

ASX Announcement

28th April 2020

Temple & Webster COVID-19 Business Update

Temple & Webster (ASX: TPW), Australia's largest e-commerce company in the furniture and homewares market¹, today provided an update on the impact of the COVID-19 virus on its business and a trading update.

Health of employees and customers our first priority

Temple & Webster CEO & Co-founder, Mark Coulter, said the Group is committed to supporting the containment of the virus and ensuring the safety and health of staff and customers.

"More than 95% of our team, both onshore and offshore, have been working from home since the beginning of March. We have also worked closely with all our partners, especially our logistics partners, to ensure the health and safety of their staff and our customers by implementing procedures at the point of delivery to minimise the risk of infection. We are committed to maintaining these working arrangements for as long as the government and community needs us to" said Coulter.

Trading update

At the beginning of the Covid-19 crisis, Temple & Webster played a role in helping our customers set up their homes as multi-purpose spaces, including spaces for work and exercise. More recently, demand has shifted into our core categories across both furniture and homewares.

April has seen a significant increase in demand, with record numbers of new and repeat customers. Second half revenue is up 74% yoy (Jan 1 to Apr 24, vs pcp).

Business continuity and supply chain

"With hundreds of suppliers sourcing from multiple countries, our business has inherent flexibility in its supply chain. While we are watchful of supply out of countries such as India and Malaysia, and have seen some stock delays out of China (now resolved), we have also seen a high degree of substitution between different product lines within categories which gives us comfort we can support increasing demand from our customers during this time" said Coulter.

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

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“Being an online-only business, we can scale quickly and are responding to the increased demand by expanding our customer service team. The team has done an amazing job in meeting the needs of our customers during this period, while maintaining our high levels of customer satisfaction, all while working from home” said Coulter.

Outlook

Temple & Webster remains in a strong financial position. The Group is profitable and cash flow positive, has a capital light business model and a debt-free balance sheet with a current cash level of ~\$20m.

While Q4 has shown an increased demand for shopping online, the Group remains watchful of significant uncertainty in the current macroeconomic environment. As a result, the Group has prioritised shorter-term operational initiatives to support growth during this period rather than investing into longer-term initiatives. In the short-term, this will lead to an increase in operating leverage.

Longer term, Temple & Webster remains committed to a high growth strategy to take advantage of the structural shift towards online. This strategy will be supported by investment into longer term growth initiatives which align to Temple & Webster’s goal of becoming the first place Australians turn to when shopping for their homes and workspaces.

“As a team we are proud that we have played a small part in being able to help Australians set up their homes during this crisis. We also believe that many people who may not have shopped for their homes online before are experiencing the benefits of the channel, including convenience and value. While the current global situation makes it hard to predict what will happen in the short term, we remain bullish about the longer-term shift from offline to online driven by changing customer preferences and demographics. Our strategy of being a category specialist, with a clear customer offering built around the largest range of furniture and homewares in the country, combined with the most inspirational content and the best customer service continues to resonate with our customers” said Coulter.

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This announcement has been authorised by the board of directors.

Melissa Shawyer, PR Group
M: +61 (0) 412 066 048
melissa@prgroup.com.au

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About the Temple & Webster Group

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.

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