

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

Financial half-year ended 31 December 2023
Results for announcement to the market

Half-year ended	31/12/2023 \$'000	31/12/2022 \$'000	Change
Revenues from ordinary activities	253,827	207,095	23%
Profit before tax for the half-year attributable to the owners of Temple & Webster Group Ltd	6,428	6,017	7%
Profit from ordinary activities after tax attributable to the owners of Temple & Webster Group Ltd	4,125	3,874	6%
Net profit after tax for the half-year attributable to the owners of Temple & Webster Group Ltd	4,125	3,874	6%

Revenue of \$253.8m was up 23% vs the prior comparison period ('pcp'). In the same period, profit before tax increased by 7% to \$6.4m and profit after tax increased by 6% to \$4.1m.

EBITDA for HIFY24 was \$7.5m and EBITDA margin was 2.9% which was at the top end of full year guidance. Earnings before interest, tax, depreciation and amortisation ('EBITDA') is a non IFRS measure and is the primary reporting measure used by the Chief Operating Decision-Making bodies, being the Chief Executive Officer, Management and the Board of Directors, for the purpose of assessing the performance of the Group. The below table includes the reconciliation of underlying EBITDA to statutory profit before tax:

	31/12/2023 \$'000	31/12/2022 \$'000
Profit before tax	6,428	6,017
Adjustments		
Add: Depreciation and amortisation	2,895	2,337
Add: Finance costs	613	300
Less: Interest income	(2,463)	(1,347)
EBITDA	7,473	7,307

Further commentary on the financial results can be found in the Group's half-year results presentation lodged with the ASX on 13 February 2024.

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.

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The net tangible assets per ordinary share amount is calculated based on 118,758,074 ordinary shares on issue as at 31 December 2023 and 122,949,702 on issue as at 31 December 2022 and is set out below:

	31/12/2023 Cents ⁽¹⁾	31/12/2022 Cents ⁽¹⁾
Net tangible assets per ordinary security	64.25	61.91

⁽¹⁾ 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 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 2023

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Temple & Webster Group Ltd
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31 December 2023

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Temple & Webster Group Ltd Directors' report 31 December 2023

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 2023.

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
Melinda Snowden

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.

Temple & Webster's Trade & Commercial division services the B2B market, offering exclusive product ranges, procurement, styling, specialised delivery and installation services by a dedicated support team.

The Group also offers a huge range of home improvement products that customers need to renovate and redecorate their homes.

Temple & Webster Group's registered office and principal place of business is Building 2, 1-7 Unwins Bridge Road, St Peters, Sydney, Australia and it is listed on the Australian Securities Exchange under the code TPW.

Operating and financial review

Key operating and financial metrics for the half year ended 31 December 2023 include:

- A strong revenue result of \$253.8m which was up 23% vs the prior comparison period ('pcp') driven by growth in both repeat and first-time customers;
- Gross margin % for H1FY24 was 33.3% vs 31.5% in the pcp which was driven by improved shipping recovery, decreased refunds and replacement costs, and mix gains as customers shift spend into lower discretionary, higher margin categories (i.e. bedroom, dining, living room furniture);
- In the same period, profit before tax increased by 7% to \$6.4m and profit after tax increased by 6% to \$4.1m;
- EBITDA for H1FY24 was \$7.5m with an EBITDA margin of 2.9% which was at the top end of the full year guidance;
- These results included an investment in marketing spend, namely the deployment of the Group's first (material) above-the-line brand campaign (as disclosed in August 23) to drive both revenue and market share;
- Cash closed at \$114.2m at 31st December 2023 with positive net cash flows of \$19.0m (before share buy-back of \$10.0m). The Group remains debt free.

Please refer to the Group's H1FY24 results presentation for further commentary on the Group's financial and operational results.

Strategic priority update

In August 2023, TPW outlined a strategy to target annual sales of \$1b+ within 3-5 years, with a focus on five key strategic priorities, being:

- Becoming the top-of-mind brand in the furniture & homewares category;
- Generating the majority of revenue from exclusive products;
- Developing market-leading capabilities around technology, AI and data;
- Lowering our fixed costs % to obtain a price and margin advantage;
- Building scale through adjacent growth plays, including Home Improvement and Trade & Commercial (B2B)

Temple & Webster Group Ltd

Directors' report

31 December 2023

The Group has made good progress against each of its strategic priorities. This half:

- The Group commenced its first integrated above the line brand campaign, with promising early results, including a significant increase in our share of branded searches;
- The private label division launched 500 new products across all key categories and exclusivity of best-selling products has increased;
- The Group continues to invest in AI and data capabilities, and retaining its market leading conversion rate among the retailers dedicated to the home;
- Both of the Group's longer-term growth plays delivered double digit growth for the period and;
- Fixed cost as a % of sales decreased even after investments in people.

The Group remains committed to achieving \$1b in revenue within 3-5 years whilst staying profitable.

Reconciliation of underlying EBITDA to statutory profit before tax:

Earnings before interest, tax, depreciation and amortisation ('EBITDA') is a non IFRS measure and is the primary reporting measure used by the Chief Operating Decision-Making bodies, being the Chief Executive Officer, Management and the Board of Directors, for the purpose of assessing the performance of the Group

	31/12/2023 \$'000	31/12/2022 \$'000
Profit before tax	6,428	6,017
Adjustments		
Add: Depreciation and amortisation	2,895	2,337
Add: Finance costs	613	300
Less: Interest income	(2,463)	(1,347)
EBITDA	7,473	7,307

Further commentary on operations and financial results can be found in the Group's half-year results presentation lodged with the ASX on 13 February 2024.

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

Chair
13 February 2024
Sydney



**Building a better
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 the Temple & Webster Group Ltd for the half-year ended 31 December 2023, 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

Ernst & Young

Rachel Rudman

Rachel Rudman
Partner
13 February 2024

Temple & Webster Group Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	Consolidated 31/12/2023 \$'000	Consolidated 31/12/2022 \$'000 (restated) ¹
Revenue			
Revenue from contracts with customers	4	253,827	207,095
Cost of goods sold		(169,330)	(141,790)
Gross margin		84,497	65,305
Interest income	5	2,463	1,347
Expenses			
Warehouse		(3,743)	(3,487)
Marketing		(40,834)	(24,422)
Employee benefits		(21,087)	(20,268)
Merchant fees		(2,681)	(2,351)
Depreciation and amortisation		(2,895)	(2,337)
Finance costs		(613)	(300)
Share of loss of an associate	14	(467)	(501)
Other expenses	6	(8,212)	(6,969)
Profit before tax		6,428	6,017
Income tax expense	7	(2,303)	(2,143)
Profit after tax expense for the half-year attributable to the owners of Temple & Webster Group Ltd		4,125	3,874
Other comprehensive income			
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		4,125	3,874
		Cents	Cents
Basic earnings per share		3.45	3.15
Diluted earnings per share		3.30	3.04

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

¹ Cost of goods sold includes the shipping costs incurred on delivery of products to customers of \$37,311,000 (31/12/2022: \$29,129,000). This was a change in presentation during the half-year ended 31 December 2023. The comparative prior half-year balances were also updated in line with this change in presentation. Also refer to note 9 in Notes to the consolidated financial statements.

Temple & Webster Group Ltd
Statement of financial position
For the half-year ended 31 December 2023

	Note	Consolidated 31/12/2023 \$'000	Consolidated 30/06/2023 \$'000
Assets			
Current assets			
Cash and cash equivalents	8	114,244	105,140
Trade and other receivables		675	567
Inventories	9	21,571	18,094
Other current assets	10	3,834	4,547
Income tax receivable		-	329
Other financial assets – current	15	-	1,303
Total current assets		<u>140,324</u>	<u>129,980</u>
Non-current assets			
Right-of-use assets	11	23,363	24,596
Property, plant and equipment	12	6,506	6,977
Intangibles	13	7,980	7,971
Deferred tax asset		22,397	18,227
Investment in an associate	14	1,958	2,425
Other financial assets - non-current	15	3,024	596
Other non-current assets		11	9
Total non-current assets		<u>65,239</u>	<u>60,801</u>
Total assets		<u>205,563</u>	<u>190,781</u>
Liabilities			
Current liabilities			
Trade and other payables	16	43,985	36,723
Lease liabilities		4,217	3,653
Income tax payable		680	-
Employee benefits		2,473	2,206
Provisions		3,631	3,570
Deferred revenue		20,119	13,665
Other financial liabilities – current		367	-
Total current liabilities		<u>75,472</u>	<u>59,817</u>
Non-current liabilities			
Employee benefits		662	583
Lease liabilities		20,203	21,380
Make good provision		1,303	1,270
Total non-current liabilities		<u>22,168</u>	<u>23,233</u>
Total liabilities		<u>97,640</u>	<u>83,050</u>
Net assets		<u>107,923</u>	<u>107,731</u>
Equity			
Contributed capital	17	104,459	114,472
Reserves		15,208	9,128
Accumulated losses		(11,744)	(15,869)
Total equity		<u>107,923</u>	<u>107,731</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 2023

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 tax 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
Exercise of options	180	-	-	-	180
Share-based payments (note 18)	-	-	1,174	-	1,174
Tax impact on share-based payments	-	-	3,088	-	3,088
Transaction costs	-	-	(28)	-	(28)
Issue of Shares to Employee Share Trust	10,803	(10,803)	-	-	-
Shares transferred to employees under LTVR scheme	-	10,803	(10,803)	-	-
Balance at 31 December 2022	126,767	-	4,733	(20,300)	111,200

Consolidated	Contributed capital \$'000	Treasury shares \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2023	114,472	-	9,128	(15,869)	107,731
Profit after tax for the half-year	-	-	-	4,125	4,125
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	4,125	4,125
Share-based payments (note 18)	-	-	1,617	-	1,617
Tax impact on share-based payments	-	-	4,463	-	4,463
Share buy-back (note 17)	(10,013)	-	-	-	(10,013)
Balance at 31 December 2023	104,459	-	15,208	(11,744)	107,923

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 2023

	Note	Consolidated 31/12/2023 \$'000	Consolidated 31/12/2022 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		285,900	225,955
Payments to suppliers and employees (inclusive of GST)		(263,424)	(217,897)
Interest received		2,463	1,347
Interest and other finance costs paid		(613)	(300)
Income tax paid		(1,001)	(3,539)
Net cash from operating activities		23,325	5,566
Cash flows from investing activities			
Payment for other non-current financial assets	15	(2,428)	-
Payments for property, plant and equipment	12	(56)	(2,535)
Payments for intangibles	13	(144)	(105)
Net cash (used in) investing activities		(2,628)	(2,640)
Cash flows from financing activities			
Payments for share buy-back		(10,013)	-
Payment of principal portion of lease liabilities		(1,580)	(1,483)
Transaction costs of issue of shares		-	(28)
Net cash (used in) financing activities		(11,593)	(1,511)
Net increase in cash and cash equivalents		9,104	1,415
Cash and cash equivalents at the beginning of the financial half-year		105,140	101,011
Cash and cash equivalents at the end of the financial half-year		114,244	102,426

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 2023

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 for-profit company incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange. The Group's principal place of business is:

Building 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 consolidated financial statements were authorised for issue, in accordance with a resolution of Directors, on 13 February 2024. The Directors have the power to amend and reissue the consolidated financial statements.

Note 2. Significant accounting policies

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2023 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 followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2023. 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 2024. 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 platforms. 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 2023

Note 4. Revenue from contracts with customers

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

	Consolidated 31/12/2023 \$'000	Consolidated 31/12/2022 \$'000
Sale of goods	253,290	206,499
Purchase protection	537	596
	<u>253,827</u>	<u>207,095</u>

Note 5. Other income

	Consolidated 31/12/2023 \$'000	Consolidated 31/12/2022 \$'000
Interest income	2,463	1,347
	<u>2,463</u>	<u>1,347</u>

Note 6. Other expenses

	Consolidated 31/12/2023 \$'000	Consolidated 31/12/2022 \$'000
Hosting and other IT	3,412	3,297
Consulting	3,309	2,213
Other expenses	1,491	1,459
	<u>8,212</u>	<u>6,969</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 31/12/2023 \$'000	Consolidated 31/12/2022 \$'000
Current income tax expense	2,011	2,170
Deferred income tax benefit relating to origination and reversal of temporary differences	(832)	(1,235)
Deferred income tax benefit relating to (origination)/utilisation of losses	1,124	1,208
	<u>2,303</u>	<u>2,143</u>

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Notes to the financial statements
31 December 2023

Note 8. Current assets - cash and cash equivalents

	Consolidated 31/12/2023 \$'000	Consolidated 30/06/2023 \$'000
Cash at bank	45,990	38,558
Cash on deposits	68,254	66,582
	<u>114,244</u>	<u>105,140</u>

Note 9. Current assets - inventories

	Consolidated 31/12/2023 \$'000	Consolidated 30/06/2023 \$'000
Stock in transit	8,861	4,545
Stock on hand	13,897	16,119
Less: Provision for impairment	(1,187)	(2,570)
	<u>21,571</u>	<u>18,094</u>

Inventory that was recognised as an expense in profit or loss amounted to \$132,019,000 for the half-year ended 31 December 2023 (\$112,661,000 for the half-year ended 31 December 2022).

Cost of goods sold also includes the shipping costs incurred on delivery of products to customers of \$37,311,000 (2022: \$29,129,000) This was a change in presentation during the half-year ended 31 December 2023. The comparative prior year balances were also updated in line with this change in presentation.

Note 10. Current assets - other

	Consolidated 31/12/2023 \$'000	Consolidated 30/06/2023 \$'000
Prepayments	3,511	4,216
Right of return assets	277	285
Security Deposits	46	46
	<u>3,834</u>	<u>4,547</u>

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Temple & Webster Group Ltd
Notes to the financial statements
31 December 2023

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

	Consolidated 31/12/2023 \$'000	Consolidated 30/06/2023 \$'000
Buildings – at cost	29,809	29,809
Increases due to lease re-measurement	999	-
Less: Accumulated depreciation	(7,445)	(5,213)
	<u>23,363</u>	<u>24,596</u>
	<u>23,363</u>	<u>24,596</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	Buildings \$'000
Balance at 1 July 2022	5,432
Additions	23,060
Depreciation	<u>(1,666)</u>
Balance at 31 December 2022	<u>26,826</u>
Balance at 1 July 2023	24,596
Additions ⁽¹⁾	999
Depreciation	<u>(2,232)</u>
Balance at 31 December 2023	<u>23,363</u>

¹ Additions relate to lease re-measurement owing to change in lease repayments due to CPI increase.

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Temple & Webster Group Ltd
Notes to the financial statements
31 December 2023

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

	Consolidated 31/12/2023 \$'000	Consolidated 30/06/2023 \$'000
Leasehold improvements – at cost	6,897	6,897
Less: Accumulated depreciation	(896)	(553)
	<u>6,001</u>	<u>6,344</u>
Construction under progress	39	-
Plant and equipment – at cost	2,350	2,333
Less: Accumulated depreciation	(1,884)	(1,700)
	<u>466</u>	<u>633</u>
	<u>6,506</u>	<u>6,977</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 2022	51	4,361	1,391	5,803
Additions	2,372	-	163	2,535
Disposals	-	-	(392)	(392)
Transfer of leasehold	4,361	(4,361)	-	-
Depreciation	(156)	-	(325)	(481)
	<u>6,628</u>	<u>-</u>	<u>837</u>	<u>7,465</u>
Balance at 31 December 2022				
Balance at 1 July 2023	6,344	-	633	6,977
Additions	-	39	17	56
Depreciation	(343)	-	(184)	(527)
	<u>6,001</u>	<u>39</u>	<u>466</u>	<u>6,506</u>
Balance at 31 December 2023				

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Temple & Webster Group Ltd
Notes to the financial statements
31 December 2023

Note 13. Non-current assets - intangibles

	Consolidated 31/12/2023 \$'000	Consolidated 30/06/2023 \$'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	3,542	3,398
Less: Accumulated amortisation	(1,445)	(1,310)
Less: Accumulated Impairment	(1,474)	(1,474)
	<u>623</u>	<u>614</u>
Other	<u>44</u>	<u>44</u>
	<u>7,980</u>	<u>7,971</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 2022	4,532	2,781	750	-	44	8,107
Additions	-	-	-	105	-	105
Transfer of software upon completion	-	-	105	(105)	-	-
Amortisation expense	-	-	(178)	-	-	(178)
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>
Balance at 1 July 2023	4,532	2,781	614	-	44	7,971
Additions	-	-	-	144	-	144
Transfer of software upon completion	-	-	144	(144)	-	-
Amortisation expense	-	-	(135)	-	-	(135)
Balance at 31 December 2023	<u>4,532</u>	<u>2,781</u>	<u>623</u>	<u>-</u>	<u>44</u>	<u>7,980</u>

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Temple & Webster Group Ltd
Notes to the financial statements
31 December 2023

Note 14. Investment in an associate

Renovai is a private company incorporated in the United States that specialises in developing AI/AR interior design tools. The Group holds 33% interest in Renovai and it 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 Inc.

	Consolidated 31/12/2023 \$'000	Consolidated 30/06/2023 \$'000
Current assets	990	177
Non-current assets	110	79
Current liabilities	(503)	(1,168)
Non-current liabilities	(2,923)	-
Equity	<u>(2,326)</u>	<u>(912)</u>
Group's share in equity	(768)	(301)
Goodwill	<u>2,726</u>	<u>2,726</u>
Group's carrying amount of the investment	<u>1,958</u>	<u>2,425</u>
	Consolidated 31/12/2023 \$'000	Consolidated 31/12/2022 \$'000
Revenue from contracts with customers	203	318
Expenses	(1,617)	(1,835)
Profit/(loss) before tax	(1,414)	(1,517)
Income tax expense	-	-
Profit/(loss) for the period	(1,414)	(1,517)
Other comprehensive income	-	-
Total comprehensive income for the period	<u>(1,414)</u>	<u>(1,517)</u>
Group's share of profit/(loss) for the period	<u>(467)</u>	<u>(501)</u>

The associate had no contingent liabilities or capital commitments as at 31 December 2023.

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Note 15. Other Financial Assets

	Consolidated 31/12/2023 \$'000	Consolidated 30/06/2023 \$'000
Current		
Foreign exchange forward contract	-	1,303
Non-Current		
Convertible notes	3,024	596

On 6 March 2023, the Group entered into an agreement to invest in convertible notes (the "Notes") issued by Renovai of US\$2,000,000. The investment in the Notes was set into two tranches of US\$1,000,000 each. Each note carries 12% interest per annum, accruing from the purchase date and payable on maturity. As at 30 June 2023, the Group had purchased US\$400,000 (AU\$596,000) of Notes issued by Renovai.

During the current financial half-year, the Group made a further investment of US\$1,600,000 (AU\$2,428,000) in the Notes, thus completing the total investment committed as per the agreement.

Note 16. Current liabilities - trade and other payables

	Consolidated 31/12/2023 \$'000	Consolidated 30/06/2023 \$'000
Trade payables	31,032	23,575
Accrued payables	10,000	9,062
Employee related payables	1,193	1,830
Cash-settled share-based payments	626	671
Other payables	1,134	1,585
	43,985	36,723

Note 17. Contributed capital

During the half-year ended 31 December 2023, the Group issued Nil (31 December 2022: 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.

During the half-year ended 31 December 2023, the Group has purchased 1,495,374 ordinary shares on issue at average price of \$6.70 under the on-market share buy-back program. All of the ordinary shares bought back have been cancelled as at 31 December 2023.

Note 18. Share-based payments

The group issued Long-Term Variable Remuneration ('LTVR') Performance Rights and Retention Rights to the executive and management team during the current financial half-year. Of the total LTVR performance rights granted during the current financial year, 50% of the LTVR have market vesting condition based on Group's Total Shareholder Return (TSR) as compared to TSR of the ASX 300 Industrials Total Return Index and the remaining 50% of the LTVR have non-market vesting condition based on certain Earnings Per Share Growth ("EPSG") targets.

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Note 18. Share-based payments (continued)

For the LTVR Performance Rights granted during the current financial half-year to the executive and management team with TSR target, 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
13/11/2023	30/06/2026	97,572	\$6.61	\$0.00	57%	4.31%	\$4.61

For the LTVR options granted during the previous financial half-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	31/08/2026	1,200,000	\$5.27	\$7.06	71.54%	3.51%	\$3.86
30/11/2022	31/08/2026	1,200,000	\$5.27	\$9.53	71.54%	3.51%	\$3.63
30/11/2022	31/08/2026	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 2023, the Group has recognised \$1,617,000 of share-based payment expense in the statement of profit or loss (31 December 2022: \$1,174,000).

Issue of shares

During the current financial half-year, the directors and executives have not exercised any options and performance rights (31 December 2022: 2,435,119) to acquire fully paid ordinary shares in the Company.

Note 19. 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.

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances, and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Derivatives held by the Group are considered to be Level 2, apart from the current financial asset which is considered to be Level 3. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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Temple & Webster Group Ltd
Notes to the financial statements
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Note 20. Contingent liabilities

The Group had no contingent liabilities at 31 December 2023 and 30 June 2023.

Note 21. 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 22. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 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.

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Temple & Webster Group Ltd
Directors' declaration
31 December 2023

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 2023 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

Chair
13 February 2024
Sydney

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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 2023, 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 2023 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 2023 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.

Ernst & Young

Ernst & Young

Rudman

Rachel Rudman
Partner
Sydney
13 February 2024

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