

Not for release to US wire services or distribution in the United States

TEMPLE & WEBSTER GROUP LTD

ABN 69 608 595 660

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS:

Unit 1, 1-7 Unwins Bridge Road

St Peters NSW 2044

ASX ANNOUNCEMENT

1 July 2020

Investor presentation

Temple & Webster Group Ltd attaches an Investor Presentation for a Placement of Ordinary Shares in the Company.

This document has been authorised for release by the Board of Directors.

Yours faithfully



Michael Egan

Company Secretary

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

TEMPLE &
WEBSTER

Investor Presentation

July 2020

Not for release to US wire service or distribution in the United States



Disclaimer

Summary Information

This presentation has been prepared by Temple & Webster Group Ltd 69 608 595 660 (**Temple & Webster** or the **Company**). This presentation contains information about Temple & Webster and its subsidiaries and is dated 1 July 2020. The information in this presentation does not purport to be complete or to provide all information that an investor should consider when making an investment decision. It should be read in conjunction with Temple & Webster's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange which are available at asx.com.au (ASX code: TPW).

Not Financial Product Advice

This presentation is for information purposes only and is not financial product or investment advice (nor tax, accounting or legal advice) or a recommendation to acquire Temple & Webster's shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and investment advice appropriate to their jurisdiction. Temple & Webster is not licensed to provide financial product advice in respect of Temple & Webster's shares. Cooling off rights do not apply to the acquisition of Temple & Webster shares. You should make your own decisions regarding the Placement and whether to participate based on your own inquiries and independent advice.

Effect of Rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

Investment Risk

An investment in Temple & Webster shares is subject to investment and other known and unknown risks, some of which are beyond the control of Temple & Webster. Temple & Webster does not guarantee any particular rate of return or the performance of Temple & Webster, nor does it guarantee the repayment of capital from Temple & Webster or any particular tax treatment. Readers should have regard to the risks outlined in the 'Key Risks' sections of this presentation.

Not an offer

This presentation is not a prospectus, disclosure document or offering document under Australian law (and will not be lodged with ASIC) or any other law. It is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction. The shares offered in the Placement (**New Shares**) have not been, and will not be, registered under the U.S. Securities Act of 1933 (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States absent registration or in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws. The release, publication or distribution of this presentation in the United States and other jurisdictions outside Australia may be restricted by law. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. See the section captioned "International Offer Restrictions".

Disclaimer

Disclosure

Temple & Webster 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.

The brokers and advisors have not been involved in the preparation of, and have not authorised, permitted or caused the issue, lodgment, submission, dispatch or provision of this presentation and do not make or purport to make any statement in this presentation and you acknowledge that there is no statement in this presentation which is based on any statement made by the brokers and advisors. You acknowledge and agree that none of the brokers and advisors and their affiliates, officers and employees, makes any representation or warranty as to the currency, accuracy, reliability or completeness of information and nor do they make any representations or warranties to you concerning the Placement and whether you should participate. You should make your own decisions regarding the Placement and whether to participate based on your own inquiries and independent advice. The brokers and advisors and their affiliates, officers and employees, to the maximum extent permitted by law, expressly disclaim all liabilities in respect of, make no representation regarding, and take no responsibility for any part of this document or in relation to the Placement.

Acceptance

By attending an investor presentation or briefing, or accepting, accessing or reviewing this document you acknowledge and agree to the terms set out above and on the next page.

Past Performance

Past performance detailed in this presentation is given for illustrative purposes only and should not be relied on as an indication of Temple & Webster's views on its future financial performance or condition. Readers should note that past performance of Temple & Webster, including the historical trading price of Temple & Webster shares, cannot be relied on as an indicator of (and provides no guidance as to) future Temple & Webster performance, including the future trading price of Temple & Webster shares.

Future Performance

This presentation 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.

Disclaimer

Any forward-looking statements, opinions and estimates provided in this presentation 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, including the risks and uncertainties described in the 'Key Risks' sections of this presentation. 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. To the maximum extent permitted by law, Temple & Webster (including its subsidiaries), the lead manager and brokers and any of their related bodies corporate and affiliates and their officers, employees, agents, associates and advisers:

- disclaim any obligations or undertaking to release any updates or revisions to the information in this presentation to reflect any change in expectations or assumptions;
- do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this presentation, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and
- disclaim all responsibility and liability for the information contained in this presentation including any forward-looking statements (including, without limitation, liability for negligence).

Financial Data

All financial information in this presentation is in Australian Dollars (\$) or AUD) unless otherwise stated. Investors should note that this presentation contains historical and forward-looking financial information. The forward looking and historical information provided in this presentation is for illustrative purposes only and is not represented as being indicative of Temple & Webster's views on its future financial condition or performance.

The financial information has been prepared by Temple & Webster in accordance with the recognition and measurement principles of Australian Accounting Standards and Temple & Webster's adopted accounting policies of applicable accounting standards and other mandatory reporting requirements in Australia.

Restrictions on use

This document may not be reproduced or published, in whole or in part, for any purpose without the prior written consent of Temple & Webster.

Summary (YTD to 31 May)

YTD FY20 Revenue

\$151.7m

68% growth vs pcp

YTD FY20 EBITDA

\$7.1m

668% growth vs pcp

May-20 Cash

\$29.2m

- Temple & Webster is the online market leader in furniture & homewares
- Large addressable market with accelerating online adoption
- Business is profitable with strong top-line growth and a debt free balance sheet
- Business is undertaking fully underwritten institutional placement of A\$40 million to give flexibility to pursue strategic growth initiatives

YTD FY20 results are unaudited and take into consideration the new leases accounting standard AASB16

Sources: Euromonitor International Limited; Home Furnishings and Homewares System 2018 edition.
IBISWorld Industry Report OD4176 Online Household Furniture Sales in Australia.

Executive Summary

Significant growth opportunity

- Furniture & homewares is a \$13.9b market (excluding appliances and DIY)
- Online adoption in Australia lags other international markets
- Shift to online driven by demographic changes accelerated by the COVID-19 crisis
- Temple & Webster positioned as “affordable beauty”, appealing to value conscious shopper

Best positioned to win

- Temple & Webster best positioned to capture shift of offline spend to online
- Natural advantages of being market leader and scale benefits, including: forging closer relationships with suppliers for better terms, exclusive product and promotional support; and greater investment in technology, digital capabilities, private label (import) and marketing

Equity Raising

- Temple & Webster is undertaking an A\$40 million fully underwritten institutional placement comprising the issue of ~7.0 million shares at an issue price of \$5.70 per share (**Placement**)
- Proceeds will provide the flexibility to act on strategic initiatives including the enhancement of the Company’s digital platform and further strengthening the product and service offering

Financial Update

- YTD Revenue up 68% to \$151.7m vs pcp (H2 revenue growth of 90% vs pcp), YTD EBITDA up 668% to \$7.1m vs pcp
- Cash at May 31: \$29.2m
- June gross sales (to the 28th) up 130% vs pcp, full year FY20 EBITDA will be greater than \$8m

Temple & Webster is the leading online retailer for furniture & homewares

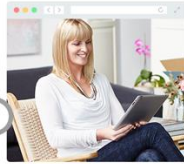
Page impressions (MAY)

~29m



Website users (MAY)

~3.5m



Email subscribers

~2.4m



Social media reach

~715k



TEMPLE &
WEBSTER

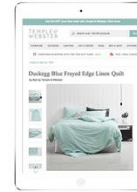


Active customers (LTM)

~440k

Product listings

~180k



Sub-categories

~200



Average time to dispatch

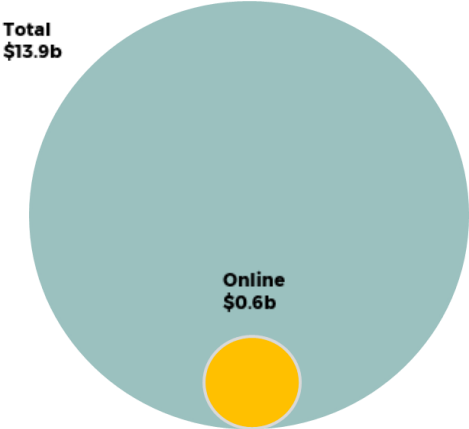
~1.7 days



Our core furniture and homewares category is a \$13.9 billion-dollar market, with accelerating online adoption

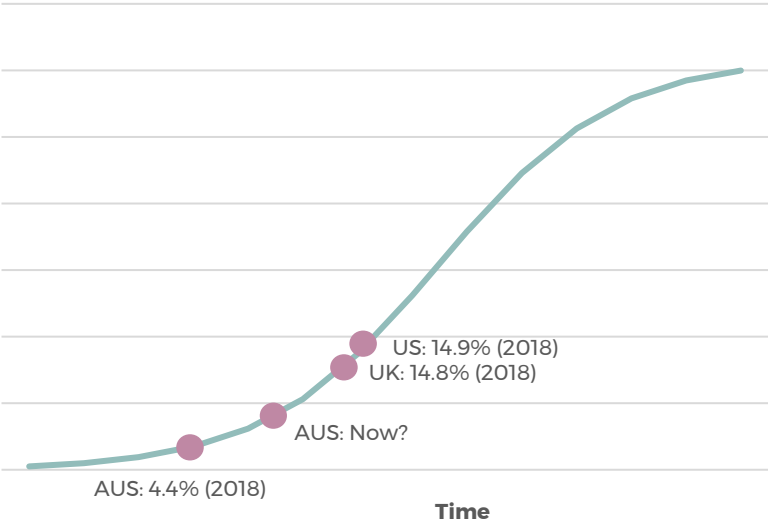
Furniture and Homewares Market (AUS)

2018 Data



Source: Euromonitor International Limited; Home Furnishings and Homewares System 2018 edition. Sales in 2018 in retail value (inc. sales tax), current terms, and is to scale.

Hypothetical adoption curve for online penetration in the furniture & homewares market: Australia lags other markets

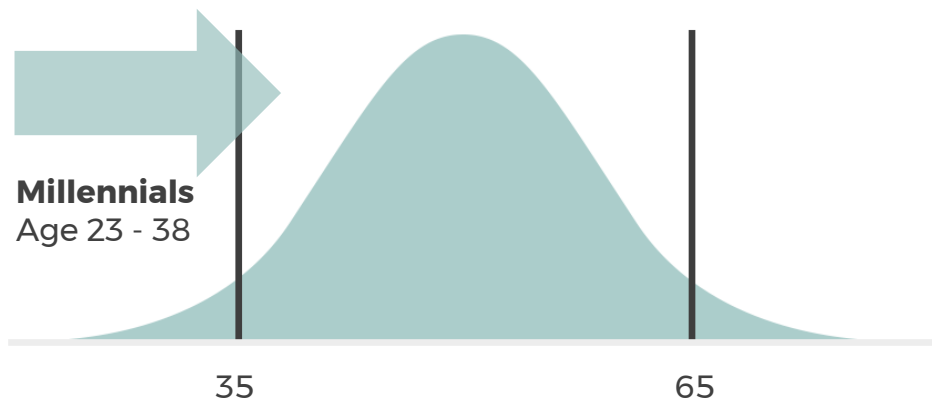


Source: Euromonitor International Limited; Home and Garden system 2018 edition. Internet sales as a percentage of the total retail sales value (inc. sales tax) for home furnishings and homewares in Australia, UK and US. Current terms.

Demographic and structural changes will drive strong market growth for years to come

1 Millennials are entering our core demographic

Hypothetical distribution of homewares and furniture spend by age

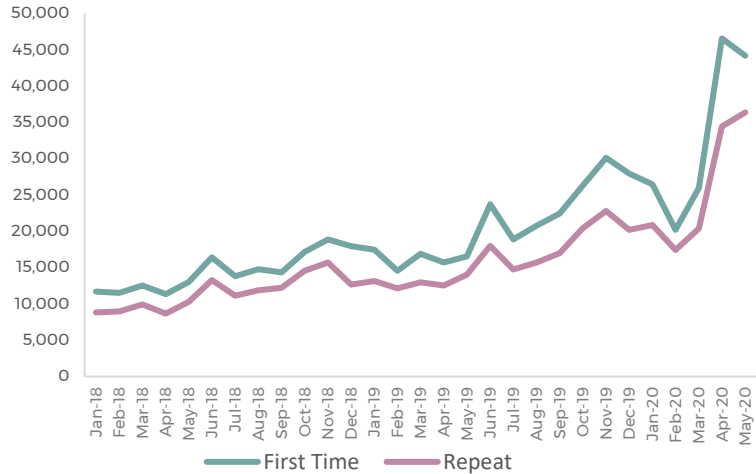


2 Structural changes in our favour

- Offline exits/store closures
- New consumer habits
- Faster internet and mobile speeds
eg. NBN, 5G
- New market entrants accelerating online shopping take-up
eg. Amazon
- New technologies improving experience and conversion
eg. augmented reality

The business has experienced a step change in sales while maintaining record customer satisfaction levels

First time and Repeat Orders

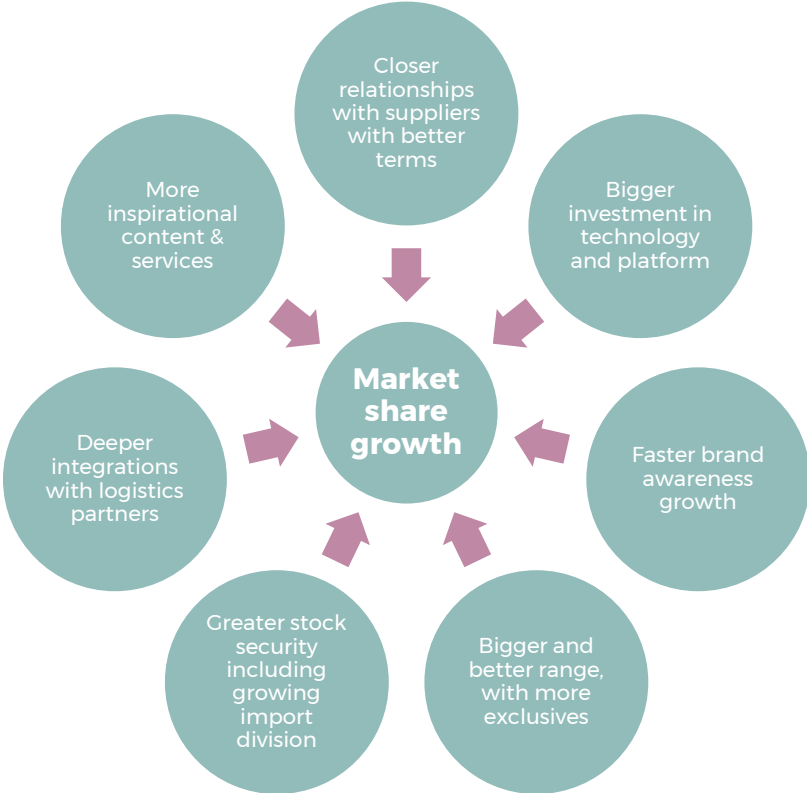


Net Promoter Score (score range: -100% to 100%)

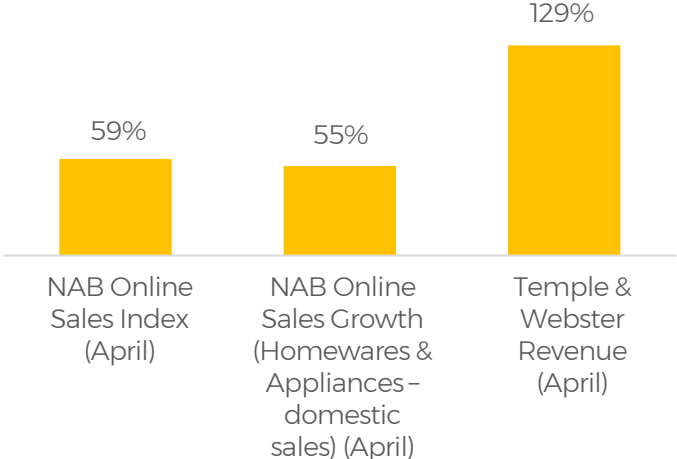


We believe many customers driven to online shopping by necessity will now adopt online shopping in greater volumes having experienced the range, convenience and value benefits of our channel

Market leadership and scale are leading to market share growth



We are growing our market share - Month of April vs pcp



Source: NAB Online Retail Sales Index, April 2020

Drivers to continue growing market share from a position of strength

Add depth and breadth across our core and adjacent categories; grow private label (import) division

Expand digital capabilities: data, personalization, AI, augmented reality

Increase brand awareness from 35% to +80% through digital and non-digital channels

Add inspirational content and service: video; 3D; AR/VR; design help

Focus on exceptional customer service and a great delivery experience to drive repeats

Inorganic investments to strengthen T&W's technology, product and service offering

Financials & Equity Raise Summary

Mark Tayler CFO



YTD Results (to May 31) vs LY and June Update

A\$m	YTD FY19	YTD FY20
Revenue	90.4	151.7
Cost of Sales	(50.1)	(84.0)
Gross Margin	40.4	67.7
	44.6%	44.6%
Distribution	(13.1)	(21.6)
Delivered Margin	27.2	46.1
	30.1%	30.4%
Advertising & Marketing	(9.8)	(17.1)
Customer Service & Merchant Fees	(3.0)	(5.0)
Contribution Margin	14.5	24.0
	16.0%	15.8%
Wages	(11.1)	(13.4)
Other	(2.5)	(3.5)
EBITDA	0.9	7.1
	1.0%	4.7%
Share Based Payments	1.0	0.8
Adjusted EBITDA	1.9	7.9
	2.1%	5.2%

- YTD (to 31 May) revenue growth of 68% (H2 growth rate ~90%)
- Contribution margin tracking above our target of ~15%
- Operating leverage being driven by tight management of fixed costs, now at 11% of revenue vs 15% LY
- Full year FY20 EBITDA will be greater than \$8m
- June gross sales (to the 28th) up 130% vs pcp
- Full year results (pre-audit) expected end of July

Both current and comparative periods include the impact of the new accounting standard AASB16. Gross sales are sales pre refunds and deferred revenue adjustments

Use of Proceeds

- Proceeds of the Placement will be used to provide Temple & Webster with the financial flexibility to pursue strategic growth initiatives including initiatives to enhance the Company's technology, product and service offering

Sources	\$m	Uses	\$m
Placement proceeds	\$40m	Flexibility to capitalise on additional organic and inorganic growth opportunities	\$40m
Total	\$40m	Total	\$40m

- Temple & Webster's cash position after the Placement will be \$69.2¹ million

1. Based on existing cash position of \$29.2 million as at 31 May 2020

Placement Timetable

Event	Date¹
Trading halt and announcement of the Placement	Wednesday, 1 July 2020
Placement bookbuild	Wednesday, 1 July 2020
Trading halt lifted and shares recommence trading on ASX	Thursday, 2 July 2020
Settlement of Placement	Tuesday, 7 July 2020
Allotment of New Shares issued under the Placement	Wednesday, 8 July 2020

1. These dates are indicative only and are subject to change. Temple & Webster reserves the right, subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules, to amend this indicative timetable

Key Business Risks



Key Risks

This section sets out some of the key risks associated with any investment in Temple & Webster, together with risks relating to participating in the Placement which may affect the value of securities in Temple & Webster

- The risks are not set out in order of importance and do not constitute an exhaustive list of all risks involved with an investment in Temple & Webster
- Before investing in Temple & Webster, you should carefully consider the risk factors and your personal circumstances. Potential investors should consider publicly available information on Temple & Webster (such as that available on the ASX website) and consult their stockbroker, solicitor or accountant before making an investment decision
- In light of COVID-19 extra caution should be taken when assessing the risks of an investment given the significant market volatility
- Nothing in this Presentation constitutes financial product advice and this document has been prepared without taking into account your investment objectives or personal circumstances

COVID-19

Events related to the Coronavirus pandemic (COVID-19) have resulted in significant market volatility. There is continued uncertainty as to ongoing and future response of governments and authorities globally as well as a likelihood of an Australian economic recession of unknown duration or severity. As such, the full impact of COVID-19 to consumer behaviour, suppliers, employees and the Company are not fully known. Given this, the impact of COVID-19 could potentially be materially adverse to the Company's financial and operational performance. Further, any government or industry measures may adversely affect Temple & Webster operations and are likely beyond the control of Temple & Webster. In compliance with its continuous disclosure obligations, Temple & Webster will continue to update the market in regard to any material impact of COVID-19 on Temple & Webster business.

Market Conditions

The price at which Temple & Webster shares are quoted on ASX may increase or decrease due to a number of factors outside of Temple & Webster's control. The events relating to COVID-19 have recently resulted in a decline in general economic conditions together with significant volatility to the market including the prices of shares trading on the ASX. These factors may cause the shares to trade at prices above or below the price at which the shares were initially acquired. There is no assurance that the price of the shares will increase when they are quoted on the ASX. Recent strength in Temple & Webster's share price may not be sustained.

COVID-19 Supply Chain Impact

There remains a risk that the spread of COVID-19 has an adverse impact on Temple & Webster's supply chain. This could occur if the ability to transport products between countries is disrupted, Temple & Webster's key suppliers are negatively affected or Temple & Webster is otherwise unable to efficiently distribute products to customers. In the event that the supply chain of Temple & Webster is disrupted, this may have a material adverse effect on Temple & Webster's operating performance and earnings.

Key Risks

Performance and reliability of websites, databases, operating systems

Temple & Webster's financial and operational performance could be adversely affected by a system failure that causes disruption to its websites, or to third party suppliers of its systems and products. This could directly damage the reputation and brand of the relevant platform and could reduce visitors to the affected website and directly influence sales to customers. Temple & Webster's websites, databases and systems are all hosted on platforms provided by third party providers. Temple & Webster is subject to the disaster planning contingencies of those third party providers to deal with events that are beyond the control of those parties such as earthquakes, floods, fires, power grid issues, telecommunication and network failures, terrorist attacks, cyber attacks, computer viruses and other similar events. A material failure in the systems of a third party provider is likely to have a material impact on the systems and operations of Temple & Webster's platforms. While Temple & Webster mitigates such risk through insurance, this may not be sufficient to avoid customer disenchantment or reputational damage which in turn may adversely affect Temple & Webster's financial performance.

Continued growth of retail ecommerce in general and growth in demand may be affected by economic factors

While the B2C retail ecommerce market and the online market for furniture and homewares have been growing there is no guarantee this will continue into the future. Temple & Webster is subject to factors outside its current control including Australia's outlook for economic growth, cash rate, taxation, unemployment rate, consumer sentiment, global economic outlook, foreign economic shocks and building activity. One or more of these factors could cause a slowing or contraction in the forecasted growth in the market and industry. As a result, Temple & Webster may not be able to meet its business objectives which would adversely affect Temple & Webster's financial and operational performance.

New and existing competitors could adversely affect prices and demand and decrease Temple & Webster's market share

The furniture and homewares segment is highly fragmented. Competition can arise from a number of sources including traditional offline retailers, including multi-channel, mono-channel, multi-branded retailers, and online-only ecommerce competitors. Existing online competitors may strengthen through funding or industry consolidation, or through financial or operational advantages which allow them to compete aggressively on pricing. Competition may also come from third-party suppliers establishing their own online presence as opposed to utilising Temple & Webster's platform. As a result, this may increase the costs of customer acquisition and lower margins due to pricing pressure. Temple & Webster's market share in the furniture and homewares segment may decline if competitors increase their focus on growing online sales through investment in the retail ecommerce market.

Key Risks

Future growth may place significant demands on management and its infrastructure

Temple & Webster aims to continue its revenue growth, consideration of future acquisitions, potential offshore expansion and a consideration of a traditional offline offering such as retail showrooms. The Company anticipates that this will result in an increased level of responsibility for key management and require the integration of teams and recruitment of staff to support this expected growth. If Temple & Webster is unable to manage the demands placed on key management, it may have a material adverse effect on its financial and operational performance in the future. As Temple & Webster enters an expansionary phase of its development, it will need to continue to upgrade and enhance infrastructure and online platforms to ensure Temple & Webster has sufficient capacity for the forecast growth in its customer base and its product offering. If Temple & Webster is unable to manage the forecast growth and demand, it may have a material adverse effect on its financial and operational performance in the future.

Temple & Webster relies on third party suppliers for its products

Temple & Webster has a large number of suppliers that provide a broad range of products. Its supply agreements are on a case by case basis, with the majority of relationships informal and terminable at will. Temple & Webster has some formal contracts but a number are short-term and with foreign suppliers and have no guarantees associated with renewal on like terms. The deterioration of Temple & Webster's relationships with these suppliers or inability of these suppliers to renew informal or contractual agreements may have a material adverse effect on Temple & Webster's financial and operational performance in the future.

Third party suppliers may also have a "stock out" with insufficient quantities of products available in a timely manner, or encounter financial or material difficulties, labour shortages or unilaterally amend their terms of agreement with Temple & Webster's competitors. These factors may impact the Company and may have an indirect adverse effect on the customer or a customer order, which in turn may also have a material adverse effect on Temple & Webster's financial and operational performance.

Accounting standards

Australian Accounting Standards are issued by the Australian Accounting Standards Board and are not within the control of Temple & Webster or its Directors. Any changes to the accounting standards or to the interpretation of those standards may have an adverse effect on the financial performance of Temple & Webster.

Key Risks

Unauthorised use of intellectual property or independent development of technology

Substantial parts of Temple & Webster's online platforms, distribution software, applications, data analytics and customer databases are seen as proprietary information. Unauthorised parties may obtain or copy, or seek to imitate, all or portions of this intellectual property or independently develop technology that is similar and may be in breach of proprietary rights. In this instance, Temple & Webster may seek legal actions to remedy the breach of proprietary information. This may incur legal or other fees and if unsuccessful may have a material adverse effect on Temple & Webster's financial and operational performance in the future. Actions taken by Temple & Webster to protect its intellectual property may not be adequate, complete or enforceable and may not prevent the misappropriation of its intellectual property and proprietary information or deter independent development of similar technologies by others.

Expansion into new jurisdictions, products and markets may not be successful

Temple & Webster has a history of expanding its product categories and entering new verticals. Temple & Webster will continue to seek to expand its business by expanding the breadth of products offered and/or by offering new services, markets or sales categories to its customers. Temple & Webster may be unable to expand its business in these ways in a cost-effective or timely manner. Furthermore, any such expansion of Temple & Webster's business that is not favourably received by consumers could damage Temple & Webster's reputation and brands.

Any such expansion of Temple & Webster's business or strategies could require additional investment, together with operations and resources, which could strain Temple & Webster's management, financial and operational resources. The lack of market acceptance of such efforts or Temple & Webster's inability to generate satisfactory revenue from expanded products or services to offset their costs could have a material adverse effect on Temple & Webster's business, financial condition and results of operations.

In addition, Temple & Webster will likely have to compete in new jurisdictions, markets and sales categories with companies already operating in the relevant market, which may understand the market better than Temple & Webster. Unsuccessful attempts at expansion into new jurisdictions, markets and sales categories could damage Temple & Webster's reputation, incur significant unanticipated costs and as a result could have a material adverse effect on Temple & Webster's financial and operational performance.

Integration of acquisitions

Temple & Webster may consider acquisitions where it believes they are supportive of Temple & Webster's growth strategy. There are a number of difficulties associated with acquisitions, including but not limited to the integration of financial, operational and managerial resources. If the assets or businesses are not successfully integrated, this may have a material adverse effect on Temple & Webster's financial and operational performance.

In addition, while Temple & Webster will conduct due diligence on proposed acquisitions, there is no assurance that an acquisition will perform as forecast once fully integrated, or successfully achieve the desired objectives, including, where applicable, any synergies.

Key Risks

Laws and regulations may change

Temple & Webster is subject to, and must comply with, a variety of laws and regulations in the ordinary course of its business. These laws and regulations include those that relate to fair trading and consumer protection, product safety, employment, property, taxation (including goods and services taxes and stamp duty) and customs and tariffs. Failure to comply with, or changes to, laws and regulations may adversely affect Temple & Webster, including by increasing its costs either directly or indirectly (including by increasing the cost to the Business of complying with legal requirements). Any such adverse effect may impact Temple & Webster's future financial performance. In particular, there is a risk that laws or regulations may be introduced that restrict Temple & Webster's use of its customer database and customers' personal information and/or otherwise restricts its interactions with consumers, sales tactics and marketing campaign efforts. Such changes could impact the normal operations of Temple & Webster and reduce Temple & Webster's ability to generate revenue which may have an adverse effect on Temple & Webster's financial and operational performance in the future. Changes to government or regulatory policies could also have an impact on economic and retail market conditions and Temple & Webster's operations. Depending on the nature of any such changes, it may adversely impact the operations or future financial performance of Temple & Webster.

Insolvency

In the event of any liquidation or winding up of Temple & Webster, the claims of Temple & Webster's secured and unsecured creditors will rank ahead of those of its shareholders. Under such circumstances, Temple & Webster will first repay or discharge all claims of its creditors. Any surplus assets will then be distributed to shareholders. All shareholders will rank equally in their claim and will be entitled to an equal share per share. If there is a shortfall of funds on a winding up of Temple & Webster, shareholders will lose all or some of their investment.

Changes in GST and other equivalent taxes

Changes in local indirect tax, such as the GST, and duty treatment of any of the markets in which Temple & Webster operates, could have an impact on the sales of imported brands. Given that many of the products sold by Temple & Webster are discretionary goods, and that the customers for such products tend to be price sensitive, the imposition of GST (or equivalent taxes) on the sale of imported goods at lower than current value thresholds in any of the jurisdictions in which Temple & Webster operates could reduce the attractiveness of Temple & Webster's products and have a material adverse effect on Temple & Webster's financial condition and financial results.

Key Risks

Political, economic or social instability

Temple & Webster's suppliers and service providers are also subject to various risks which could limit their ability to provide Temple & Webster with sufficient, or any, products or services. Some of these risks include raw material costs, inflation, labour disputes, union activities, boycotts, financial liquidity, product merchantability, safety issues, natural disasters, disruption in exports, trade restrictions, currency fluctuations and general economic and political conditions.

In addition, as a consequence of the fact that Temple & Webster sources a proportion of its products and services from foreign providers, Temple & Webster is exposed to risks including political instability (including as a result of pandemics such as COVID-19), increased security requirements for foreign goods, costs and delays in international shipping arrangements, imposition of taxes and other charges as well as restrictions on imports, exchange rate and hedging risks. Temple & Webster is also exposed to risks related to labour practices, environmental matters, disruptions to production and ability to supply, and other issues in the foreign jurisdictions where suppliers and service providers operate. Any of these risks, individually or collectively, could materially adversely affect Temple & Webster's financial and operational performance.

In addition, there is also a risk that parties with whom Temple & Webster has dealings (including, but not limited to, its suppliers and service providers) may experience financial or other difficulties (including adverse impacts as a result of COVID-19) which may in turn affect their ability to perform their obligations to Temple & Webster.

Key Management Personnel

Temple & Webster relies on the expertise, experience and strategic direction provided by its Key Management Personnel. Temple & Webster's success depends to a significant extent on its Key Management Personnel, in particular Mark Coulter, and the rest of Temple & Webster's management team. These individuals have extensive experience in, and knowledge of, Temple & Webster's business. Additionally, successful operation of Temple & Webster's business depends on its ability to attract and retain quality employees. Competition could increase the demand for, and cost of hiring, quality employees. Temple & Webster's ability to meet its labour needs while controlling costs associated with hiring and training employees is subject to external factors such as unemployment rates, prevailing wage legislation and changing demographics. Temple & Webster's financial and operational performance could be materially adversely affected if it cannot attract and/or retain employees or Key Management Personnel.

Key Risks

Sell-down by existing shareholders

There is always the possibility that existing substantial shareholders (including directors) may seek to sell-down their shareholdings in Temple & Webster. A significant sale of shares or a perception that a sell-down may occur could adversely affect the price of Temple & Webster shares.

Other risks

The list of risks highlighted here should not be taken as a complete list of risks associated with an investment in Temple & Webster. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of Temple & Webster shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by Temple & Webster in respect of Temple & Webster shares..

Placement Agreement Summary

Canaccord Genuity (Australia) Limited ACN 075 071 466 (**Lead Manager**) is acting as sole lead manager, bookrunner and underwriter of the Placement. Temple & Webster has entered into a placement agreement with the Lead Manager in respect of the Placement (**Placement Agreement**). Under the Placement Agreement, the Lead Manager has agreed to fully underwrite the Placement, subject to the terms and conditions of the Placement Agreement.

The Placement Agreement contains representations and warranties given by Temple & Webster in favour of the Lead Manager.

The events which may trigger termination of the Placement Agreement by the Lead Manager include, but are not limited to, the following:

- the conditions precedent in the Placement Agreement are not satisfied or waived by the relevant deadlines;
- the ASX/S&P 300 Index closes on the business day prior to the Placement settlement date at a level which is 10% or more below the level of that index at the close of trading on the business date before the date of the Placement Agreement;
- there is a delay of one business day or more to the Placement timetable, other than where the Lead Manager consents where the delay is solely within the control of the Lead Managers;
- Temple & Webster withdraws the Placement;
- any certificate which is required to be furnished by Temple & Webster under the Placement Agreement is not furnished when required, or if furnished is untrue, incorrect or misleading or deceptive in any material respect;
- ASIC or the Takeovers Panel commences or notifies any intention to commence a hearing, investigation or prosecution in relation to the Placement and such action is not withdrawn prior to the Placement settlement date;
- ASX announces that Temple & Webster's shares will be delisted, removed from quotation, withdrawn from admission to trading status or suspended from quotation (other than a trading halt requested to facilitate the Placement);
- there is an alteration of Temple & Webster's capital structure without the prior consent of the Lead Manager;
- any circumstance arises that results in Temple & Webster either repaying the money received from applicants or offering applicants an opportunity to withdraw their application for New Shares;
- Temple & Webster is unable to issue or prevented from issuing New Shares by virtue of the ASX Listing Rules, applicable laws, a government agency or an order of a court of competent jurisdiction;
- the cleansing notice issued in connection with the Placement is or becomes defective (within the meaning of section 708A(10) of the Corporations Act) or any amendment, update or correcting notice to the Cleansing Notice is required under the Corporations Act to be issued (including as a result of the operation of sections 708A(9) of the Corporations Act);
- ASIC makes a determination under section 708A(2) of the Corporations Act;
- there is an event or occurrence making it illegal for the Lead Manager to satisfy an obligation under the Placement Agreement, or to market, promote or settle the Placement;
- unconditional approval (or approval conditional only on customary conditions which are acceptable to the Lead Manager, acting reasonably) is refused or not granted to the official quotation of all of the New Shares by the time required to conduct the Placement in accordance with the timetable;
- any material authorisation is, or is likely to be, invalid, revoked or unenforceable, including as a result of the introduction of new legislation, or any authorisation is breached or not complied with in a material respect;
- any director or officer of Temple & Webster is investigated for, or charged with, a criminal offence relating to any financial or corporate matter relating to Temple & Webster (including the Placement), or any director of Temple & Webster is disqualified from managing a corporation under the Corporations Act or investigated for any act which could give rise to a disqualification;

Placement Agreement Summary

- a director or the chief executive officer or chief financial officer of Temple & Webster resigns or indicates that he or she does not intend to be a director or executive (as applicable) of Temple & Webster, for any reason other than incapacity;
- an insolvency event (or similar) occurs in respect of Temple & Webster or its subsidiaries.

In addition, the following termination events will depend on whether the relevant event has had, or is likely to have, a material adverse effect on the outcome or success of the Placement, the likely price at which the New Shares will trade on ASX, the ability of the Lead Manager to settle the Placement, or the willingness of investors to subscribe for New Shares, or where the event gives rise, or is likely to give rise, to a liability of the Lead Manager:

- proceedings are commenced or announced seeking an injunction or other order in relation to Temple & Webster's ability to agree to and complete the Placement;
- Temple & Webster is or becomes in default of any of the terms and conditions of the Placement Agreement or a representation or warranty given by it is or becomes false or incorrect;
- any forward-looking statement made in connection with the Placement is or becomes incapable of being met or, in the reasonable opinion of the Lead Manager, unlikely to be met in the projected timeframe;
- Temple & Webster commits a breach of law or fails to comply with its continuous disclosure obligations or its Constitution;
- legal or regulatory proceedings are commenced against Temple & Webster;
- Temple & Webster issues a statement that is misleading or deceptive;
- a new circumstance arises which is a matter adverse to investors in New Shares and which would have been required by the Corporations Act to be included in Temple & Webster's disclosures in connection with the Placement had the new circumstance arisen before the disclosure was made;
- any adverse change occurs in the condition (financial or otherwise), assets, earnings, business, affairs, liabilities, financial position or performance, results of operations, profits, losses or prospects of Temple & Webster;
- any adverse change or disruption occurs to the existing financial markets, political or economic conditions of Australia, the United States, Hong Kong, the United Kingdom, any member country of the European Union, China, Singapore or New Zealand;
- there is an outbreak or escalation of hostilities in any part of the world, whether war has been declared or not, or an act or acts of terrorism, involving any one or more of Australia, the United States, Hong Kong, the United Kingdom, any member country of the European Union, China, Singapore or New Zealand;
- a general moratorium on commercial banking activities in Australia, the United States, Hong Kong, the United Kingdom, any member country of the European Union, China, Singapore or New Zealand is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; and
- trading of securities quoted on ASX, the London Stock Exchange, the New York Stock Exchange, the Hong Kong Stock Exchange, the Beijing Stock Exchange or the Shanghai Stock Exchange is suspended, or there is a material limitation in trading, for more than one business day on which the exchange is open for trading.

If the Lead Manager terminates the Placement Agreement, it will not be obliged to perform any of its obligations that remain to be performed. Termination of the Placement Agreement could have an adverse impact on the amount of proceeds raised under the Placement. In these circumstances, Temple & Webster would need to utilise alternative funding options to achieve its objectives as described in this document.

International Offer Restrictions

This document does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces"), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

International Offer Restrictions

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

International Offer Restrictions

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The New Shares will only be offered and sold in the United States to:

- institutional accredited investors (as defined in Rule 501(a)(1), (2), (3) and (7) under the US Securities Act); and
- dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.

TEMPLE &
WEBSTER