now from repeat customers
- Margin levels continue to track in line with our target range, despite some increases in international freight rates
- Strong balance sheet position with over \$100m in cash and no debt

#### **Marketing update**

- Media mix modelling analysis of our FY24 brand investment concluded that diversification of channels is leading to incremental customers, with acquisition costs anticipated to improve further with channel optimisation
- Brand investment to continue in FY25, including a cross-channel campaign over the November, December and Black Friday sales period

#### **Outlook**

- We expect the November and Black Friday sale period to keep increasing in importance in the retail calendar, especially for online shopping
- The Group remains on track to achieve its medium-term target of \$1 billion in annual revenue within 3-5 years (from FY23)
- EBITDA margin guidance for FY25 (1-3%) reaffirmed
- Our \$30m on-market buy-back program will continue to improve shareholder returns in the absence of more accretive opportunities

This announcement has been authorised by the board of directors.

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<sup>1</sup> Source: ABS 8501.0 Retail Trade, Australia (2024) to calculate total market for July and August 2024

<sup>2</sup> Revenue growth is based on checkout revenue, which is pre-accounting adjustments (deferred revenue and refund provision)

### Chair's Address

Good morning everyone and welcome to our financial year 2024 Annual General Meeting.

Before we begin, Temple & Webster Group would like to acknowledge the Traditional Owners and Custodians of Country throughout Australia. We recognise their enduring connection to the lands, the waterways and the skies. We acknowledge the Gadigal and Wangal people, on whose lands our corporate head office is located, as well as all other First Nation Countries we operate across. We pay our respects to Elders past and present, and to all Aboriginal and Torres Strait Islander peoples.

I would also like to take this opportunity to introduce my fellow directors who are all present at this AGM today:

- Conrad Yiu, Co-Founder, Non-Executive Director and Deputy Chair
- Belinda Rowe, Independent Non-Executive Director and Chair of the Nomination and Remuneration Committee
- Melinda Snowden, Independent Non-Executive Director and Chair of the Audit & Risk Management Committee
- Mark Coulter, Co-Founder, Managing Director and Chief Executive Officer

We are also joined by Lisa Jones, our Company Secretary, and members of our executive leadership team.

### **FY24 Financial Performance**

I'll start with an overview of our performance in the 2024 financial year. As reported in August, Temple & Webster delivered a strong FY24 result, with revenue of \$498 million, up 26% year on year.

This was a particularly strong result as it was achieved in a period that faced significant macroeconomic headwinds. Our result highlights continued market share gains as our customer numbers grow every day as a result of our dynamic business model, the strength in our product offering and the overall value that we deliver with every shop.

EBITDA for FY24 was \$13.1 million, excluding one-off costs, which was at the high end of our target margin range, with all other margins within or above target ranges.

The Group finished the year with a closing cash balance of \$116 million, with no debt, remaining well-funded to continue to execute on our growth plans.

The strength of our balance sheet enabled us to implement our second on-market share buyback program that commenced in June 2024 for up to \$30 million in Temple & Webster shares. During FY24, the business bought back a total of 1.7 million shares for \$12.5 million. The Board considers the buyback program as an effective and flexible capital management strategy.

### **Strategy Update**

As a result of us executing on our mid-term strategy, the Group has been able to drive significant market share gains. Our share of the total furniture and homewares category, which includes both online and offline, reached an all-time high of 2.3% in FY24, up 31% year on year.

This share gain speaks to the strength of the Group's proposition, particularly around our range, pricing and service offering. The flexibility of our supply chain model has allowed the team to rapidly meet ever-changing customer product and price preferences.

We are still very early in the online adoption cycle, especially in our category. Even at ~20% online penetration, which is the latest Euromonitor estimate for furniture and homewares in Australia, we still lag other markets such as the U.S. and UK, which are already approaching 30%. Temple & Webster's market share also lags comparable category leading businesses, which shows the upside if we continue to execute well.

In August 2023, we outlined our mid-term strategy of reaching over \$1 billion in annual sales within 3-5 years, and we firmly believe that now is the time to accelerate our growth and market share gains to reach this goal as soon as possible, for the following reasons:

Firstly, the category is undergoing a "once in a generation" shift from offline to online. As we have seen previously, we expect Australia to catch up to online penetration rates seen in other markets such as the U.S. and UK over the coming years, driven by demographic trends independent of macroeconomic factors. Millennials are overtaking Baby Boomers as the largest population segment, and these digital natives are entering their core furniture and homewares-buying years as we speak.

Secondly, Temple & Webster is the largest online-only retailer in the category. At \$498 million in revenue we have overtaken all online-only competitors and have the resources and scale to increase our market share.

Thirdly, as we scale, there is a flywheel effect for Temple & Webster and our competitive advantages will get stronger, further increasing our leadership position.

Finally, the Group is well placed to build on this platform for growth with an asset light, cash generative model, and is fully funded to execute on both organic and inorganic growth plans.

As our operating platform continues to strengthen, we are well placed to leverage our experience and capabilities into adjacent markets and product categories. As Mark will talk to further in his address, we remain on track to reach our mid-term goal of \$1 billion in annual sales.

### **Governance and Team Update**

Temple & Webster continues to develop its policies to align with best practice corporate governance. As we outlined in August, we amended our Securities Dealing Policy to broaden the trading window for Non-Executive Directors and Key Management Personnel and we established a Minimum Shareholding Policy for Non-Executive Directors and the Executive Leadership Team to ensure better alignment with shareholder interests.

We also continue to assess ways to strengthen the composition of the Board and we are in the process of recruiting additional directors to further enhance the board's capabilities and diversity.

In September, we welcomed Cameron Barnsley as Chief Financial Officer. Cameron joins Temple & Webster with a wealth of experience in capital markets and advising companies on their growth strategies, both locally and international. Cameron's expertise and experience will be invaluable in our next phase of growth.

We have known Cameron professionally for years and he is already working seamlessly with the team, supported by Deputy CFO, Chris Berner and former CFO, Mark Tayler in his new position focused on IR and growth. Mark has been an instrumental part of why Temple & Webster is where it is today, and we're grateful to have him remain on board for our next stage of growth.

As you will see, I am up for re-election at this year's AGM. This will be my tenth year with the company and I remain as excited today as I did when I joined as we progress towards our next milestone of \$1 billion in annual sales.

On behalf of the Board, I would like to thank Mark Coulter and our broader management team for their hard work and dedication in what has proven to be another successful year for Temple & Webster.

I'd also like to extend my thanks to my fellow Directors for their expertise, commitment and stewardship, and finally, I would also like to thank you, our shareholders, for your continued support. I will now hand over to Mark for his address.

#### **CEO's Address**

Thank you Stephen and good morning fellow shareholders.

As Stephen outlined, Temple & Webster delivered a strong FY24 result, generating close to half a billion dollars in revenue. Our growth was driven by a significant increase in active customers, up 31% year on year. This was driven by healthy growth in both first-time customers and repeating customers with orders from repeat customers up 36% year on year which represented 57% of all orders.

We did face a headwind of lower average order values, as customers migrated to lower priced items in a search for value, however this was partially offset by mix as less-discretionary furniture products outperformed higher discretionary homeware categories, which supports customer basket sizes. Pleasingly this headwind has become a tailwind with average order values back in growth for FY25.

In line with our goal of becoming a top of mind brand in the category, FY24 was a year of experimentation, at scale, to get a statistically significant read on the benefit of adding incremental channels to our marketing mix. We ran three campaign bursts across TV, out of home, audio display and social, in different markets across the country. We then worked with a data analytics company to deploy media mix modelling to understand the benefit and ROI of these additional channels. The good news is that the results concluded that diversification of channels is leading to incremental customers, with acquisition costs anticipated to improve with further channel optimisation. As a result, we have continued our brand building efforts into FY25.

Importantly, even after this brand investment, on average our customers in FY24 remained profitable on their first order which provides great unit economics for a growing e-commerce company. If you exclude the additional brand marketing investment, our 12-month ROI remained at a healthy ~2x our customer acquisition cost.

Over the year, our revenue from products exclusive to Temple & Webster grew to 43% of total revenue. This includes growth in both private label and exclusive dropship products. Approximately 70% of our top selling 500 products are now exclusive to Temple & Webster, which is a good leading

indicator of where our catalogue is heading as we scale. We also launched our internal industrial design team which has created over 80 new product designs which are working their way through the various stages of production, with the first products on sale in FY25.

We continue to make good progress towards building market leading AI, data and technology capabilities. In FY24 year we added new hires to the team, combining machine learning and generative AI knowledge. Our internally built AI solutions are delivering material and tangible benefits. Product recommendations, live chat and on-page content generation are now driving, on aggregate, more than 10% conversion rate improvements across the site, and in FY24 we realised around \$4 million in annualised cost savings from automating our customer pre- and post-sales support.

Finally in terms of our next growth horizons, I am pleased to report that our Trade and Commercial division or B2B area, grew 27% to \$45 million in revenue. While Home improvement achieved \$29 million in revenue, at a 26% growth rate, which is a strong result given we were focused on only one website, versus two in the prior period. For both areas we are investing in range development, including using our private label division, fulfilment services such as palletised shipping, and category or sector specific marketing and sales capabilities.

### **Trading Update**

In terms of year-to-date trading, the business continues to deliver significant market share gains in the face of the current cost-of-living crisis. Year to date revenue from the 1<sup>st</sup> of July to the 24th of October is up 21% on the pcp.

We continue to see good momentum in key leading indicators: average order values are now back to growth and ~60% of orders are now coming from repeat customers.

As I mentioned earlier, the media mix modelling analysis provided promising results, giving us confidence to continue our brand investment into FY25, including a cross-channel campaign over the November, December and Black Friday sales period.

Margin levels continue to track in line with our target range, despite some increases in international freight rates, and our balance sheet position remains strong with over \$100m in cash and no debt.

In terms of outlook, the Group remains on track to achieve its medium-term target of \$1 billion in annual revenue within 3-5 years (from FY23). We also expect the November and Black Friday sale period to keep increasing in importance in the retail calendar, especially for online shopping.

From an EBITDA guidance perspective, we remain confident of achieving our stated margin objectives for FY25 and our \$30m on-market buy-back program remains in place to improve shareholder returns in the absence of more accretive opportunities.

### Thank you to the Tempster team

I'd like to say a huge thank you to the Tempster team. Your commitment, adaptability, and resilience are as inspiring as ever. Without you, we wouldn't be able to fulfil our vision of making the world more beautiful, one room at a time.

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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 offers a huge range of home improvement products that 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.

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