

Temple & Webster Group Ltd
Appendix 4D
ABN 69 608 595 660

Financial half-year ended 31 December 2022
Results for announcement to the market

H1 change in net profit after tax	H1FY23 \$'000	H1FY22 \$'000	Change
Revenues from ordinary activities	207,095	235,373	(12.0%)
Profit from ordinary activities after tax attributable to the owners of Temple & Webster Group Ltd	3,874	7,272	(46.7%)
Profit after tax for the half-year attributable to the owners of Temple & Webster Group Ltd	3,874	7,272	(46.7%)

As foreshadowed in August, H1FY23 was going to be the most difficult period for revenue comparisons as a result of H1FY22 being impacted by Covid-19 lockdowns. Although the half was down 12% year on year, importantly, revenue trended in a positive direction throughout the half as comparisons normalised with Dec-22 being positive in terms of year on year revenue growth.

As a result of a number of margin improvement initiatives and cost management strategies, profitability improved throughout the half with Q2FY23 EBITDA up 11.8% vs Q2FY22, despite short term revenue headwinds.

Further commentary on the financial results can be found in the Group's half-year results presentation lodged with the ASX on 14 February 2023.

There were no dividends paid, recommended or declared during the current financial period. The Group did not put a dividend reinvestment plan in place in the current financial half-year.

The net tangible assets per ordinary share amount is calculated based on 122,949,702 ordinary shares on issue as at 31 December 2022 and 120,452,928 on issue as at 31 December 2021 and is set out below:

	31/12/2022 Cents ⁽²⁾	31/12/2021 Cents ⁽²⁾
Net tangible assets per ordinary security	61.91	64.36

⁽²⁾ Consistent with the Australian Security & Investment Commission interpretation, the Right-of-use asset (AASB 16) and Right of return assets (AASB 15) are intangible assets, and therefore have been excluded from Net tangible assets.

The Group's holds 33% of shares in an associate, Renovai, Inc. For more detailed information, please refer to the attached interim report.

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

Temple & Webster Group Ltd

ABN 69 608 595 660

Interim Report – Half-Year Ended 31 December 2022

Temple & Webster Group Ltd

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31 December 2022

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Temple & Webster Group Ltd

Directors' report

31 December 2022

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 2022.

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
Conrad Yiu
Mark Coulter
Belinda Rowe
Susan Thomas (resigned 30 November 2022)

Principal activities

Temple & Webster is Australia's largest pure play online retailer of furniture and homewares.

Temple & Webster has over 200,000 products on sale from hundreds of suppliers. The business runs an innovative drop-shipping model whereby products are sent directly to customers by suppliers, enabling faster delivery times and reducing the need to hold inventory, allowing for a larger product range.

The drop ship range is complemented by a private label range which is sourced directly by Temple & Webster from overseas suppliers.

The Build by Temple & Webster (www.thebuild.com.au) is a pure play online retailer for home improvement. Sharing the same mission as its leading furniture and homewares sister site Temple & Webster, The Build helps Australians make their homes more beautiful and turn home renovators' visions into reality by providing the biggest and best range, a beautiful and easy shopping experience, and inspirational content.

Financial and operational review

As foreshadowed in August, H1FY23 was going to be the most difficult period for revenue comparisons as a result of H1FY22 being impacted by Covid-19 lockdowns. Although the half was down 12% year on year, importantly, revenue trended in a positive direction throughout the half as comparisons normalised with Dec-22 being positive in terms of year on year revenue growth.

As a result of a number of margin improvement initiatives and cost management strategies, profitability improved throughout the half with Q2FY23 EBITDA up 11.8% vs Q2FY22, despite short term revenue headwinds.

Further commentary on operations and financial results can be found in the Group's half-year results presentation lodged with the ASX on 14 February 2023.

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
14 February 2023
Sydney



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working world**

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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 2022, 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.

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
14 February 2023

Temple & Webster Group Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

	Note	Consolidated 31/12/2022 \$'000	Consolidated 31/12/2021 \$'000
Revenue			
Revenue from contracts with customers	4	207,095	235,373
Cost of goods sold		(112,661)	(129,663)
Gross margin		<u>94,434</u>	<u>105,710</u>
Other income	5	1,347	486
Expenses			
Distribution		(32,616)	(33,983)
Marketing		(24,422)	(32,031)
Employee benefits		(20,268)	(18,373)
Merchant fees		(2,351)	(2,693)
Depreciation and amortisation		(2,337)	(1,458)
Finance costs		(300)	(123)
Share of loss of an associate	14	(501)	(283)
Other	6	(6,969)	(6,604)
		<u>6,017</u>	<u>10,648</u>
Profit before income tax expense		6,017	10,648
Income tax expense	7	(2,143)	(3,376)
		<u>3,874</u>	<u>7,272</u>
Profit after income tax expense for the half-year attributable to the owners of Temple & Webster Group Ltd			
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		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of Temple & Webster Group Ltd			
		<u><u>3,874</u></u>	<u><u>7,272</u></u>
		Cents	Cents
Basic earnings per share		3.15	6.04
Diluted earnings per share		3.04	5.68

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 2022

	Note	Consolidated 31/12/2022 \$'000	Consolidated 30/06/2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	8	102,426	101,011
Trade and other receivables		151	273
Inventories	9	25,738	26,361
Income tax receivable		2,639	-
Other	10	3,315	5,684
Total current assets		<u>134,269</u>	<u>133,329</u>
Non-current assets			
Right-of-use assets	11	26,826	5,432
Property, plant and equipment	12	7,465	5,803
Intangibles	13	8,034	8,107
Other		64	162
Investment in an associate	14	2,615	3,116
Deferred tax asset		14,355	14,393
Total non-current assets		<u>59,359</u>	<u>37,013</u>
Total assets		<u>193,628</u>	<u>170,342</u>
Liabilities			
Current liabilities			
Trade and other payables	15	34,954	39,674
Employee benefits		2,006	1,852
Provisions		4,562	3,680
Lease liabilities		2,761	1,577
Income tax payable		-	1,883
Deferred revenue		12,928	14,072
Total current liabilities		<u>57,211</u>	<u>62,738</u>
Non-current liabilities			
Employee benefits		552	541
Provisions		1,229	629
Lease liabilities		23,436	3,522
Total non-current liabilities		<u>25,217</u>	<u>4,692</u>
Total liabilities		<u>82,428</u>	<u>67,430</u>
Net assets		<u>111,200</u>	<u>102,912</u>
Equity			
Contributed capital	16	126,767	115,784
Share-based payments reserve	17	4,733	11,302
Accumulated losses		(20,300)	(24,174)
Total equity		<u>111,200</u>	<u>102,912</u>

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 2022

Consolidated	Contributed capital \$'000	Treasury shares \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'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	-	-	711	-	711
Transaction cost	-	-	-	-	-
Balance at 31 December 2021	115,397	-	5,460	(28,870)	91,987

Consolidated	Contributed capital \$'000	Treasury shares \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	115,784	-	11,302	(24,174)	102,912
Profit after income tax expense for the half-year	-	-	-	3,874	3,874
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	3,874	3,874
Issue of share capital	-	-	-	-	-
Share-based payments	-	-	1,174	-	1,174
Tax impact on share-based payments	-	-	3,088	-	3,088
Transaction costs	-	-	(28)	-	(28)
Sale of shares to Employee Share Trust	10,803	(10,803)	-	-	-
Issue of shares to satisfy LTVR plans	-	10,803	(10,803)	-	-
Proceeds from exercise of options	180	-	-	-	180
Balance at 31 December 2022	126,767	-	4,733	(20,300)	111,200

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 2022

	Note	Consolidated 31/12/2022 \$'000	Consolidated 31/12/2021 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		225,955	257,352
Payments to suppliers and employees (inclusive of GST)		(217,897)	(244,296)
Interest received		1,347	192
Interest and other finance costs paid		(300)	(123)
Income tax paid		(3,539)	-
		<u>5,566</u>	<u>13,125</u>
Cash flows from investing activities			
Payments for property, plant and equipment	12	(2,535)	(2,435)
Payments for intangibles	13	(105)	(269)
Payment for investment in associate		-	(1,434)
		<u>(2,640)</u>	<u>(4,138)</u>
Cash flows from financing activities			
Transaction costs of issue of shares		(28)	-
Payment of lease liabilities		(1,483)	(975)
		<u>(1,511)</u>	<u>(975)</u>
Net cash (used in) / from financing activities		<u>(1,511)</u>	<u>(975)</u>
Net increase in cash and cash equivalents		1,415	8,012
Cash and cash equivalents at the beginning of the financial half-year		<u>101,011</u>	<u>97,504</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>102,426</u></u>	<u><u>105,516</u></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 2022

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:

2 / 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 14 February 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 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.

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 2022. 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 2023. 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 home improvement 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.

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2022

Note 4. Revenue from contracts with customers

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

	Consolidated 31/12/2022 \$'000	Consolidated 31/12/2021 \$'000
Sale of goods	206,499	234,519
Purchase protection	596	854
	<u>207,095</u>	<u>235,373</u>

Note 5. Other income

	Consolidated 31/12/2022 \$'000	Consolidated 31/12/2021 \$'000
Revaluation gain on investment	-	294
Interest income	1,347	192
	<u>1,347</u>	<u>486</u>

Note 6. Other expenses

	Consolidated 31/12/2022 \$'000	Consolidated 31/12/2021 \$'000
Hosting and other IT expenses	3,297	2,710
Consulting expenses	2,213	3,193
Other expenses	1,459	701
	<u>6,969</u>	<u>6,604</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 31/12/2022 \$'000	Consolidated 31/12/2021 \$'000
Current income tax expense	2,170	2,511
Deferred income tax benefit relating to origination and reversal of temporary differences	(1,235)	(401)
Deferred income tax benefit relating to (origination)/utilisation of losses	1,208	1,266
	<u>2,143</u>	<u>3,376</u>

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2022

Note 8. Current assets - cash and cash equivalents

	Consolidated 31/12/2022 \$'000	Consolidated 30/06/2022 \$'000
Cash at bank	27,743	28,086
Cash on deposits	74,683	72,925
	<u>102,426</u>	<u>101,011</u>

Note 9. Current assets – inventories

	Consolidated 31/12/2022 \$'000	Consolidated 30/06/2022 \$'000
Stock in transit	4,616	6,485
Stock on hand	23,094	21,585
Less: Provision for obsolescence	(1,972)	(1,709)
	<u>25,738</u>	<u>26,361</u>

Inventory that was recognised as an expense in profit or loss amounted to \$112,661,000 for the half-year ended 31 December 2022 (\$129,663,000 for the half-year ended 31 December 2021).

Note 10. Current assets – other

	Consolidated 31/12/2022 \$'000	Consolidated 30/06/2022 \$'000
Prepayments	2,278	3,599
Security deposits	109	114
Right of return assets	223	248
Foreign exchange forward contracts	705	1,723
	<u>3,315</u>	<u>5,684</u>

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2022

Note 11. Non-current assets – right-of-use assets

	Consolidated 31/12/2022 \$'000	Consolidated 30/06/2022 \$'000
Buildings – at cost	29,814	8,982
Less: Accumulated depreciation	<u>(2,988)</u>	<u>(3,550)</u>
	<u>26,826</u>	<u>5,432</u>
	<u>26,826</u>	<u>5,432</u>

The Group recognised a right-of-use asset of \$17,732,969 and a corresponding lease liability for the same amount during the current reporting report for the new 10-year lease for office space in St Peters, Sydney.

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	Buildings \$'000
Balance at 1 July 2021	6,998
Additions	-
Depreciation expense	<u>(1,013)</u>
Balance at 31 December 2021	<u>5,985</u>
Balance at 1 July 2022	5,432
Additions ⁽¹⁾	23,060
Depreciation expense	<u>(1,666)</u>
Balance at 31 December 2022	<u><u>26,826</u></u>

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2022

Note 12. Non-current assets – property, plant and equipment

	Consolidated 31/12/2022 \$'000	Consolidated 30/06/2022 \$'000
Leasehold improvements – at cost	6,844	487
Less: Accumulated depreciation	<u>(216)</u>	<u>(436)</u>
	<u>6,628</u>	<u>51</u>
Construction under progress	<u>-</u>	<u>4,361</u>
Plant and equipment – at cost	2,358	2,772
Less: Accumulated depreciation	<u>(1,521)</u>	<u>(1,381)</u>
	<u>837</u>	<u>1,391</u>
	<u><u>7,465</u></u>	<u><u>5,803</u></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 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>
Balance at 1 July 2022	51	4,361	1,391	5,803
Additions	2,372	-	163	2,535
Disposals	-	-	(392)	(392)
Transfer of leasehold expenditure upon completion	4,361	(4,361)	-	-
Depreciation expense	<u>(156)</u>	<u>-</u>	<u>(325)</u>	<u>(481)</u>
Balance at 31 December 2022	<u><u>6,628</u></u>	<u><u>-</u></u>	<u><u>837</u></u>	<u><u>7,465</u></u>

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2022

Note 13. Non-current assets - intangibles

	Consolidated 31/12/2022 \$'000	Consolidated 30/06/2022 \$'000
Goodwill - at cost	22,434	22,434
Less: Accumulated Impairment	<u>(17,902)</u>	<u>(17,902)</u>
	4,532	4,532
Brands - at cost	<u>2,781</u>	<u>2,781</u>
Software and websites - at cost	3,277	3,172
Less: Accumulated amortisation	(1,126)	(948)
Less: Accumulated Impairment	<u>(1,474)</u>	<u>(1,474)</u>
	677	750
Other	<u>44</u>	<u>44</u>
Customer relationships - at cost	338	338
Less: Accumulated amortisation	<u>(338)</u>	<u>(338)</u>
	-	-
	<u>8,034</u>	<u>8,107</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	Goodwill \$'000	Brands \$'000	Software and websites \$'000	Development \$'000	Other \$'000	Total \$'000
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	<u>-</u>	<u>-</u>	<u>(127)</u>	<u>-</u>	<u>-</u>	<u>(127)</u>
Balance at 31 December 2021	<u>4,532</u>	<u>2,781</u>	<u>508</u>	<u>412</u>	<u>-</u>	<u>8,233</u>
Balance at 1 July 2022	4,532	2,781	750	-	44	8,107
Additions	-	-	-	105	-	105
Transfer of software upon completion	-	-	105	(105)	-	-
Amortisation expense	<u>-</u>	<u>-</u>	<u>(178)</u>	<u>-</u>	<u>-</u>	<u>(178)</u>
Balance at 31 December 2022	<u>4,532</u>	<u>2,781</u>	<u>677</u>	<u>-</u>	<u>44</u>	<u>8,034</u>

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2022

Note 14. Investment in an associate

Renovai, Inc ('Renovai') is an Israeli private company with a parent entity incorporated in the United States that specialises in developing artificial intelligence ('AI')/augmented reality ('AR') interior design tools. The Group's investment in Renovai is part of the core strategy to innovate its digital offering through AI generated room idea collections and AR, helping customers navigate the vast range of furniture and homewares and complete looks.

The Group's interest in Renovai is accounted for using the equity method in the interim consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in Renovai:

	Consolidated 31/12/2022 \$'000	Consolidated 30/06/2022 \$'000
Current assets	601	1,405
Non-current assets	93	19
Current liabilities	(387)	(241)
Equity	<u>307</u>	<u>1,183</u>
Group's share in equity	101	390
Goodwill	<u>2,514</u>	<u>2,726</u>
Group's carrying amount of the investment	<u>2,615</u>	<u>3,116</u>
	Consolidated 31/12/2022 \$'000	Consolidated 31/12/2021 \$'000
Revenue from contracts with customers	318	49
Expenses	(1,835)	(1,059)
Profit/(Loss) before tax	(1,517)	(1,010)
Income tax expense	-	-
Profit/(Loss) for the period	(1,517)	(1,010)
Other comprehensive income	-	-
Total comprehensive income for the period	<u>(1,517)</u>	<u>(1,010)</u>
Group's share of profit/(loss) for the period	<u>(501)</u>	<u>(283)</u>

The associate had no contingent liabilities or capital commitments as at 31 December 2022.

Note 15. Current liabilities - trade and other payables

	Consolidated 31/12/2022 \$'000	Consolidated 30/06/2022 \$'000
Trade payables	21,287	25,557
Accrued payables	9,633	9,416
Employee related payables	1,918	1,865
Cash-settled share-based payments	591	1,164
On-costs on share-based payments	35	72
Other payables	<u>1,490</u>	<u>1,600</u>
	<u>34,954</u>	<u>39,674</u>

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2022

Note 16. Contributed capital

During the period ended 31 December 2022, the Group issued 2,435,119 fully paid ordinary shares in the Company through the Temple & Webster Group Ltd Employee Share Trust.

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

Note 17. Share-based payments

For the LTVR performance rights granted during the previous 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

For the LTVR options granted during the current financial year to the CEO, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Vesting date	Number of options	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value at grant date
30/11/2022	30/08/2026	1,200,000	\$5.27	\$7.06	71.54%	3.51%	\$3.86
30/11/2022	30/08/2026	1,200,000	\$5.27	\$9.53	71.54%	3.51%	\$3.63
30/11/2022	30/08/2026	1,200,000	\$5.27	\$12.86	71.54%	3.51%	\$3.40

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

For the six months ended 31 December 2022, the Group has recognised \$1,174,000 of share-based payment expense in the statement of profit or loss (31 December 2021: \$711,000).

Issue of shares

During the current financial year, the directors and executives have exercised options and performance rights to acquire 2,435,119 fully paid ordinary shares in the Company.

Note 18. 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 19. Contingent liabilities

The Group had no contingent liabilities at 31 December 2022 and 30 June 2022.

Note 20. 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 21. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 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 2022

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 2022 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

A handwritten signature in black ink, appearing to read 'S. Heath', with a stylized flourish at the end.

Stephen Heath

Chairperson
14 February 2023
Sydney



**Building a better
working world**

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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 2022, the statement of profit or loss and other 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 2022 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 Group 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 2022 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



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
14 February 2023