

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 2020
 Previous period: For the half-year ended 31 December 2019

2. Results for announcement to the market

					\$'000
Revenues from ordinary activities	up	118.0%	to		161,593
Profit from ordinary activities after tax attributable to the owners of Temple & Webster Group Ltd	up	315.9%	to		12,169
Profit for the half-year attributable to the owners of Temple & Webster Group Ltd	up	315.9%	to		12,169

Dividends

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

Comments

Net profit after tax results in both 2019 and 2020 were impacted by the recognition and utilisation of deferred tax assets, the Group recommends using net profit before tax for like for like comparisons (2020 was \$14,540,000 vs \$2,046,000 in 2019).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security ⁽¹⁾	59.26	8.40

The net tangible assets per ordinary share amount is calculated based on 120,452,928 ordinary shares on issue as at 31 December 2020 (113,422,884 as at 31 December 2019).

4. Control gained or lost over entities

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

5. 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.

⁽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. Attachments

Details of attachments (if any):

The Interim Report of Temple & Webster Group Ltd for the half-year ended 31 December 2020 is attached.

7. Signed



Stephen Heath

Chairperson
25 February 2021
Sydney

Temple & Webster Group Ltd

ABN 69 608 595 660

Interim Report – Half-Year Ended 31 December 2020

For personal use only

Temple & Webster Group Ltd

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31 December 2020

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Temple & Webster Group Ltd

Directors' report

31 December 2020

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 2020.

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

Financial and operational review

Revenue for the half-year was \$161,593,000 (2019: \$74,131,000) representing an increase of 118.0% on the previous corresponding half last-year. Growth was driven by a combination of active customer growth and revenue per active customer.

Gross margin increased in the half-year to \$73,529,000 (2019: \$32,789,000) predominately driven by the growth in revenue and an increase in sales from private label which run at a higher gross margin %.

Consolidated net profit before tax for the half-year was \$14,540,000 (2019: \$2,046,000), up 610.7% on the previous corresponding half-year. This was largely driven by operating leverage as a result of high revenue growth and fixed costs growing at a slower rate than revenue.

Consolidated net profit after tax for the half-year was \$12,169,000 (2019: \$2,926,000). Net profit after tax results in both 2019 and 2020 were impacted by the recognition and utilisation of deferred tax assets, the company recommends using Net profit before tax for like for like comparisons.

During the period, the Group successfully completed a capital raise of new fully paid ordinary shares to both strengthen the balance sheet and provide financial flexibility to pursue strategic growth initiatives. The Group also made a small investment in a start-up developing artificial intelligence ("AI") interior design tools in July 2020.

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 the 25th of February.

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

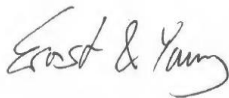
25 February 2021
Sydney

Auditor's Independence Declaration to the Directors of 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 2020, 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; and
- b) no contraventions of 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
25 February 2021

Temple & Webster Group Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

	Note	31/12/2020 \$'000	Consolidated 31/12/2019 \$'000
Revenue			
Revenue from contracts with customers	4	161,593	74,131
Cost of goods sold		(88,064)	(41,342)
Gross margin		<u>73,529</u>	<u>32,789</u>
Interest income		285	111
Expenses			
Distribution		(20,148)	(10,795)
Marketing		(20,675)	(8,261)
Employee benefits		(12,399)	(8,142)
Merchant fees		(2,057)	(1,149)
Depreciation and amortisation		(534)	(308)
Finance costs		(51)	(19)
Other		(3,410)	(2,180)
		<u> </u>	<u> </u>
Profit before income tax expense		14,540	2,046
Income tax (expense) / benefit	5	<u>(2,371)</u>	<u>880</u>
Profit after income tax expense for the half-year attributable to the owners of Temple & Webster Group Ltd		<u>12,169</u>	<u>2,926</u>
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>12,169</u></u>	<u><u>2,926</u></u>
		Cents	Cents
Basic earnings per share		10.12	2.59
Diluted earnings per share		9.50	2.41

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 2020

	Note	31/12/2020 \$'000	Consolidated 30/06/2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	6	85,743	38,082
Trade and other receivables		238	55
Inventories	7	17,379	6,619
Other	8	5,207	3,492
Total current assets		<u>108,567</u>	<u>48,248</u>
Non-current assets			
Right-of-use assets		1,481	1,393
Property, plant and equipment		790	453
Intangibles	9	7,839	7,859
Non-current financial asset	10	943	-
Deferred tax asset		9,163	9,356
Total non-current assets		<u>20,216</u>	<u>19,061</u>
Total assets		<u>128,783</u>	<u>67,309</u>
Liabilities			
Current liabilities			
Trade and other payables	11	25,837	22,130
Employee benefits		898	752
Provisions		3,117	2,386
Lease liabilities		742	504
Income tax payable		2,179	-
Deferred revenue		12,612	10,025
Other		867	46
Total current liabilities		<u>46,252</u>	<u>35,843</u>
Non-current liabilities			
Employee benefits		649	462
Provisions		186	135
Lease liabilities		745	885
Total non-current liabilities		<u>1,580</u>	<u>1,482</u>
Total liabilities		<u>47,832</u>	<u>37,325</u>
Net assets		<u>80,951</u>	<u>29,984</u>
Equity			
Contributed capital	12	114,897	76,566
Share-based payments reserve	13	3,980	3,513
Accumulated losses		(37,926)	(50,095)
Total equity		<u>80,951</u>	<u>29,984</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 2020

Consolidated	Notes	Contributed capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2019		76,566	2,615	(63,968)	15,213
Effect of adoption of new accounting standard		-	-	(36)	(36)
Balance at 1 July 2019 (restated)		76,566	2,615	(64,004)	15,177
Profit after income tax benefit for the half-year		-	-	2,926	2,926
Other comprehensive income for the half-year, net of tax		-	-	-	-
Total comprehensive income for the half-year		-	-	2,926	2,926
Share-based payments	13	-	420	-	420
Transaction cost		-	(11)	-	(11)
Balance at 31 December 2019		<u>76,566</u>	<u>3,024</u>	<u>(61,078)</u>	<u>18,512</u>

Consolidated	Notes	Contributed capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2020		76,566	3,513	(50,095)	29,984
Profit after income tax expense 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	12	40,000	-	-	40,000
Share-based payments	13	-	469	-	469
Transaction cost		(1,669)	(2)	-	(1,671)
Balance at 31 December 2020		<u>114,897</u>	<u>3,980</u>	<u>(37,926)</u>	<u>80,951</u>

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 2020

	Note	31/12/2020 \$'000	Consolidated 31/12/2019 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		180,833	81,757
Payments to suppliers and employees (inclusive of GST)		(170,003)	(79,259)
Interest received		285	111
Interest and other finance costs paid		(51)	(19)
Net cash from operating activities		11,064	2,590
Cash flows from investing activities			
Payment for non-current financial asset	10	(943)	-
Payments for property, plant and equipment		(520)	(85)
Payments for intangibles		(55)	(175)
Proceeds from disposal of property, plant and equipment		38	-
Net cash (used in) investing activities		(1,480)	(260)
Cash flows from financing activities			
Proceeds from issue of shares	12	40,000	
Transaction costs of issue of shares		(1,671)	(11)
Payment of lease liabilities		(252)	(158)
Net cash from / (used in) financing activities		38,077	(169)
Net increase in cash and cash equivalents		47,661	2,161
Cash and cash equivalents at the beginning of the financial half-year		38,082	13,539
Cash and cash equivalents at the end of the financial half-year		85,743	15,700

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 2020

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.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 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 2020. 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 2021. 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.

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2020

Note 4. Revenue from contracts with customers

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

	31/12/2020 \$'000	Consolidated 31/12/2019 \$'000
Sale of goods	160,915	73,769
Purchase protection	678	362
	<u>161,593</u>	<u>74,131</u>

Note 5. 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:

	31/12/2020 \$'000	Consolidated 31/12/2019 \$'000
Current income tax expense	5,420	943
Deferred income tax benefit relating to origination and reversal of temporary differences	(977)	(144)
Deferred income tax benefit relating to origination and utilisation of losses	(2,072)	(1,679)
	<u>2,371</u>	<u>(880)</u>

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2020

Note 6. Current assets - cash and cash equivalents

	31/12/2020 \$'000	Consolidated 30/06/2020 \$'000
Cash at bank	7,139	10,821
Cash on deposits	78,604	27,261
	<u>85,743</u>	<u>38,082</u>

Note 7. Current assets – inventories

	31/12/2020 \$'000	Consolidated 30/06/2020 \$'000
Stock in transit	8,853	4,195
Stock on hand	8,821	2,610
Less: Provision for obsolescence	(295)	(186)
	<u>17,379</u>	<u>6,619</u>

Inventory that was recognised as an expense in profit or loss amounted to \$88,064,000 for the half-year ended 31 December 2020 (\$41,342,000 for the half-year ended 31 December 2019).

Note 8. Current assets – other

	31/12/2020 \$'000	Consolidated 30/06/2020 \$'000
Prepayments	4,797	3,178
Security deposits	161	219
Right of return assets	249	95
	<u>5,207</u>	<u>3,492</u>

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2020

Note 9. Non-current assets - intangibles

	31/12/2020 \$'000	Consolidated 30/06/2020 \$'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	2,541	2,000
Less: Accumulated amortisation	(2,015)	(1,940)
	<u>526</u>	<u>60</u>
Development	-	486
Customer relationships - at cost	338	338
Less: Accumulated amortisation	(338)	(338)
	<u>-</u>	<u>-</u>
	<u>7,839</u>	<u>7,859</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	Developm ent \$'000	Customer relationshi ps \$'000	Total \$'000
Consolidated						
Balance at 1 July 2019	4,532	2,781	64	182	37	7,596
Additions	-	-	17	158	-	175
Amortisation expense	-	-	(31)	-	(37)	(68)
Balance at 31 December 2019	<u>4,532</u>	<u>2,781</u>	<u>50</u>	<u>340</u>	<u>-</u>	<u>7,703</u>
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)
Balance at 31 December 2020	<u>4,532</u>	<u>2,781</u>	<u>526</u>	<u>-</u>	<u>-</u>	<u>7,839</u>

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2020

Note 10. Non-current financial asset

On 3 July 2020, the Group made a small investment into a start-up developing artificial intelligence ("AI") interior design tools as part of the 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.

This investment entailed cash consideration of \$943,000 in exchange for the right to certain shares in the start-up in the future. Under AASB 9 'Financial Instruments', the simple agreement of future equity is classified as a derivative.

The financial asset was originally and subsequently measured at fair value, whilst all transaction costs were expensed in the period. As at the reporting date, there were no indicators for changes in the fair value based on management's review.

Note 11. Current liabilities - trade and other payables

	31/12/2020	Consolidated 30/06/2020
	\$'000	\$'000
Trade payables	13,212	11,524
Accrued payables	8,309	7,907
Employee related payables	1,315	959
Cash-settled share-based payments	249	284
On-costs on share-based payments	59	88
Other payables	2,693	1,368
	<u>25,837</u>	<u>22,130</u>

Note 12. 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 13. Share-based payments

There were no long-term incentive ('LTI') performance rights granted during the current financial half-year to the executive team.

For the six months ended 31 December 2020, the Group has recognised \$469,000 of equity-settled share-based payment expense in the statement of profit or loss (31 December 2019: \$420,000). For the six months ended 31 December 2020, the Group has recognised \$308,000 of cash-settled share-based payment expense in the statement of profit or loss (31 December 2019: \$372,000).

Issue of shares

The short-term incentive ('STI') plan for non-executive employees, established in the previous financial year, was completed and respective targets met, resulting in 12,500 shares being issued in August 2020.

Note 14. 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.

Temple & Webster Group Ltd
Notes to the financial statements
31 December 2020

Note 15. Contingent liabilities

The Group had no contingent liabilities at 31 December 2020 and 30 June 2020.

Note 16. 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 17. Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 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 2020

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 2020 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
25 February 2021
Sydney

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

Report on the Half-Year Financial Report

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 2020, 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, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance 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 2020 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*.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error.

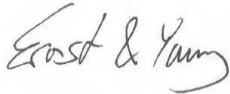
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Graham Leonard
Partner
Sydney
25 February 2021