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ASX Announcement

1st July 2020

Temple & Webster Equity Raise and Business Update

Temple & Webster (ASX: TPW) (“Temple & Webster” or the “Company”), Australia’s largest e-commerce company in the furniture and homewares market¹, launches a fully underwritten A\$40 million institutional placement to strengthen its balance sheet and fund growth.

Key Highlights

- Temple & Webster to undertake a fully underwritten² institutional placement of A\$40 million at an offer price of A\$5.70 per share (the “Placement”)
- Proceeds from the Placement will be used to provide Temple & Webster with the financial flexibility to pursue strategic growth initiatives taking advantage of the significant structural shift towards online shopping, including the enhancement of the Company’s digital platform and further strengthening the product and service offering
- June 2020 has maintained the strong sales momentum, with gross sales (to the 28th) growing 130% vs pcp. Full year FY20 EBITDA will be greater than \$8m.³

Background

Given the recent acceleration in the adoption of online purchasing, particularly with respect to the Australian homewares and furniture market, Temple & Webster considers it prudent to strengthen its balance sheet, providing the Company with further financial flexibility and ensuring Temple & Webster is well placed to capitalise on any additional organic and inorganic growth opportunities that may arise.

¹ Source: IBISWorld Industry Report OD4176 Online Household Furniture Sales in Australia.

² Refer to the Investor Presentation for a description of the key terms and conditions of the underwriting arrangements.

³ Gross sales are sales that exclude the impact of refunds and deferred revenue. Company expects to release full year FY20 results (pre audit) end of July.

The Company's CEO Mark Coulter said, "we remain very excited about the position of Temple & Webster and our unique opportunity to capitalise on the structural shift from offline to online for furniture and homewares. With the recent acceleration in this trend, we think it is financially prudent for the Company to strengthen its balance sheet to provide us with the flexibility to make additional investment into our growth, including our technology and product and service offering."

The Company has recently been presented with a number of potential opportunities for additional investment, including opportunities that would enhance Temple & Webster's digital capabilities, product and service offering. An example of one of these opportunities is an offshore start up developing AI (artificial intelligence) interior design tools, in which Temple & Webster has agreed to make a small investment. Along with that investment, Temple & Webster has also entered into a long-term commercial agreement with that company to bring those tools to Australia in a market first.

Business Update

Strong trading has continued with June gross sales (to the 28th June) up 130% yoy vs pcp. The operating leverage continues to be seen in the business model, which will result in a full year FY20 EBITDA exceeding \$8m. Full year (pre-audit) results are expected to be released end of July.

Placement

Temple & Webster has today announced a fully underwritten Placement to raise A\$40 million which will result in the issue approximately 7.0 million new fully paid ordinary shares ("New Shares"), representing approximately 6.2% of the Company's existing issued capital.

The Placement will be conducted at an offer price of A\$5.70 per share, which represents:

- A 9.7% discount to the last close price on 30 June 2020 of A\$6.31; and
- A 6.4% discount to the five-day volume weighted average price of A\$6.09.

Each New Share issued under the Placement will rank pari passu with existing shares on issue.

Canaccord Genuity (Australia) Limited is acting as Lead Manager and Underwriter to the Placement.

Settlement of the New Shares issued under the Placement is expected to occur on Tuesday, 7 July 2020, with allotment scheduled for Wednesday, 8 July 2020.

Placement Timetable	Date
Trading halt and announcement of the Placement	Pre-market Wednesday, 1 July 2020
Placement bookbuild opens	Wednesday, 1 July 2020
Placement bookbuild closes	Wednesday, 1 July 2020
Results of the Placement announced on ASX and	Thursday, 2 July 2020
Trading halt lifted - Shares recommence trading on ASX	Thursday, 2 July 2020
Settlement of Placement	Tuesday, 7 July 2020
Allotment and normal trading of New Shares under the Placement	Wednesday, 8 July 2020

The above timetable is indicative only and subject to change.

Authorised for release by the Board of Temple & Webster Group Limited.

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About Temple and Webster Group Limited

Temple & Webster is Australia's leading online retailer of furniture and homewares. Temple & Webster has over 180,000 products on sale from hundreds of suppliers. The business runs an innovative drop-shipping model, whereby products are sent directly to customers by suppliers thereby enabling faster delivery times and reducing the need to hold inventory thereby allowing 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 registered office and principal place of business is Unit 1a, 1-7 Unwins Bridge Road St Peters Sydney, Australia and is listed on the Australian Securities Exchange under the code TPW.

Forward-looking Statements

This announcement includes "forward-looking statements" within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "likely", "should", "could", "intend", "plan",

"estimate", "anticipate", "believe", "continue", "objectives", "outlook", "project", "forecast", "guidance" or other similar words, and include statements regarding certain plans, unknown risks, uncertainties and other factors, many of which are outside the control of Temple & Webster, and its officers, employees, agents and associates. Any forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Temple & Webster and its directors. This includes any statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements may assume the success of Temple & Webster's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Temple & Webster's control and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements.

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