

Temple & Webster Group Ltd

Appendix 4D

Half-year report

1. Company details

Name of entity:	Temple & Webster Group Ltd
ABN:	69 608 595 660
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	up	45.7%	to	235,373
Profit from ordinary activities after tax attributable to the owners of Temple & Webster Group Ltd	down	40.2%	to	7,272
Profit for the half-year attributable to the owners of Temple & Webster Group Ltd	down	40.2%	to	7,272

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

Net profit after tax results in 2020 and 2021 were impacted by the recognition and utilisation of deferred tax assets, the Group recommends using net profit before tax for like for like comparisons.

Net profit before tax for the half-year was \$10,648,000 (2020: \$14,540,000), down 26.8% on the previous corresponding half-year, which reflects the group's reinvestment strategy where operating leverage is being invested into key areas to build strategic moats around the core business while investing into our new growth horizons such as B2B and Home Improvement.

Further commentary on these results can be found in the Temple & Webster Group 2022 Interim Report and Investor Presentation.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security ⁽¹⁾	64.36	59.26

The net tangible assets per ordinary share amount is calculated based on 120,452,928 ordinary shares on issue as at 31 December 2021 (120,452,928 as at 31 December 2020).

4. Control gained or lost over entities

No changes to the group structure have occurred in the current and the previous financial year.

5. Details of associate

The Group's associate and its percentage holding are set out below:

Renovai, Inc. 28%

Further information about the Group's associate entity is set out in note 13 of the Interim Report.

⁽¹⁾ For the purpose of the net tangible asset calculation, the Right-of-use asset (AASB 16) and Right of return assets (AASB 15) have been excluded.

Temple & Webster Group Ltd
Appendix 4D
Half-year report

6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

7. Attachments

Details of attachments (if any):

The Interim Report of Temple & Webster Group Ltd for the half-year ended 31 December 2021 is attached.

8. Signed



Stephen Heath

Chairperson
9 February 2022
Sydney

For personal use only

Temple & Webster Group Ltd

ABN 69 608 595 660

Interim Report – Half-Year Ended 31 December 2021

For personal use only

Temple & Webster Group Ltd

Contents

31 December 2021

Contents

Directors' report	2
Auditor's independence declaration	3
Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8
Directors' declaration	15
Independent auditor's review report to the members of Temple & Webster Group Ltd	16

For personal use

Temple & Webster Group Ltd

Directors' report

31 December 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Temple & Webster Group Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were directors of Temple & Webster Group Ltd during the half-year and until the date of this report, unless otherwise stated:

Stephen Heath
Susan Thomas
Conrad Yiu
Mark Coulter
Belinda Rowe

Financial and operational review

Revenue for the half-year was \$235,373,000 (2020: \$161,593,000) representing an increase of 45.7% on the previous corresponding half last-year. Growth was driven by a combination of active customer growth and revenue per active customer. Temple & Webster remains one of the fastest growing retailers in Australia.

Net profit before tax for the half-year was \$10,648,000 (2020: \$14,540,000), down 26.8% on the previous corresponding half-year, which reflects the group's reinvestment strategy where operating leverage is being invested into key areas to build strategic moats around the core business while investing into our new growth horizons such as B2B and Home Improvement.

Net profit after tax results in both 2020 and 2021 were impacted by the recognition and utilisation of deferred tax assets, the company recommends using net profit before tax for like for like comparisons.

Further commentary on the Group's operations and financial results can be found in the Group's half-year results presentation lodged with the ASX on 9 February 2022.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

On behalf of the directors.



Stephen Heath
Chairperson
9 February 2022
Sydney



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

**Building a better
working world**

Auditor's Independence Declaration to the Directors of the Temple & Webster Group Ltd

As lead auditor for the review of the half-year financial report of Temple & Webster Group Ltd for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Temple & Webster Group Ltd and the entities it controlled during the financial period.

Ernst & Young

Graham Leonard
Partner
9 February 2022

Temple & Webster Group Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

	Note	Consolidated 31/12/2021 \$'000	Consolidated 31/12/2020 \$'000
Revenue			
Revenue from contracts with customers	4	235,373	161,593
Cost of goods sold		(129,663)	(88,064)
Gross margin		105,710	73,529
Other income	5	486	285
Expenses			
Distribution		(33,983)	(20,148)
Marketing		(32,031)	(20,675)
Employee benefits		(18,373)	(12,399)
Merchant fees		(2,693)	(2,057)
Depreciation and amortisation		(1,458)	(534)
Finance costs		(123)	(51)
Share of loss of an associate	13	(283)	-
Other	6	(6,604)	(3,410)
Profit before income tax expense		10,648	14,540
Income tax expense	7	(3,376)	(2,371)
Profit after income tax expense for the half-year attributable to the owners of Temple & Webster Group Ltd		7,272	12,169
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Temple & Webster Group Ltd		7,272	12,169
		Cents	Cents
Basic earnings per share		6.04	10.12
Diluted earnings per share		5.68	9.50

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Temple & Webster Group Ltd
Statement of financial position
For the half-year ended 31 December 2021

	Note	Consolidated 31/12/2021 \$'000	Consolidated 30/06/2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	8	105,516	97,504
Trade and other receivables		134	104
Inventories	9	21,837	21,341
Other	10	3,925	4,329
Current financial asset		-	943
Total current assets		131,412	124,221
Non-current assets			
Right-of-use assets		5,985	6,998
Property, plant and equipment	11	3,275	1,152
Intangibles	12	8,233	8,091
Other		39	39
Investment in an associate	13	2,389	-
Deferred tax asset		6,979	7,845
Total non-current assets		26,900	24,125
Total assets		158,312	148,346
Liabilities			
Current liabilities			
Trade and other payables	14	34,316	33,173
Employee benefits		1,756	1,301
Provisions		3,976	3,684
Lease liabilities		1,955	1,965
Income tax payable		5,707	3,196
Deferred revenue		13,801	15,290
Total current liabilities		61,511	58,609
Non-current liabilities			
Employee benefits		488	450
Provisions		185	185
Lease liabilities		4,141	5,098
Total non-current liabilities		4,814	5,733
Total liabilities		66,325	64,342
Net assets		91,987	84,004
Equity			
Contributed capital	15	115,397	115,397
Share-based payments reserve	16	5,460	4,749
Accumulated losses		(28,870)	(36,142)
Total equity		91,987	84,004

The above statement of financial position should be read in conjunction with the accompanying notes

Temple & Webster Group Ltd
Statement of changes in equity
For the half-year ended 31 December 2021

		Contributed capital	Reserves	Accumulated losses	Total equity
Consolidated	Note	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020		76,566	3,513	(50,095)	29,984
Profit after income tax benefit for the half-year		-		12,169	12,169
Other comprehensive income for the half-year, net of tax		-	-	-	-
Total comprehensive income for the half-year		-	-	12,169	12,169
Issue of share capital	15	40,000	-	-	40,000
Share-based payments	16	-	469	-	469
Transaction cost		(1,669)	(2)	-	(1,671)
Balance at 31 December 2020		114,897	3,980	(37,926)	80,951

		Contributed capital	Reserves	Accumulated losses	Total equity
Consolidated	Note	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021		115,397	4,749	(36,142)	84,004
Profit after income tax expense for the half-year		-	-	7,272	7,272
Other comprehensive income for the half-year, net of tax		-	-	-	-
Total comprehensive income for the half-year		-	-	7,272	7,272
Issue of share capital		-	-	-	-
Share-based payments	16	-	711	-	711
Transaction cost		-	-	-	-
Balance at 31 December 2021		115,397	5,460	(28,870)	91,987

The above statement of changes in equity should be read in conjunction with the accompanying notes

Temple & Webster Group Ltd
Statement of cash flows
For the half-year ended 31 December 2021

	Note	Consolidated 31/12/2021 \$'000	Consolidated 31/12/2020 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		257,352	180,833
Payments to suppliers and employees (inclusive of GST)		(244,296)	(170,003)
Interest received		192	285
Interest and other finance costs paid		(123)	(51)
Net cash from operating activities		<u>13,125</u>	<u>11,064</u>
Cash flows from investing activities			
Payments for property, plant and equipment	11	(2,435)	(520)
Payments for intangibles	12	(269)	(55)
Payment for investment in associate	13	(1,434)	-
Payment for non-current financial asset		-	(943)
Proceeds from disposal of property, plant and equipment		-	38
Net cash (used in) investing activities		<u>(4,138)</u>	<u>(1,480)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	40,000
Transaction costs of issue of shares		-	(1,671)
Payment of lease liabilities		(975)	(252)
Net cash (used in) / from financing activities		<u>(975)</u>	<u>38,077</u>
Net increase in cash and cash equivalents		8,012	47,661
Cash and cash equivalents at the beginning of the financial half-year		<u>97,504</u>	<u>38,082</u>
Cash and cash equivalents at the end of the financial half-year		<u>105,516</u>	<u>85,743</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Temple & Webster Group Ltd

Notes to the financial statements

31 December 2021

Note 1. General information

The interim consolidated financial statements cover Temple & Webster Group Ltd (referred to as 'Company' or 'parent entity') as a Group consisting of Temple & Webster Group Ltd and the entities it controlled at the end of, or during, the half-year (collectively referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Temple & Webster Group Ltd's functional and presentation currency.

Temple & Webster Group Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

1A / 1-7 Unwins Bridge Road
St Peters, NSW 2044

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 February 2022.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

All accounting policies and methods of computation are consistent with those of the most recent annual financial statements.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Investment in associates

The Group has applied AASB 128 'Investments in Associates and Joint Ventures' during the period ended 31 December 2021 and set out below are the accounting policies in relation to investment in associates.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in Other Comprehensive Income ('OCI') of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2021

Note 2. Significant accounting policies (continued)

Investment in associates (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss. Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

New, revised or amending Accounting Standards and Interpretations adopted

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those following in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021. Several amendments and interpretations apply for the first time in the current financial year, but do not have an impact on the interim condensed consolidated financial statements of the Group and are not expected to have any significant impact for the full financial year ending 30 June 2022. The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Note 3. Operating segments

Identification of reportable operating segments

The Group operates in one segment being the sale of furniture, homewares, and other lifestyle products through its online platform. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors, who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The operating segment information is the same information as provided throughout the financial statements and therefore not duplicated.

The information reported to the CODM is on at least a monthly basis.

Note 4. Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Consolidated 31/12/2021 \$'000	Consolidated 31/12/2020 \$'000
Sale of goods	234,519	160,915
Purchase protection	854	678
	<u>235,373</u>	<u>161,593</u>

Note 5. Other income

	Consolidated 31/12/2021 \$'000	Consolidated 31/12/2020 \$'000
Revaluation gain on investment	294	-
Interest income	192	285
	<u>486</u>	<u>285</u>

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2021

Note 6. Other expenses

	Consolidated 31/12/2021 \$'000	Consolidated 31/12/2020 \$'000
Hosting and other IT expenses	2,710	1,524
Consulting expenses	2,381	773
Other expenses	1,513	1,113
	<u>6,604</u>	<u>3,410</u>

Note 7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim consolidated statement of profit or loss are:

	Consolidated 31/12/2021 \$'000	Consolidated 31/12/2020 \$'000
Current income tax expense	2,511	5,420
Deferred income tax benefit relating to origination and reversal of temporary differences	(401)	(977)
Deferred income tax benefit relating to (origination)/utilisation of losses	1,266	(2,072)
	<u>3,376</u>	<u>2,371</u>

Note 8. Current assets - cash and cash equivalents

	Consolidated 31/12/2021 \$'000	Consolidated 30/06/2021 \$'000
Cash at bank	22,665	28,778
Cash on deposits	82,851	68,726
	<u>105,516</u>	<u>97,504</u>

Note 9. Current assets – inventories

	Consolidated 31/12/2021 \$'000	Consolidated 30/06/2021 \$'000
Stock in transit	9,495	5,903
Stock on hand	12,995	16,198
Less: Provision for obsolescence	(653)	(760)
	<u>21,837</u>	<u>21,341</u>

Inventory that was recognised as an expense in profit or loss amounted to \$129,663,000 for the half-year ended 31 December 2021 (\$88,064,000 for the half-year ended 31 December 2020).

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2021

Note 10. Current assets – other

	Consolidated 31/12/2021 \$'000	Consolidated 30/06/2021 \$'000
Prepayments	3,545	3,750
Security deposits	116	116
Right of return assets	240	106
Other	24	357
	<u>3,925</u>	<u>4,329</u>

Note 11. Non-current assets – property, plant and equipment

	Consolidated 31/12/2021 \$'000	Consolidated 30/06/2021 \$'000
Leasehold improvements – at cost	487	440
Less: Accumulated depreciation	<u>(359)</u>	<u>(282)</u>
	128	158
Construction under progress	<u>1,778</u>	<u>159</u>
Plant and equipment – at cost	2,344	1,576
Less: Accumulated depreciation	<u>(975)</u>	<u>(741)</u>
	<u>1,369</u>	<u>835</u>
	<u>3,275</u>	<u>1,152</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial half-year are set out below:

Consolidated	Leasehold improvements \$'000	Construction in progress \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2020	224	-	229	453
Additions	-	149	371	520
Depreciation expense	<u>(50)</u>	<u>-</u>	<u>(133)</u>	<u>(183)</u>
Balance at 31 December 2020	<u>174</u>	<u>149</u>	<u>467</u>	<u>790</u>
Balance at 1 July 2021	158	159	835	1,152
Additions	47	1,619	769	2,435
Depreciation expense	<u>(77)</u>	<u>-</u>	<u>(235)</u>	<u>(312)</u>
Balance at 31 December 2021	<u>128</u>	<u>1,778</u>	<u>1,369</u>	<u>3,275</u>

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2021

Note 12. Non-current assets - intangibles

	Consolidated 31/12/2021 \$'000	Consolidated 30/06/2021 \$'000
Goodwill - at cost	22,434	22,434
Less: Accumulated Impairment	(17,902)	(17,902)
	<u>4,532</u>	<u>4,532</u>
Brands - at cost	<u>2,781</u>	<u>2,781</u>
Software and websites - at cost	2,740	2,535
Less: Accumulated amortisation	(758)	(632)
Less: Accumulated Impairment	(1,474)	(1,474)
	<u>508</u>	<u>429</u>
Development	<u>412</u>	<u>349</u>
Customer relationships - at cost	338	338
Less: Accumulated amortisation	(338)	(338)
	<u>-</u>	<u>-</u>
	<u>8,233</u>	<u>8,091</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial half-year are set out below:

	Goodwill \$'000	Brands \$'000	Software and websites \$'000	Development \$'000	Customer relationships \$'000	Total \$'000
Consolidated						
Balance at 1 July 2020	4,532	2,781	60	486	-	7,859
Additions	-	-	55	-	-	55
Transfer of software upon completion	-	-	486	(486)	-	-
Amortisation expense	-	-	(75)	-	-	(75)
	<u>4,532</u>	<u>2,781</u>	<u>526</u>	<u>-</u>	<u>-</u>	<u>7,839</u>
Balance at 31 December 2020						
Balance at 1 July 2021	4,532	2,781	429	349	-	8,091
Additions	-	-	41	228	-	269
Transfer of software upon completion	-	-	165	(165)	-	-
Amortisation expense	-	-	(127)	-	-	(127)
	<u>4,532</u>	<u>2,781</u>	<u>508</u>	<u>412</u>	<u>-</u>	<u>8,233</u>
Balance at 31 December 2021						

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2021

Note 13. Investment in an associate

On 22 July 2021, the Group increased its interest in Renovai, Inc. to 28% which consisted of an additional investment of US\$1,000,000 (AU\$1,434,000) in exchange for shares in the company. The second tranche of US\$500,000 will be paid on the achievement of set milestones in exchange for additional shares. The initial investment of AU\$943,000 was also converted to equity upon completion of this transaction. Renovai, Inc. is a private company incorporated in the United States that specialises in developing artificial intelligence (“AI”) interior design tools. The investment was part of the Group’s core strategy to innovate its digital offering through AI generated room idea collections, helping customers navigate the vast range of furniture & homewares and complete looks. The Group’s interest in Renovai, Inc. is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group’s investment in Renovai, Inc.:

	Consolidated 31/12/2021 \$'000	Consolidated 30/06/2021 \$'000
Current assets	1,804	-
Non-current assets	112	-
Current liabilities	(217)	-
Equity	<u>1,699</u>	<u>-</u>
Group’s share in equity	476	-
Goodwill	<u>1,913</u>	<u>-</u>
Group’s carrying amount of the investment	<u><u>2,389</u></u>	<u><u>-</u></u>
	Consolidated 31/12/2021 \$'000	Consolidated 31/12/2020 \$'000
Revenue from contracts with customers	49	-
Expenses	(1,059)	-
Profit/(Loss) before tax	(1,010)	-
Income tax expense	-	-
Profit/(Loss) for the period	(1,010)	-
Other comprehensive income	-	-
Total comprehensive income for the period	<u>(1,010)</u>	<u>-</u>
Group’s share of profit/(loss) for the period	<u>(283)</u>	<u>-</u>

The associate had no contingent liabilities or capital commitments as at 31 December 2021.

Note 14. Current liabilities - trade and other payables

	Consolidated 31/12/2021 \$'000	Consolidated 30/06/2021 \$'000
Trade payables	20,670	18,864
Accrued payables	9,040	10,787
Employee related payables	1,293	1,063
Cash-settled share-based payments	698	461
On-costs on share-based payments	110	96
Other payables	<u>2,505</u>	<u>1,902</u>
	<u><u>34,316</u></u>	<u><u>33,173</u></u>

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2021

Note 15. Contributed capital

During the period ended 31 December 2021 there were no movements in contributed capital.

On 2 July 2020, the Group successfully completed a fully underwritten \$40,000,000 institutional placement resulting in the issue of 7,017,544 new fully paid ordinary shares at an offer price of \$5.70. Proceeds of the placement have and will continue to be used to provide the Group with the financial flexibility to pursue strategic growth initiatives including initiatives to enhance technology, product and service offering.

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 16. Share-based payments

For the long-term variable remuneration ('LTVR') performance rights granted during the current financial year to the executive and management team, the valuation model inputs used to determine the fair value at the grant date, is as follows:

Grant date	Vesting date	Number of shares	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value at grant date
21/12/2021	30/06/2024	109,158	\$10.09	\$0.00	63.12%	0.76%	\$5.90

Nil dividend yield was used in the valuation of the share-based payments granted in the current financial half-year.

For the Non-executive director equity plan ('NEP') effective during the current financial year, 9,729 restricted rights were granted on 12 November 2021 under this plan, with a fair value of \$10.86. The plan allows the participants to sacrifice a portion of their FY22 cash board fees in return for a grant of restricted rights.

For the six months ended 31 December 2021, the Group has recognised \$711,000 of share-based payment expense in the statement of profit or loss (31 December 2020: \$469,000).

Issue of shares

There were no shares issued during the period.

Note 17. Fair value measurement

The carrying amounts of trade and other receivables, trade and other payables and other current financial assets and liabilities are assumed to approximate their fair values due to their short-term nature. The carrying amounts of non-current financial assets and derivatives are initially recognised at fair value on the date on which the transaction occurs or contract is entered into and subsequently remeasured at fair value.

Note 18. Contingent liabilities

The Group had no contingent liabilities at 31 December 2021 and 30 June 2021.

Note 19. Related party transactions

The Group had not entered into any related party transactions or paid for any services to the related parties other than compensation to key management personnel under their employment contracts, during the current or previous financial half-year.

Note 20. Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Temple & Webster Group Ltd
Directors' declaration
31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Stephen Heath

Chairperson
9 February 2022
Sydney



**Building a better
working world**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Review Report to the Members of Temple & Webster Group Ltd

Conclusion

We have reviewed the accompanying half-year financial report of Temple & Webster Group Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibilities for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all

For personal use only



**Building a better
working world**

significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Graham Leonard' in a cursive style.

Graham Leonard
Partner
Sydney
9 February 2022

For personal use only