Appendix 4E

Final report

Financial year ended 30 June 2024

TEMPLE & WEBSTER
ABN 69 608 595 660

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Annual change	2024 $'000	2023 $'000	Change
Revenues from ordinary activities	**497,841**	**395,513**	**25.9%**
Profit before tax for the year attributable to the owners of Temple & Webster Group Ltd	**6,358**	**11,963**	**(46.9%)**
Profit from ordinary activities after tax attributable to the owners of Temple & Webster Group Ltd	1,786	8,305	(78.5%)
Profit after tax for the year attributable to the owners of Temple & Webster Group Ltd	1,786	8,305	(78.5%)

In FY24, the Group achieved revenue of $497.8m and a profit before tax of $6.4m (the Group recommends using profit before tax as opposed to profit after tax due to timing of how certain expenses are recognised for tax purposes).

The reduction in profit before tax reflects the Group's stated reinvestment strategy for FY24 to accelerate growth and capture additional market share. FY24 EBITDA (pre-one-off costs) of $13.1m at 2.6% of revenue was at the top end of the Group's guidance for FY24.

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. EBITDA (pre-one-off costs) excludes one-off costs resulting from a write-down of the Group's investment in Renovai, Inc.

The below table presents a reconciliation of EBITDA (pre-one-off costs) to statutory profit before tax.

	Consolidated	
	2024 $'000	**2023 $'000**
Profit before tax	**6,358**	**11,963**
Adjustments		
Add: Depreciation and amortisation	5,830	5,271
Add: Interest on lease liabilities	1,207	942
Less: Interest income	(4,964)	(3,367)
EBITDA	**8,431**	**14,809**
One-off costs		
Add: Impairment of investment in an associate[1]	1,665	–
Add: Change in fair value of convertible notes[1]	3,024	–
EBITDA (pre-one-off costs)	**13,120**	**14,809**

1. One-off costs resulting from a write-down of the Group's investment in Renovai, Inc .

Please see the Group's FY24 results presentation lodged with the ASX on 13 August 2024 for more information.

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

The net tangible assets per ordinary share amount is calculated based on 118,570,156 ordinary shares on issue as at 30 June 2024 and 120,253,448 on issue as at 30 June 2023 and is set out below:

	2024 Cents[2]	**2023 Cents[2]**
Net tangible assets per ordinary security	64.96	62.27

2. Consistent with the Australian Securities & Investments Commission interpretation, the Right-of-use assets (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 which has been fully impaired.

For more detailed information please refer to the attached financial report.

The report has been audited and an unqualified opinion has been issued.

TEMPLE & WEBSTER

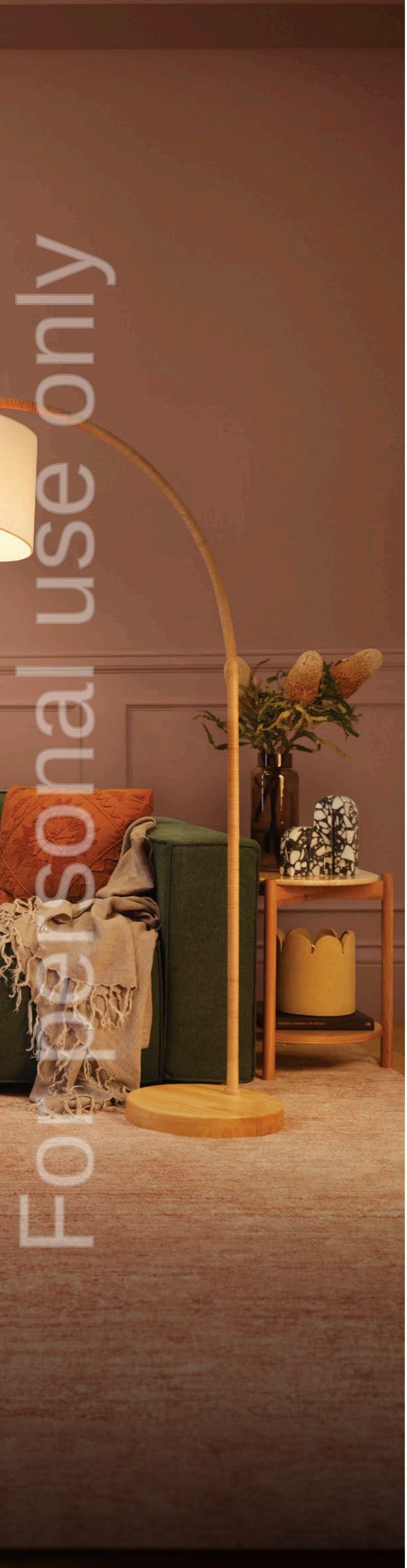
Financial Report 2024

Acknowledgement of Country

Temple & Webster Group acknowledges the Traditional Owners and Custodians of Country throughout Australia. We recognise their enduring connection to the lands, the waterways, and the skies.

We acknowledge the Gadigal and Wangal people, on whose lands our corporate head office is located, as well as all other First Nation Countries we operate across.

We pay our respects to Elders past, present and to all Aboriginal and Torres Strait Islander peoples.



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Directors' report

The directors present their report, together with the consolidated 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 year ended 30 June 2024.

DIRECTORS

The following persons were directors of Temple & Webster Group Ltd during the whole of the financial year and up to 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 is listed on the Australian Securities Exchange under the code TPW.

DIVIDENDS

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

OPERATING AND FINANCIAL REVIEW

Key operating and financial metrics for the year ended 30 June 2024 include:

- Record FY24 revenue of $497.8m was up 26% vs last year, driven by active customer growth which was up 31% to an all-time high of 1.1 million;
- This was a particularly strong result given the overall market for furniture and homewares was down ~4%[1] for the year, resulting in Temple & Webster ('TPW') increasing its market share by 31% vs last year;
- Gross margin % for FY24 improved to 33.4% vs 32.6% in FY23, despite inflationary and high interest rate pressures on household budgets. Gross margin gains were led by improved shipping recovery, decreased refunds and replacement costs, and product mix gains as customers shift spend into lower discretionary, higher margin categories (i.e. bedroom, dining, living room furniture);
- All other operating expenses reduced as a % of revenue in FY24 as a result of measured cost-base investments being outpaced by revenue growth and efficiency gains as a result of Generative AI;
- EBITDA (pre-one-off costs) of $13.1m was within the Group's communicated range of 1-3% at 2.6% (this result excludes one-off costs pertaining to a change in fair value of convertible notes and an impairment of investment in an associate, refer to note 5 for further details and a reconciliation of EBITDA (pre-one-off costs) to statutory profit before tax on the following page);
- Profit before tax was $6.4m, however if the above-mentioned one-off costs of $4.7m were excluded, profit before tax was $11.1m, down 7.6% vs last year, which is in line with expectations;
- TPW's asset light, negative working capital model drove positive free cash flows of $25.8m (cash flow before share buy-back of $12.1m and payment for other non-current financial assets of $2.4m) with a closing cash balance of $116.4m. The Group remains debt free.

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

The Group made good progress against each of its strategic priorities in FY24:

- The Group commenced its first multi-channel brand marketing campaign;
- Revenue from exclusive products grew to 43% of total revenue as at 30 June 2024. It included growth in both private label and exclusive drop-ship products;
- The Group's internal AI team developed a Generative AI 'solutions in a box' that powers a suite of tools, from product recommendations to live chat interactions with customers. As a result of these initiatives, the Group was able to materially reduce customer care costs and improve conversion rate;
- Fixed costs as a % of revenue decreased since last year (pre-one-off costs) as a result of measured fixed cost investments being outpaced by revenue growth; and
- Both of the Group's longer-term growth plays of B2B and Home Improvement delivered revenue growth in line with the core business.

The Group remains committed to achieving our mid-term goal of $1b+ in annual sales.

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1. Source: ABS 8501.0 Retail Trade, Australia (year ended 30 June 24 against prior corresponding period)

RECONCILIATION OF EBITDA (PRE-ONE-OFF COSTS) 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. EBITDA (pre-one-off costs) excludes one-off costs resulting from a fair value adjustment of the convertible notes and an impairment of the investment in an associate (refer to note 5 for further details).

	Consolidated	
	2024 $'000	2023 $'000
Profit before tax	**6,358**	**11,963**
Adjustments		
Add: Depreciation and amortisation	5,830	5,271
Add: Interest on lease liabilities	1,207	942
Less: Interest income	(4,964)	(3,367)
EBITDA	**8,431**	**14,809**
One-off costs		
Add: Impairment of investment in an associate	1,665	–
Add: Change in fair value of convertible notes	3,024	–
EBITDA (pre-one-off costs)	**13,120**	**14,809**

Further commentary on operational and financial results can be found in the Group's annual results presentation lodged with the ASX on 13 August 2024.

KEY BUSINESS RISKS

There are a number of market, financial and operational risks, both specific to the Group and externally, that could have an adverse effect on the Group's future performance. The Group has a risk management framework in place with internal control systems to identify key business risks and mitigate them to an acceptable level. The material business risks are summarised below (not exhaustive nor in order of materiality).

Key risk	Description
Continued growth of retail ecommerce in general and growth in demand may be affected by economic factors	While the B2C retail ecommerce market and the online market for furniture, homewares and home improvement have been growing there is no guarantee this will continue into the future. The Group is subject to factors outside of its current control including Australia's outlook for economic growth, cash rate, taxation, unemployment rate, consumer sentiment, global economic outlook, foreign economic shocks and building activity. One or more of these factors could cause a slowing or contraction in the forecasted growth in the market and industry.
New and existing competitors could adversely affect prices and demand and decrease the Group's market share	The Australian furniture, homewares and home improvement segment is highly fragmented. Competition can arise from a number of sources including domestic and foreign traditional offline retailers, including multi-channel, mono-channel, multi-branded retailers, and online-only ecommerce competitors. Existing online competitors may strengthen through funding or industry consolidation, or through financial or operational advantages which allow them to compete aggressively on pricing. Competition may also come from third-party suppliers establishing their own online presence as opposed to utilising the Group's platform. As a result, this may increase the cost of customer acquisition, lower margins due to pricing pressure and reduce the Group's market share in the furniture and homewares segment in Australia.

Key risk	Description
Political, economic or social instability	The Group's suppliers and service providers are also subject to various risks which could limit their ability to provide the Group with sufficient, or any, products or services. Some of these risks include raw material costs, inflation, labour disputes, union activities, boycotts, financial liquidity, product merchantability, safety issues, natural disasters, disruption in exports, trade restrictions, currency fluctuations and general economic and political instability. The Group is also exposed to risks related to labour practices, environmental matters, disruptions to production and ability to supply, and other issues in the foreign jurisdictions where suppliers and service providers operate. Any of these risks, individually or collectively, could materially adversely affect the Group's financial and operational performance.
Supply chain might be disrupted	There remains a risk that an unforeseen, rare and impactful event (including pandemic, military conflicts and terrorist attacks) may cause a significant disruption in the Group's supply chain. This could occur if the ability to transport products between countries is disrupted, the Group's key suppliers are negatively affected, or the Group is otherwise unable to efficiently distribute products to customers. In the event that the supply chain of the Group is disrupted, this may have a material adverse effect on the Group's operating performance and earnings.
Performance, reliability and security of websites, databases, operating systems	The Group's financial and operational performance could be adversely affected by a system failure that causes disruption to its websites, or to third party suppliers of its systems and products. This could directly damage the reputation and brand of the relevant platform and could reduce visitors to the Group's website, directly influencing sales to customers. The Group's databases and systems are hosted on platforms provided by third parties. As a result, the Group is subject to its own disaster planning contingencies and those of its third parties to deal with events that are beyond the control of those parties such as natural disasters, infrastructure failures, terrorist and cyber-attacks. A material failure in the systems of a third party provider is likely to have a material impact on the systems and operations of the Group's platforms.
Unauthorised use of intellectual property or independent development of technology	Substantial parts of the Group's online platforms, distribution software, applications, data analytics and customer databases are seen as proprietary information. Unauthorised parties may obtain or copy, or seek to imitate, all or portions of this intellectual property or independently develop technology that is similar and may be in breach of proprietary rights. In this instance, the Group may seek legal actions to remedy the breach of proprietary information. This may incur legal or other fees and if unsuccessful may have a materially adverse effect on the Group's financial and operational performance in the future.
Laws and regulations may change	The Group is subject to, and must comply with, a variety of laws and regulations in the ordinary course of its business. These laws and regulations include those that relate to fair trading and consumer protection, product safety, employment, property, taxation (including goods and services taxes and stamp duty), accounting standards, customs and tariffs. Failure to comply with, or changes to, laws and regulations may adversely affect the Group, including by increasing its costs either directly or indirectly (including by increasing the cost to the business of complying with legal requirements).
Key Management Personnel ('KMP')	The Group relies on the expertise, experience and strategic direction provided by its Key Management Personnel. These individuals have extensive experience in, and knowledge of, the Group's business. Additionally, successful operation of the Group's business depends on its ability to attract and retain quality employees. Competition could increase the demand for, and cost of hiring, quality employees. The Group's ability to meet its labour needs while controlling costs associated with hiring and training employees is subject to external factors such as unemployment rates, prevailing wage legislation and changing demographics.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 3 April 2023, the Group initiated an on-market share buy-back program up to a maximum value of $30m for a period up to 12 months from initiation. The program concluded on 19 March 2024, following which the Group initiated a new on-market share buy-back program up to a maximum value of $30m on 17 June 2024. The Group considers the acquisition of shares at prevailing prices to be effective capital management while retaining financial flexibility to fund accretive organic and inorganic opportunities as part of its growth strategy. During the year ended 30 June 2024, the Group purchased 1,735,838 ordinary shares (2023: 2,697,582) on issue at average price of $7.22 (2023: $4.56) under the on-market share buy-back programs. Of the total shares bought back, 1,683,292 ordinary shares (2023: 2,696,254) were cancelled as at 30 June 2024.

One of the Group's strategic objectives has been developing leading capabilities around AI, data & technology. During the current financial year the Group added new hires to its internal AI team, combining both machine learning and Generative AI knowledge and created an AI R&D function focused on experimenting with new large language models and building new disruptive solutions. Since FY21 the Group has held an investment in Renovai, Inc ('Renovai'), a start-up developing AI interior design tools that is recognised as an investment in an associate (refer to note 5 for further information). In FY24, the Group invested US$2.0m in convertible notes ('Notes') issued by Renovai. Given the uncertainty regarding Renovai's ability to generate future economic benefits for the Group, it has determined the recoverable amount of its investment in Renovai and the fair value of the Notes to be nil as at 30 June 2024.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since 30 June 2024 that have 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Other than the developments described in this report, the Directors are of the opinion that no other matters or circumstances will significantly affect the operations and expected results of the Group.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

UNISSUED SHARES

Share options

As at the date of this report and at the reporting date, there were 8,962,052 unissued ordinary shares under options. Refer to the remuneration report for further details of the options outstanding for Key Management Personnel ('KMP').

Performance rights

As at the date of this report and at the reporting date, there were 165,840 unissued shares under performance rights. Refer to the remuneration report for further details of the performance rights outstanding for KMP.

Restricted rights

As at the date of this report and at the reporting date, there were 43,657 unissued shares under restricted rights. Refer to the remuneration report for further details of the restricted rights outstanding for KMP.

INFORMATION ON DIRECTORS

Name:	**Stephen Heath**
Title:	Independent Non-Executive Director
Qualifications:	Graduate of the Australian Institute of Company Directors
Experience and expertise:	Stephen is a specialist in consumer goods brand management with over 25 years of manufacturing/wholesale distribution and retail experience. Stephen spent 16 years as CEO of some of Australia's best-known consumer brands that include Rebel Sport, Godfrey's and Fantastic Holdings with operations experience in Australia, New Zealand and Asia. His experience includes working for both ASX listed and Private Equity owned companies.
Other current directorships:	Non-Executive Director of G8 Education Limited (ASX:GEM) (appointed on 3 June 2024).
Former directorships (last 3 years):	Non-Executive Director of Best & Less Group Holdings Ltd (ASX:BST) (appointed on 24 June 2021 and resigned on 10 July 2023). Chair of Shiro Holdings Limited (ASX:SHM) (appointed on 24 October 2019 and resigned on 2 November 2021). Chair of Redhill Education Limited (appointed to Board on 1 September 2019, elected as Chair on 1 December 2020 and resigned on 30 October 2021).
Special responsibilities:	Chair of the Board
Interests in shares:	Nil
Interests in options over shares:	181,026
Interests in restricted rights:	14,150

Name:	**Melinda Snowden**
Title:	Independent Non-Executive Director
Qualifications:	Bachelor of Economics and Laws from the University of Sydney, Graduate Diploma in Applied Finance and Investment (SIA), Graduate of the Australian Institute of Company Directors
Experience and expertise:	Melinda joined the Group in June 2023. Melinda has extensive experience in legal and professional corporate advisory roles, as well as on listed Boards in technology, retailing, property and funds management. Melinda has 28 years of experience in finance and has been a professional Non-Executive Director since 2010 in a broad range of industries. Melinda is Chair of the Board for Megaport Ltd (ASX:MP1) (appointed on 30 June 2024) and a Non-Executive Director of Brighte. Melinda has held previous Non-Executive Director roles at Best & Less Group Holdings Ltd, Newmark Property REIT, WAM Leaders, MLC, Vita Group, Mercer Investments (Australia), Sandon Capital Investments, Our Ark Mutual, Newington College, Sane Australia and Kennards Self Storage. Prior to her non-executive career, Melinda held investment banking roles with Grant Samuel, Merrill Lynch and Goldman Sachs and was a solicitor in the corporate division of Herbert Smith Freehills.
Other current directorships:	Chair of Board (appointed to Board on 1 June 2021, elected as Chair on 30 June 2024) and Non-Executive Director (appointed 1 June 2021) of Megaport Ltd.
Former directorships (last 3 years):	Non-Executive Director and Chair of the Audit and Risk Committee of Best & Less Group Holdings Ltd (ASX:BST) (appointed on 18 May 2021 and resigned 10 July 2023) and Newmark Property REIT (ASX:NPR) (appointed on 1 March 2021 and resigned 27 March 2024). WAM Leaders Limited (ASX:WLE) (appointed on 1 March 2016 and resigned 1 June 2023) and Sandon Capital Investments Limited (ASX:SNC) (appointed on 14 May 2018 and resigned 2 March 2022).
Special responsibilities:	Chair of the Audit and Risk Management Committee
Interests in shares:	Nil
Interests in options over shares:	Nil
Interests in restricted rights:	Nil

Name:	**Conrad Yiu**
Title:	Non-Executive Director
Qualifications:	Bachelor of Commerce from the University of New South Wales, Master of Business Administration from the University of Cambridge, Graduate of the Australian Institute of Company Directors
Experience and expertise:	Conrad is a co-founder of Temple & Webster and joined the Board on its formation in July 2011. Conrad was Chairperson of the Company until immediately prior to the IPO. Conrad has over 30 years of commercial and advisory experience with a focus on investing in, acquiring and building high growth businesses in the consumer and technology sectors. Conrad was previously Director of Corporate Development with the digital division of Newscorp Australia (formerly News Digital Media), co-founder and Director of a London-based mobile technology company, a manager at Arthur Andersen and is a principal of ArdenPoint, an investment firm which he co-founded with Mark Coulter in 2011, the CEO of Temple & Webster Group Ltd. Conrad is a co-founder and current partner of AS1 Growth Partners, a private investment firm focused on growth and technology investments in public and private markets.
Other current directorships:	Non-Executive Director of FiscalNote (NYSE: NOTE) (Appointed 25 October 2020).
Former directorships (last 3 years):	None
Special responsibilities:	Deputy Chair of the Board from 1 November 2022
Interests in shares:	2,077,933 ordinary shares*
Interests in options over shares:	181,026
Interests in restricted rights:	23,125

Name:	**Belinda Rowe**
Title:	Independent Non-Executive Director
Qualifications:	Bachelor of Arts Monash University, Graduate of Australia Institute of Company Directors
Experience and expertise:	Belinda is an experienced business leader and successful marketing executive. Belinda's extensive professional experience lies in marketing communications, content, media and digital marketing technologies. Belinda led media and marketing communications businesses for Zenith and Publicis Media globally based in the UK, and held many senior roles in the marketing industry, including as CEO of ZenithOptimedia for 10 years in Australia and as Director Brand & Marcoms for O2 Telefonica in the UK.
Other current directorships:	Independent Non-Executive Director of ARN Media Ltd (appointed on 5 February 2019), 3P Learning Limited (appointed on 20 September 2021) and Sky NZ (appointed on 1 March 2023).
Former directorships (last 3 years):	Nominated Director Soprano Design (appointed on 22 September 2020 and resigned in February 2023).
Special responsibilities:	Chair of the Nomination and Remuneration Committee
Interests in shares:	12,100
Interests in options over shares:	Nil
Interests in restricted rights:	6,382

Name:	**Mark Coulter**
Title:	Executive Director
Qualifications:	Bachelor of Laws and Bachelor of Science (Biochemistry) from the University of Sydney and Graduate Diploma of Psychology from Monash University
Experience and expertise:	Mark is a co-founder of Temple & Webster, Australia's largest online retailer for the home. Previously, Mark worked at News Limited where he was the Director of Strategy for the Digital Media properties and additionally managed a portfolio of digital businesses. Mark was also a solicitor at Gilbert + Tobin and management consultant at McKinsey & Company.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Executive Officer
Interests in shares:	1,008,537 ordinary shares*
Interests in options over shares:	8,600,000
Interests in restricted rights:	Nil

* ArdenPoint Ecommerce Unit Trust ('Trust') is the registered holder of 1,927,828 Ordinary Shares of Temple & Webster Group Ltd. For the purpose of the above table, both Mr Coulter and Mr Yiu, the beneficiaries of the Trust, are considered to hold 50% of the shares held by the Trust. This is same as prior financial years.

'Other current directorships' quoted above are current directorships for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last three years for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Lisa Jones is Company Secretary of Temple & Webster Group Ltd. Lisa is a corporate lawyer and corporate governance professional with more than 20 years' experience in commercial law and corporate affairs, working with both public listed and private companies in Australia and in Europe after starting her career in the corporate practice of Allens.

MEETINGS OF DIRECTORS

The number of meetings of the Group's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Management Committee	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**
Stephen Heath	5	6	6	6	4	4
Conrad Yiu	6	6	6	6	4	4
Melinda Snowden	6	6	6	6	4	4
Belinda Rowe	6	6	6	6	4	4
Mark Coulter	6	6	–	–	–	–

Held: represents the number of meetings held during the time the director held office.

Remuneration report

Dear shareholders,

On behalf of the Board, it gives me immense pleasure to present the FY24 remuneration report.

FY24 was a record year for Temple & Webster with revenue of $497.8m, up 26% year on year, and active customers surpassing 1 million. This was achieved in a market that was down ~4%[1] year on year, resulting in significant market share gains. EBITDA (pre-one-off costs) of 2.6% was at the top end of the guidance and free cash flow of +$25m (cash flow before share buy-back and payment for other non-current financial assets) was strong with an ending cash position of $116m and no debt.

It was also a year of execution against our mid-term strategy to achieve $1b+ in annual sales which was outlined in August 2023. Pleasingly, TPW is making good progress against all five strategic goals, most notably against our AI/Data/Technology goals where we are already seeing material customer care costs reduction and customer conversion gains.

The Group's results, coupled with a strong financial position, mean it is fully funded to execute on both organic and inorganic growth plans. Based on the business' results and strategy, the Board has established a remuneration framework that clearly links the Group's performance with remuneration outcomes. This framework also ensures that the interests of directors, employees and shareholders are closely aligned.

The Board is confident that the outcomes described below are fair and reasonable. We believe that the outcomes strike the right balance, as they reward and motivate our key executives whilst meeting the expectations of our shareholders.

FY24 REMUNERATION OUTCOMES

The key remuneration outcomes for FY24 were:

- Despite the strong performance of the Company, there was no change to the remuneration package for the CEO in FY24. This is in accordance with the terms of the CEO's remuneration approved by shareholders at the 2022 AGM (see further section 5.2).
- Mr Adam McWhinney, Chief Experience Officer ('CXO'), and Mr Mark Tayler, Chief Financial Officer ('CFO'), received a 3% increase in fixed remuneration. Their target and stretch short-term incentive increased to 30% and 50% respectively (from 25% at target and 43.75% stretch). Long-term incentive quantum remained at 25% of fixed remuneration at target and 50% at stretch for FY24.
- The FY24 short-term variable remuneration ('STVR') outcomes for the CFO and CXO were 105.3% and 112.0% of target, respectively. Further details regarding the STVR outcomes are set out in section 4.2 of this report. It is noted that for FY24 the Revenue metric, worth 30% of the Group STVR targets, has been amended so that it measures revenue growth from a FY23 base as compared to a relative online sales growth metric used in the prior financial year.
- Performance rights were granted in FY21 to the CFO and selected non-KMP executives under the FY21 long-term variable remuneration ('LTVR') awards. These awards lapsed in August 2023 as Temple & Webster's TSR was less than the TSR of the ASX 300 Industrials Total Return Index at the end of the three-year performance period ended 30 June 2023.

1. Source: ABS 8501.0 Retail Trade, Australia (June-24 against prior corresponding period).

- The CXO and CFO received LTVR awards in FY24 which have the same performance hurdles as those awarded in FY23. The awards have 50% of the award measured against an indexed relative total shareholder return ('iTSR') target, measuring the Group's TSR over the Measurement Period with the TSR of the ASX 300 Industrials Total Return Index. The remaining 50% of the award have an earnings per share growth ('EPSG') hurdle. As in FY23, the structure of the LTVR awards prioritises and rewards indexed relative total shareholder return ('iTSR') growth, to give the executive team and the Board flexibility to adapt the Group's strategy as the market evolves. The maximum reward will only be permitted under the awards where Temple & Webster has materially outperformed the market. Further details of these awards are set out in section 5.1 of this report.
- Board and Committee fees increased by 5% in FY24. This is the first increase in Board fees since FY21. There were no awards made under the Temple & Webster Group Ltd NED Equity Plan ('NED Equity Plan') in FY24.

FY24 EXECUTIVE KMP AND BOARD CHANGES

There were no changes to Executive KMP or the Board in FY24.

LOOKING FORWARD TO FY25

- There will be no changes to the CEO's remuneration in FY25.
- After eight-and-a-half years in the CFO role, Mark Tayler has decided to move to a new, non-KMP executive role within Temple & Webster. Effective from 2 September 2024, Cameron Barnsley will join Temple & Webster in the CFO role. He is appointed on the same fixed remuneration package as Mr Tayler, but his target and stretch short- and long-term incentive opportunity will be 50% and 80% respectively.
- The CXO will receive a 4.5% increase in fixed remuneration in FY25. Furthermore, the Board has also decided that the STVR target opportunity should be aligned between the CFO and CXO, so in FY25 the CXO's target and stretch short- and long-term incentive opportunity will also be 50% and 80% respectively.
- The Board has determined that the structure of the STVR and LTVR programs will be broadly similar to those programs run in FY24. The only change to the FY25 LTVR program will be to the calculation methodology for the TSR hurdled awards. For the FY25 awards, relative TSR vs the ASX 300 Industrials Index will be retained as a measure applying to 50% of the award. However, the Company's TSR will be measured against the individual TSRs of the constituent companies in the Index (ranked on a percentile basis), rather than against the TSR of the Index itself. The Board has decided that the amended approach is more in line with market practice and allows the Group to more effectively measure its TSR against the individual companies in the comparator group (rather than the Index whose TSR is impacted by weighting towards the larger companies).
- The FY25 Board fees will be tested by reference to appropriate comparable benchmark data in the next financial year.
- As the Temple & Webster share price at the end of the FY22-24 performance period (ended 30 June 2024) was below the share price at the start of the period, the positive TSR gateway was not met and no portion of the FY22 LTVR award will vest.

I hope the information in this year's Remuneration report helps shareholders to understand how the Group manages remuneration.

Belinda Rowe
Chair, Nomination and Remuneration Committee

The Directors of Temple & Webster Group Ltd present the Remuneration report ('the Report') for the Group and its controlled entities for the year ended 30 June 2024. This Report forms part of the Directors' Report and has been prepared in accordance with the Corporations Act 2001 ('the Act'), Corporations Regulation 2M.3.03, in compliance with AASB 124 *Related Party Disclosures*, and audited as required by section 208(3C) of the Act.

The Report is divided into the following sections:

Section	Description
1. Persons covered by this Report	This section provides details of the directors and executives who are subject to the disclosure requirements of this report, together with the KMP, including roles and changes in roles.
2. Remuneration overview	This section provides an overview of performance and reward for FY24.
3. Remuneration framework, strategy and governance	This section provides details of the elements of the remuneration framework, including market positioning, changes to fixed remuneration, variable remuneration principles, and the terms of variable remuneration.
4. FY24 Executive Short-Term Variable Remuneration ('STVR') plan and outcomes	This section outlines the key terms of the FY24 STVR Plan, the key metrics that apply to Executive KMPs under the STVR Plan and their STVR outcomes.
5. Executive Long-Term Variable Remuneration ('LTVR') plans and outcomes	This section outlines the key terms of the FY24 LTVR Plan awards and key prior year equity awards.
6. Non-Executive Director remuneration	This section outlines the Non-Executive Director fee policy, aggregate Board fees, Board and Committee fees. It also sets out any prior years' equity awards to Non-Executive Directors.
7. Statutory tables and supporting disclosures	This section provides the statutory disclosures not addressed by preceding sections of the Report, including statutory remuneration tables, changes in equity, KMP service agreements, related party loans/transactions, and the engagement of external remuneration consultants.

1. PERSONS COVERED BY THIS REPORT

This report covers KMP which are defined as those who have the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The below table outlines the KMP of the Group:

Name	Role	Appointed/ (Retired)	Committees[1] Nomination and Remuneration	Committees[1] Audit and Risk Management
Non-Executive Directors				
Stephen Heath	Independent Board Chair	15 March 2016	M	M
Conrad Yiu[2]	Deputy Chair, Non-Executive Director	6 October 2015	M	M
Belinda Rowe	Independent Non-Executive Director	26 February 2021	C	M
Melinda Snowden	Independent Non-Executive Director	1 June 2023	M	C
Executive KMP				
Mark Coulter[2]	Managing Director and Chief Executive Officer ('CEO')	22 April 2016	n/a	n/a
Adam McWhinney[2]	Customer Experience Officer ('CXO')	1 July 2017[3]	n/a	n/a
Mark Tayler	Chief Financial Officer ('CFO')	18 April 2016	n/a	n/a

1. M = Member, C = Chair.
2. These individuals are considered co-founders of the Group and referred as 'founder executives' in this report.
3. Mr. McWhinney has been employed by the Group since 1 January 2012 and became a KMP of the Group on 1 July 2017.

2. REMUNERATION OVERVIEW

2.1 Executive remuneration structure at-a-glance

The following diagram outlines the Executive KMP remuneration cycle under the remuneration framework as applicable to FY24:

Executive Remuneration Components

The timeline below outlines how remuneration is delivered.

Component	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Fixed remuneration	Salary and statutory superannuation					
STVR	1 year performance period					
2024	• Y1 STVR performance period commences	• STVR performance tested • STVR award delivered in Q1, Y2 – 100% cash unless Board determines otherwise				
LTVR						
2024-2026	• Y1 LTVR performance period commences • Performance rights for Y1 LTVR granted in Q1, Y1 • LTVR service tested in Y1			• Y1-Y3 LTVR performance tested	Two-year additional disposal restriction	
				Once rights vest, participants have until 15 years from grant to exercise		
	Y1	Y2	Y3	Y4		

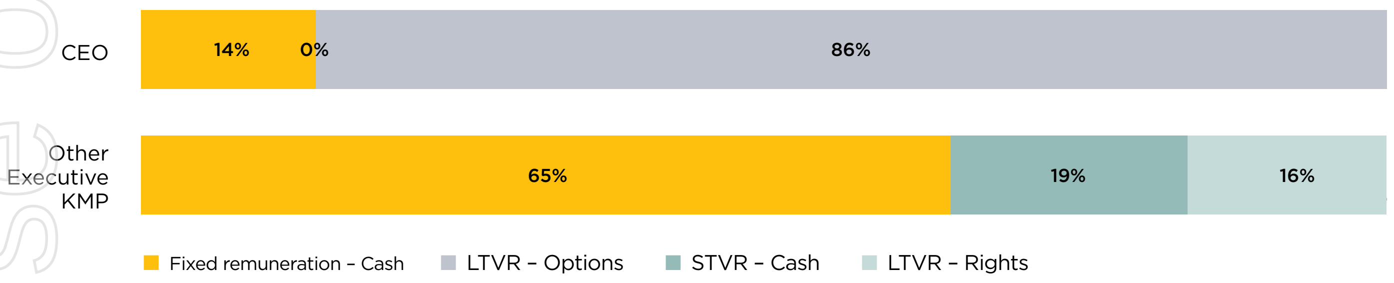
Performance rights granted
Shares released
Performance tested, and cash award paid
Performance tested

The structure outlined above applies to the CXO, CFO and non-KMP executives in the current financial year. The CEO does not participate in the STVR plan and received a separate award of premium-priced options in FY23 which are intended to cover the period to and including FY26. The terms of the CEO's Options are discussed in section 5.2 and the terms of STVR and LTVR performance rights for other KMPs are discussed in section 4.1 and 5.1 respectively. The FY24 STVR outcomes for participating Executive KMP are set out in section 4.2 and LTVR outcomes of performance rights due for vesting in FY24 for participating Executive KMP are set out in section 5.2.

2.2 Executive remuneration mix at target

CEO and other executive KMPs total remuneration packages (including stretch target) are broken down into the following four elements.

Executive KMP Remuneration Mix



The CEO, Mark Coulter, does not receive an annual LTVR award as he received a single award of options in FY23 designed to be his equity awards over a four-year term (FY23 to FY26). Accordingly, in calculating his FY24 remuneration mix, Mark Coulter's LTVR component value was determined by pro-rating the value of his FY23 option award (as determined by an independent valuer), so that one-quarter of the value was attributed to FY24 (refer to section 5.2 for more details).

2.3 Group's performance at-a-glance

The following outlines the Group's performance in FY24 in the context of the prior four years, which is intended to assist in demonstrating the link between performance, value creation for shareholders, and executive reward:

FY end date	Revenue $000s	NPAT $000s	Share price[1] $	Change in share price $	Dividends[2] $	Change in shareholder wealth[3]	Rolling 3-year annualised TSR[4] %
30/06/2024	497,841	1,786	9.39	3.51	–	60%	(5%)
30/06/2023	395,513	8,305	5.88	2.56	–	77%	(2%)
30/06/2022	426,335	11,968	3.32	(7.47)	–	(69%)	35%
30/06/2021	326,344	13,954	10.79	4.48	–	71%	142%
30/06/2020	176,342	13,909	6.31	4.96	–	367%	227%

1. Share price at the end of the financial year.
2. Dividends paid during the financial year.
3. Share price change plus dividends on prior financial year.
4. Total shareholder return ('TSR') is the sum of share price appreciation and dividends (assumed to be reinvested in shares) during the Measurement period expressed as a growth %. While the Group is not paying the dividends, it's equal to a rolling three-year annualised share price growth.

3. REMUNERATION FRAMEWORK, STRATEGY AND GOVERNANCE

3.1 Executive remuneration – fixed remuneration, total remuneration package and variable remuneration framework

Total remuneration package ('TRP') is intended to be composed of an appropriate mix of remuneration elements including fixed remuneration, short-term variable remuneration and long-term variable remuneration. This structure applies to all Executive KMP and senior management, other than the CEO.

Fixed remuneration	Short-term variable remuneration	Long-term variable remuneration
Fixed remuneration comprises base salary, plus any other fixed elements such as superannuation, allowances, benefits, fixed equity and fringe benefits. Fixed remuneration is intended to be positioned competitively in the market when assessed against suitable benchmarks but may vary with decisions around the mix of cash, equity and performance-linked remuneration as negotiated between the Board and each incumbent on a case-by-case and fit-for-purpose basis.	100% of the FY24 STVR will be paid in cash (unless determined otherwise by the Board). Performance is measured over the financial year with a combination of financial and non-financial goals for Executive KMP, both at a Group and Individual scorecard level with threshold, target and stretch levels. FY24 STVR goals were: Group Targets (80%) • Group revenue growth (30%) • EBITDA margin (30%) • Customer satisfaction (20%) • Employee engagement (20%) Individual targets tied to CEO's assessment of performance against the Company's leadership values and achievement of any special projects. (20%) Refer to section 4.1 for more details.	Performance rights vesting after three years. The LTVR program aligns executives to shareholder interests through 50% of the award being tested against iTSR targets (indexed relative Total Shareholder Return) measured over a three-year Measurement period from FY24. This ensures executives are only rewarded by shareholder returns which must at least match the iTSR of the ASX 300 Industrials Index for any portion to vest (and beat this Index by 10% p.a. for all awards to vest). 50% of the award is aligned against Earnings Per Share Growth ('EPSG'), a key internal financial metric of the Group. iTSR remains the primary measure in the LTVR scheme, with exceptional iTSR performance permitting full vesting of the award in certain instances. Any shares allocated after vesting are subject to an additional disposal restriction of two years after the Measurement period. Refer to section 5.1 for more details.

Variable remuneration is not a 'bonus', but a blend of at-risk remuneration (below target) and incentives (above target and up to stretch). Metrics selected are intended to be linked to the primary drivers of value creation for stakeholders, and successful implementation of the long-term strategy over both the short and long term. Thresholds are intended to be a near-miss of expectations, while target is intended to be a challenging but realistically achievable objective with a probability of around 50% to 60%. Stretch, on the other hand, is designed to be exceptionally challenging with a probability of around 10% to 20%.

3.2 Benchmarking approach

Executive KMP remuneration has been tested regularly by reference to appropriate independently sourced comparable benchmark data, and specific advice as may be appropriate from time to time. Two peer groups are used to benchmark Executive KMP and senior executives at Temple & Webster. A primary peer group consisting of Consumer Discretionary and Information Technology focused companies, with 15 above and 15 below the Company's market capitalisation. A secondary peer group based on market capitalisation (using ASX-listed companies within 50-200% of Temple & Webster's 12-month market capitalisation) is also used to provide further background and validation of remuneration packages. Benchmarks may be adjusted upwards or downwards for variations in role design compared to market benchmark roles, and individual remuneration may vary to reflect individual factors such as experience, qualifications and performance.

The Board will continue to monitor market positioning to ensure that appropriate talent can be attracted, retained and aligned to the strategic needs of the business. More detail on the TRP is set out in section 7.1.

3.3 Remuneration governance framework

The Board takes an active role in the governance and oversight of the Group's remuneration policies and practices. Approval of certain key remuneration practices is reserved for the Board, including appointing the CEO, and monitoring their performance and other key senior executives. In addition, the Board has final approval of the Group's remuneration framework, including approving remuneration of the CEO, the remuneration policy and succession plans for the CEO. However, the Nomination and Remuneration Committee assist the Board in fulfilling its corporate governance and oversight responsibilities in terms of the remuneration structures, processes and annual remuneration cycle of the Board and its senior executives, including all Executive KMPs, as well as Group culture and employee engagement.

The Nomination and Remuneration Committee has a formal Charter which outlines the roles and responsibilities of the Committee. This is available on the Group website (templeandwebstergroup.com.au). The Committee's responsibilities include:

- providing advice and recommendations to the Board with respect to the appointment and removal of directors and senior executives;
- providing the Board with advice and recommendations regarding executive and senior executive remuneration policy;
- reviewing and providing recommendations to the Board with respect to the remuneration packages of senior executives and executive directors;
- providing advice to the Board with respect to Non-Executive Directors' remuneration;
- reviewing and providing recommendations to the Board with respect to incentive schemes; and
- reviewing and providing recommendations to the Board on the Group's remuneration, recruitment, retention and termination policies.

The Group has a Securities Dealing Policy which outlines under what circumstances and when trading in the Group's securities by KMP and other nominated employees may be permitted or prohibited. This is available on the Group website.

The Group also has a Diversity, Equity and Inclusion Policy, which supports the Board and management in making sustainable and appropriate decisions around hiring, career development and remuneration. This is available on the Group website as well.

3.4 External remuneration consultants ('ERC')

The External Remuneration Consultant Engagement Policy is intended to ensure the independence of any recommendation received regarding KMP remuneration. In addition to the requirements outlined in the Corporations Act, it requires the external remuneration consultant notify the Board if management contacts the external remuneration consultant on remuneration matters outside of interactions approved or supervised by the Board, such as the provision of factual information for benchmarking purposes.

During FY24, the Board did not engage remuneration consultants to provide remuneration recommendations for any KMP. The Board engaged independent external remuneration consultants, KPMG, to provide executive remuneration benchmarking data to assist it in reviewing the Group's FY24 executive remuneration packages to ensure these remain competitive to market.

4. FY24 EXECUTIVE STVR PLAN AND OUTCOMES

4.1 FY24 STVR Plan

A description of the STVR structure applicable for FY24 is set out below.

Term	Detail
Purpose	To provide at-risk remuneration and incentives that reward executives for performance against annual objectives set by the Board at the beginning of the financial year. Objectives selected were designed to support long-term value creation for shareholders, and link to the long-term strategy on an annual basis.
Measurement period	The financial year of the Group ending 30 June 2024.
Opportunity	The target value for Executive KMP participating in the STVR was 30% of fixed remuneration, with a maximum stretch target of 50% of fixed remuneration.
Outcome metrics and weightings	The STVR was dependent on meeting Group and individual performance objectives. For FY24, the metrics were as follows: Group Targets – weighted at 80% of target opportunity. These Group Targets include: • revenue growth exceeding FY23 revenue – 30% weighting; • EBITDA margin – 30% weighting; • customer satisfaction – 20% weighting; and • employee engagement – 20% weighting. Individual Targets – weighted at 20% of target opportunity. These metrics were selected because they are viewed by the Board as the primary drivers of value creation for the business in FY24.
Settlement	Awards are determined following release of the audited financial statements after the end of the financial year. The Board has discretion to determine whether the STVR award is settled in cash or in equity interests such as rights. The Board elected to settle the FY24 STVR in cash.
Malus and clawback	Should the Board determine that any portion of STVR is deferred, the deferral would be in the form of share rights and therefore subject to the malus and clawback clauses under the Group's Rights plan (see further section 5.1).
Board discretions	The Board has discretion to modify the awards payable to participants regardless of any performance outcome or gate, to ensure that outcomes are appropriate to the circumstances that prevailed over the Measurement period.
Corporate actions	The Board has discretion to determine the treatment of unpaid STVR in the case of major corporate actions such as a change in control, delisting, major return of capital or demerger.

4.2 Executive KMP STVR plan – objectives and outcomes

All Executive KMP, aside from the CEO, participated in the STVR Plan in FY24.

Metric/measure	Performance/comment
Group targets (80% of total opportunity)	
Revenue growth exceeding market growth (30% weighting of Group target)	
Revenue growth is a critical metric when assessing the performance of the business. This measure tracks TPW's revenue growth relative to FY23, with target performance set at 25% growth, and stretch requiring 35% growth. This reflects a change from the revenue metric used in FY23, which focused on market share growth (using the NAB Online Sales Index).	The Group delivered a very strong result with revenue of $497.8m, an improvement of 26% on the prior year. Due to the challenging nature of the STVR targets this result was judged at just above target.
EBITDA margin (30% weighting of Group target)	
This measure tracks EBITDA margin with target set at 2% and stretch at 3%.	EBITDA (pre-one-off costs) of 2.6% of revenue was in line with the Group's stated guidance range for the year and between the target and stretch from the STI point of view. This result excludes one-off costs. The Board decided that EBITDA without this adjustment was more appropriate to use for STI calculation since it represented the underlying profitability of the Group in the current financial year.
Customer satisfaction (20% weighting of Group target)	
Customer experience and satisfaction are critical to the success of the Group. This measure tracks customer satisfaction using Net Promoter Score ('NPS') scoring, with target NPS set at 65% and stretch at 70%.	The Group set a challenging NPS threshold metric, reflecting the high standards required when measuring customer satisfaction. The Group achieved NPS result between the threshold and target.
Employee engagement (20% weighting of Group target)	
The Group's employees are one of its key assets and primary drivers of success. It is vitally important they are engaged as measured by Industry Employee Engagement Benchmarks.	The FY24 result was just below target for the comparative group (being top quartile performance). The Group measures itself against other technology companies who typically have high employee engagement scores. The achieved result demonstrated the high level of employee engagement across the employee base.

Metric/measure	Performance/comment
Individual targets (20% of total opportunity)	
The individual targets are determined by the CEO based on performance against the Temple & Webster executive leader values and the execution of any special projects agreed between the CXO or CFO and the CEO during FY24.	The CXO's personal targets were assessed against the Group's leadership values framework. In FY24, the CXO was given an overall rating of 'sets a new standard', the highest rating available. This was based on his achievements both functionally through improvements in conversion rate, customer experience, AI and content; and culturally through his consistent display and role modelling of Temple & Webster values such as being supportive, creative and inclusive. The CFO's personal targets were assessed against the Group's leadership values framework. In FY24, the CFO was given an overall rating of 'Consistently Exceeds Expectations'. This was based on his execution of key projects, including the implementation of a new investor relations strategy, a capital management framework and execution of margin optimisation and cost management programs. These scores included a 'sets a new standard' for his work on creating an inclusive and diverse finance team, fostering the next generation of finance team leader and empowerment of his team to execute key projects.

The table below sets out the actual STVR outcomes as a percentage of their maximum STVR opportunity for FY24 and FY23.

Executive KMP[1]	FY24	FY23
Adam McWhinney	67.2%	43.5%
Mark Tayler	63.2%	42.6%

1. The CEO did not participate in the STVR Plan in either FY23 or FY24.

The Board views the outcomes of remuneration for FY24 performance as appropriately aligned, given the Group and individual performance against annual targets, and progress towards strategic growth objectives made by the executive team, despite challenging economic circumstances.

5. EXECUTIVE LTVR PLANS AND OUTCOMES

5.1 Executive LTVR plan – Performance rights

A description of the LTVR awards granted in FY24 to Executive KMP, aside from the CEO, under the Temple & Webster Group Ltd Rights Plan ('the Plan'), is set out below.

<table>
<tr><th>Term</th><th>Detail</th></tr>
<tr><td>Purpose</td><td>To provide at-risk remuneration and incentives that reward executives for performance against long-term value creation objectives set by the Board at the beginning of the financial year and to align the interests of executives with the interests of shareholders.</td></tr>
<tr><td>Measurement period</td><td>Three years from 1 July 2023 to 30 June 2026.</td></tr>
<tr><td>Opportunity</td><td>The target value is 25% of fixed remuneration, with a maximum stretch of 200% of target, or 50% of fixed remuneration.</td></tr>
<tr><td>Price</td><td>The price is nil because it forms part of the remuneration of the participant.</td></tr>
<tr><td>Exercise price</td><td>The exercise price is nil.</td></tr>
<tr><td>Allocation method</td><td>The grant number is determined by dividing the stretch LTVR value by the 30-day volume weighted average price ('VWAP') following the release of the financial results for FY23.</td></tr>
<tr><td>Performance metrics and weightings</td><td>Performance rights granted in FY24 have two performance hurdles, each with a 50% weighting.
1. Performance rights with an indexed Total Shareholder Return ('iTSR') vesting condition (50% weighting).
The vesting of such Performance rights will be determined by comparing the Group's TSR over the Measurement period with the TSR of the ASX 300 Industrials Total Return Index, according to the following vesting scale:
<table>
<tr><th>Performance level</th><th>TSR of the Group vs TSR of the ASX 300 Industrials Total Return Index</th><th>Vesting %</th></tr>
<tr><td>Stretch</td><td>Index TSR + 10% TSR p.a.</td><td>100%</td></tr>
<tr><td>Target</td><td>Index TSR + 5% TSR p.a.</td><td>50%</td></tr>
<tr><td>Threshold</td><td>Index TSR</td><td>0%</td></tr>
<tr><td>Below threshold</td><td><Index TSR</td><td>0%</td></tr>
</table>
A gate of the Group's TSR being positive for the Measurement period applies. Outcomes that fall between the specified levels of performance will result in a pro-rata calculation being applied.
TSR is the sum of share price appreciation and dividends (assumed to be reinvested in shares) during the Measurement period. It is annualised for the purposes of the above vesting scale. The TSR of the Group over the Measurement period will be calculated and converted to a Compound Annual Growth Rate ('CAGR') value for the purposes of assessment against this scale. During periods of nil dividends being declared, TSR is equal to change in share price.
This metric was selected because it is the best measure of value creation for shareholders that adjusts for windfall gains and losses arising from broad market movements.
Equity grants are tested against the performance measures set. If the performance metric is not met at the vesting date, Performance rights lapse.</td></tr>
</table>

Term	Detail

Performance metrics and weightings *continued*

2. Performance rights with an Earnings Per Share Growth ('EPSG') target vesting condition (50% weighting).

EPSG is the CAGR in the Group's basic earnings per share calculated by dividing the Group's earnings by the weighted average number of ordinary shares outstanding during the financial year. The Rights will vest according to the following vesting scale.

Performance level	Earnings per Share growth	Vesting %
Stretch	15% CAGR	100%
Target	10% CAGR	50%
Threshold	8% CAGR	0%
Below threshold	8% CAGR	0%

For the purposes of calculating the EPSG during the Measurement period the relevant earnings to be used for:

- the opening of the Measurement period will be as set out in the audited annual consolidated accounts for the year ending 30 June 2023; and
- the closing of the Measurement period will be as set out in the audited annual consolidated accounts for the year ending 30 June 2026.

In each case, the EPSG calculation is subject to the Board's discretion to normalise earnings to ensure comparison is being made on a like-for-like basis and/or to exclude the effects of extraordinary events, material business acquisitions or divestments and for certain one-off costs.

Note: The iTSR and EPSG vesting conditions will be assessed separately by the Board at the end of the Measurement period. However, where target EPSG performance has not been achieved, a portion of the EPSG Performance rights may still vest, depending on the level of performance achieved under the iTSR vesting condition. If 100% of the iTSR hurdled rights vest, then all of the EPSG rights are also eligible to vest (resulting in 100% of the entire award vesting). If iTSR performance is achieved such that 50% or more of iTSR rights vest (up to 100%), then a maximum of 50% of EPSG rights can also vest. This iTSR 'override' prioritises and rewards iTSR growth, to give management and the Board flexibility to adapt the Group's strategy as the market evolves, but only permitting maximum reward under the LTVR award where Temple & Webster has materially outperformed the market.

Gate	iTSR Performance rights are subject to a positive TSR gate to ensure the grant does not vest when shareholders are losing value. There are no such gate restrictions for EPSG.
Vesting Date	The vesting date of these awards will be the date advised in writing by the Board following consideration of the performance metrics after the Measurement period.
Retesting	No retesting of the performance metrics will apply.
Settlement	The rights are 'indeterminate rights' which may be settled in the form of a Company share (including a restricted share), or cash equivalent, upon valid exercise.
Disposal restrictions	Shares that result from the exercise of rights will be subject to a disposal restriction such that they may not be disposed of or otherwise dealt with until the elapsing of two years following the end of the Measurement period. There are also additional disposal restrictions which may apply where the sale of shares acquired on exercise of vested rights may be prohibited due to the Group's Share Trading Policy, and the Corporations Act.
Term	Rights must be exercised within 15 years of the grant date, otherwise they will lapse.
Service condition	In addition to the performance conditions, continued service during the full first year of the Measurement period is a requirement for any rights to become eligible to vest.

Term	Detail
Termination of employment	In the case of a termination of employment in the first year of the Measurement period, unvested Performance rights will be forfeited at termination, unless otherwise determined by the Board. All other unvested Performance rights will be forfeited pro-rata based on the remaining portion of the Measurement period, with any remainder retained for possible vesting based on performance during the Measurement period. In the case of termination due to dismissal for cause or otherwise as determined by the Board, all unvested Performance rights will be forfeited and lapse.
Malus and clawback	The rights plan includes malus and clawback clauses which will result in forfeiture of unvested rights in a range of circumstances, including material misstatements resulting in overpayment, or the participant joining a competitor or being involved in actions that are deemed to have harmed other stakeholders.
Board discretions	The Board has discretion to modify vesting to participants regardless of any performance outcome or gate, to ensure that outcomes are appropriate to the circumstances that prevailed over the Measurement period.
Corporate actions	In the case of a change in control, the modifications are subject to the Board's discretion. In the case of a delisting of the Group's shares, the automatic vesting will occur based on the increase in the share price since the start of the Measurement period, with Board discretion regarding the lapsing or vesting of any remainder. In the case of a major return of capital or demerger, the Board has discretion to bring forward vesting or to alter the number of rights or the exercise price or to alter vesting conditions to ensure that the outcome is fair to participants. This is because, following such an event, the share price is likely to be materially different from the basis of the grant, and performance conditions set may be unable to be met.

5.2 Prior years equity awards

FY21 LTVR awards

In FY21, awards were made to the CFO and non-KMP executives. The FY21 LTVR awards were Performance rights with a Measurement period of three years from 1 July 2020 to 30 June 2023. They were issued at no cost to all executives, including the CFO, and had a nil exercise price. The iTSR performance hurdles and target opportunity for the CFO for the FY21 awards are the same as set out for the FY23 awards, except they apply to 100% of the FY21 award.

For the three-year period ended 30 June 2023, Temple & Webster's TSR was less than the TSR of the ASX 300 Industrials Total Return Index. Accordingly, the Board concluded that no portion of this award vested.

FY22 and FY23 LTVR awards

In FY22 and FY23, LTVR awards were granted to the CXO, CFO and non-KMP executives. The LTVR awards are Performance rights with a Measurement period of three years from 1 July 2021 to 30 June 2024 and 1 July 2022 to 30 June 2025 respectively. The awards were issued at no cost to all executives and had a nil exercise price.

For the FY22 LTVR awards, one hundred percent (100%) of the awards have an iTSR hurdle with the same vesting schedule as the iTSR vesting schedule set out above for the FY24 awards (section 5.1). On completion of the Measurement period, the awards will vest or lapse in FY25 once the Board has determined the extent to which the performance hurdle has been met.

For the three-year period ended 30 June 2024, Temple & Webster's share price at the end of the performance period was lower than its share price at the commencement of the period (refer to section 2.3 for more details). Accordingly, the positive TSR gate was not met and no portion of the award vested.

The FY23 LTVR awards are structured so that fifty percent (50%) of the awards have an iTSR hurdle with the same vesting schedule as the iTSR vesting schedule set out above for the FY24 awards. The remaining fifty percent (50%) have an EPSG hurdle, also with the same vesting schedule as set out above for the FY24 award. On completion of the Measurement period, the awards will vest or lapse in FY26 once the Board has determined the extent to which the performance hurdle has been met. As for the FY24 LTVR awards, the iTSR and EPSG vesting conditions will be assessed separately by the Board at the end of the Measurement period. However, where target EPSG performance has not been achieved, a portion of the EPSG Performance rights may still vest, depending on the level of performance achieved under the iTSR vesting condition. Other key terms of the FY23 award are as noted above for the FY24 award.

FY23 CEO Option awards

In FY23, the CEO was awarded 3,600,000 Options which vest on the date the FY26 annual accounts are approved, in August 2026. The options are intended to be the CEO's only variable incentive over the four-year period (FY23 to FY26). No additional long-term variable awards will be made to the CEO over this period. The options awarded to the CEO are set at a significant premium to the Temple & Webster share price at the date of grant in November 2022 (which was $5.27). The options are split into three equal tranches of 1,200,000 options, with an exercise price of $7.06, $9.53 and $12.86 respectively. No value will arise for the CEO unless there is a significant increase in the value of the Company's shares over the vesting period.

The CEO must remain continuously employed by Temple & Webster from the date of grant to the date the FY26 annual accounts are approved, and all three tranches can be exercised once the service condition is met. Where the CEO ceases employment with Temple & Webster, all unvested options lapse. However, where employment ceases due to a Special circumstance, which includes total and permanent disability, death or redundancy, the Board has a discretion to allow accelerated vesting. The options will lapse on the earlier of 15 years or any earlier lapsing event occurring (such as early vesting or cancellation). Further detail regarding these awards was set out in the FY23 Remuneration Report.

6. NON-EXECUTIVE DIRECTOR REMUNERATION

6.1 Non-Executive Directors' fee policy

The principles that the Group applies to governing the Non-Executive Directors' remuneration are outlined below.

Principles

- Fees for Non-Executive Directors are based on the nature of the Directors' work and their responsibilities, taking into account the nature and complexity of the Group and the skills and experience of the Directors.
- Non-Executive Directors' fees are recommended by the Nomination and Remuneration Committee and determined by the Board.
- External consultants were used to source the relevant data and commentary and to obtain independent recommendations given the potential for a conflict of interest in the Board setting its own fees.
- Fees are intended to be positioned around the 50^{th} percentile of the tailored market benchmarks.

Fees structured to preserve independence

To preserve independence and impartiality, Non-Executive Directors are not entitled to any form of variable remuneration payments and the level of their fees is not set with reference to measures of the Group's performance.

Aggregate Board Fees approved by shareholders

The total amount of fees paid to Non-Executive Directors in FY24 is within the aggregate amount approved at a general meeting of the Group on 18 October 2021 of $1,100,000 per year. Grants of equity approved by shareholders are excluded from counting towards the aggregate Board Fees, in accordance with the ASX Listing Rules.

Board and Committee fees

The following outlines the Board Fees applicable as at the end of FY24 which were subject to independent review by external remuneration consultants on a periodic basis:

Role/function	Main Board	Audit and Risk Management Committee	Nomination and Remuneration Committee
Chair	$223,388	$21,000	$21,000
Deputy Chair	$141,750	n/a	n/a
Member	$120,750	$10,500	$10,500

Fees are expressed as inclusive of superannuation. Any increases to superannuation contributions are absorbed within the applicable Board fees. The Board Chair does not receive Committee fees. Non-Executive Directors are also reimbursed for out-of-pocket expenses that are directly related to the Group's business. There is an option to sacrifice part of the fee in exchange for equity or other benefits (i.e., the values are inclusive of any equity). In FY24 no Non-Executive Director elected to have part of their Directors' fees paid in Restricted rights.

6.2 NED Equity Plan

The terms of the NED Equity Plan are set out below.

Term	Detail
Purpose	To provide long-term alignment with shareholders through the grant of rights over Group Shares.
Instrument	Restricted rights over ordinary shares in the Company.
Eligibility	All Non-Executive Directors of the Company are entitled to participate in the NED Equity Plan.
Price	Rights are granted for nil consideration.
Exercise price	There is no exercise price for Rights issued under this Plan.
Allocation method	The number of Rights granted under the NED Equity Plan in FY23 is typically determined by the value of Board fees sacrificed, divided by the 10-trading day VWAP of an ordinary Company share following the date of release of the prior financial year's financial results.
Vesting Conditions	There are no vesting conditions.
Exercise restrictions and disposal restrictions	Restricted rights may be exercised at any time following the end of the exercise restrictions. This means Restricted rights are exercisable 90 days from the date of grant, until the end of the Term. Disposal restrictions apply that prevent the sale of Restricted shares resulting from the exercise of Restricted rights, until the earlier to occur of: • the elapsing of 15 years from the Grant Date; or • the participant ceasing to hold the office of Non-Executive Director and employment with the Company.
Settlement	The Restricted rights may only be settled in shares.
Term	Restricted rights have a term of 15 years from the date of grant, after which time they lapse.

Term	Detail
Cessation of Directorship	If a participant is neither a Non-Executive Director nor holds employment with the Group, and their Restricted rights remain subject to an Exercise Restriction or have not been exercised, all the Restricted rights will lapse and they will not be allocated any Shares. The Participant will receive a cash payment in respect of Board Fees that have already been sacrificed from the start of the relevant Participation Period up until the date of cessation. As noted, any Restricted shares awarded upon exercise of Restricted rights will have any disposal restrictions removed on cessation of directorship (provided they do not remain employed with the Group).

7. STATUTORY TABLES AND SUPPORTING DISCLOSURES

7.1 Executive KMP statutory remuneration

The following table outlines the statutory remuneration of Executive KMP:

		Fixed remuneration				Variable remuneration				Total for year	Other statutory items
Name	FY	Salary $	Super $	Total fixed remuneration		Cash STVR[1]		LTVR[2]		Statutory Total Remuneration Package (TRP) $	Change in accrued leave[3] $
				Amount $	% of TRP	Amount $	% of TRP	Amount $	% of TRP		
Mark Coulter	2024	472,601	27,399	500,000	13%	–	0%	3,484,800	87%	3,984,800[4]	(31,174)
	2023	465,958	25,292	491,250	19%	–	0%	2,104,448	81%	2,595,698[4]	6,154
Adam McWhinney	2024	316,246	27,399	343,645	61%	115,768	20%	106,884	19%	566,297	(12,789)
	2023	308,943	25,292	334,235	69%	63,599	13%	88,804	18%	486,638	(9,692)
Mark Tayler[5]	2024	399,753	27,399	427,151	60%	146,488	20%	143,859	20%	717,498	(12,300)
	2023	413,446	25,292	438,738	65%	83,940	12%	154,840	23%	677,518	17,696

1. This is the value of the total STVR award calculated following the end of the Financial Year. In both FY24 and FY23 the Board determined that it would be settled in cash only, to be paid following the close of the respective FY.
2. Note that the LTVR value reported in this table is the amortised accounting charge of all grants that have not lapsed or vested as at the start of the reporting period.
3. Not included in TRP.
4. TRP values for CEO are mainly due to valuation of options awarded and LTVR expense applied in FY23 and FY24. See section 5.2 for further details on options awarded including details of premium exercise prices which must be met for options to be exercised.
5. Total fixed remuneration of Mark Tayler for FY24 is lower than FY23 due to 'Leave Without Pay' taken by Mr Tayler in FY24.

7.2 Non-Executive Director KMP statutory remuneration

The following table outlines the statutory remuneration of the Non-Executive Director KMP:

Name	FY	Board fees $	Committee fees $	Superannuation $	Other benefits $	Equity grant expense $	Termination benefits $	Total $
Non-Executive Directors								
Stephen Heath[1]	2024	201,250	–	22,138	–	–	–	223,388
	2023	134,774	–	14,151	–	46,008	–	194,933
Conrad Yiu[1,2]	2024	141,750	21,000	–	–	–	–	162,750
	2023	34,314	18,100	5,503	–	65,176	–	123,092
Belinda Rowe[1]	2024	108,784	28,378	15,088	–	–	–	152,250
	2023	83,077	27,149	11,574	–	16,724	–	138,524
Melinda Snowden[3]	2024	108,784	28,378	15,088	–	–	–	152,250
	2023	8,673	1,508	1,069	–	–	–	11,250
Former Non-Executive Directors								
Susan Thomas[4]	2024	–	–	–	–	–	–	–
	2023	43,364	11,312	5,741	–	–	–	60,417

1. In FY23, the Non-Executive Directors elected to have part of their Directors' fees paid in Restricted rights under the 'NED Equity Plan' which reduced the Cash Board fees (refer to section 6.1 and 6.2 above for further details). As there was no fee sacrifice into Restricted rights in FY24, Board fees are higher in FY24. As per the Group's accounting policy, the FY23 Restricted rights were accounted for at fair value at the grant date which is shown under the 'Equity Grant Expense' column above. As a result, there is difference between the total fees paid to the Non-Executive Directors per above table and what would have been the total fees paid to them in cash.
2. Conrad Yiu made a superannuation election and did not receive superannuation from the Group.
3. Melinda Snowden was appointed as a Non-Executive Director on 1 June 2023. Her remuneration shown in 2023 is effective from that date.
4. Susan Thomas retired from the Board as a Non-Executive Director on 30 November 2022. In FY23, Ms Thomas' remuneration is shown until that date.

7.3 KMP equity interests and changes during FY24

Movements in rights and options held by Executive KMP and Non-Executive Directors during FY24, are set out below:

		Balance at the start of the year	Granted as remuneration during FY24		Vested	Exercised	Lapsed	Balance 30 June 2024		
Name	Instrument	Number	Date granted	Number	Number	Number	Number	Number	Vested and exercisable	Vested and not exercisable
Executive KMP										
Mark Coulter	Options	8,600,000	–	–	–	–	–	8,600,000	5,000,000	–
Adam McWhinney	Rights	44,664	29/11/2023	26,026	–	–	–	70,690	–	–
Mark Tayler	Rights	85,920	29/11/2023	35,016	–	–	(25,786)	95,150	–	–
Non-Executive Directors										
Stephen Heath	Rights	14,150	–	–	–	–	–	14,150	14,150	–
	Options[1]	181,026	–	–	–	–	–	181,026	181,026	–
Conrad Yiu	Rights	23,125	–	–	–	–	–	23,125	23,125	–
	Options[1]	181,026	–	–	–	–	–	181,026	181,026	–
Belinda Rowe	Rights	6,382	–	–	–	–	–	6,382	6,382	–
Melinda Snowden	Rights	–	–	–	–	–	–	–	–	–

1. These options vested in the previous financial years and can be exercised by 30 June 2025.

Share movements held by Executive KMP and Non-Executive Directors during the reporting period, including their related parties, are set out below:

Name	Balance at the start of the year	Received on exercise of Right or Option	Purchased	Sold	Balance at the end of the year
Executive KMP					
Mark Coulter[1]	1,895,322	–	–	(886,785)	1,008,537
Adam McWhinney	3,103,344	–	–	(793,489)	2,309,855
Mark Tayler	252,586	–	–	(177,500)	75,086
Non-Executive Directors					
Stephen Heath	34,000	–	–	(34,000)	–
Conrad Yiu[1]	2,327,933	–	–	(250,000)	2,077,933
Belinda Rowe	12,100	–	–	–	12,100
Melinda Snowden	–	–	–	–	–

1. ArdenPoint Ecommerce Unit Trust ('Trust') is the registered holder of 1,927,828 Ordinary Shares of Temple & Webster Group Ltd. For the purpose of the above table, both Mr Coulter and Mr Yiu, the beneficiaries of the Trust, are considered to hold 50% of the shares held by the Trust. This is the same as in prior financial years.

The following table outlines the accounting values and potential future costs of equity remuneration granted during FY24 for Executive KMP:

Name	Award	Vesting conditions	Grant date	Number	Exercise price at vesting	Fair value at grant date	Total fair value at grant	Value expensed in FY24	Max value to be expensed in future years
Adam McWhinney	PRs[1]	iTSR	29/11/2023	13,013	–	4.61	59,990	19,997	39,993
		EPSG	29/11/2023	13,013	–	6.61	86,016	28,672	57,344
Mark Tayler	PRs[1]	iTSR	29/11/2023	17,508	–	4.61	80,712	26,904	53,808
		EPSG	29/11/2023	17,508	–	6.61	115,728	38,576	77,152

1. PRs means Performance rights.

There was no equity remuneration granted during FY24 to the Non-Executive Directors.

7.4 KMP service agreements

Executive KMP service agreements

The following outlines current executive KMP service agreements:

Name	Employing company	Duration of contract	Termination payments	Period of notice	
				From company	From KMP
Mark Coulter	TPW Group Services Pty Ltd	No fixed term	3 months	3 months	3 months
Adam McWhinney	TPW Group Services Pty Ltd	No fixed term	2 months	2 months	2 months
Mark Tayler	TPW Group Services Pty Ltd	No fixed term	3 months	3 months	3 months

Non-Executive Directors service agreements

The appointment of Non-Executive Directors is subject to a letter of engagement. Under this approach, NEDs are not eligible for any termination benefits following termination of their office, nor any payments other than those required under law such as in respect of superannuation. There are no notice periods applicable to either party under this approach.

7.5 Other statutory disclosures

Loans to KMP and their related parties

During FY24 and to the date of this report, the Group made no loans to directors and other KMP and none were outstanding as at 30 June 2024.

Other transactions with KMP

During FY24 there were no other reportable transactions between the Group and its directors, KMP, or their personally related entities ('Related Parties').

This concludes the Remuneration report, which has been audited.

SHARES ISSUED ON THE EXERCISE OF PERFORMANCE RIGHTS

During the financial year, employees and executives exercised performance rights to acquire Nil (2023: 2,254,095) fully paid ordinary shares in Temple & Webster Group Ltd (refer to note 21).

SHARES ISSUED ON THE EXERCISE OF OPTIONS

During the financial year, options to acquire Nil (2023: 181,026) fully paid ordinary shares in Temple & Webster Group Ltd were exercised (refer to note 21).

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young, as part of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount), other than a loss arising from Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during the financial year and up to the date of this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

The amounts paid or payable to the auditor for non-audit services during the financial year was $201,750 (2023: $61,016). This is outlined in note 26 to the consolidated financial statements.

The directors are of the opinion that the services as disclosed in note 26 to the consolidated financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF ERNST & YOUNG

There are no officers of the Company who are former partners of Ernst & Young.

ROUNDING OF AMOUNTS

Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar, under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

AUDITOR

Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors.

Stephen Heath
Chair

13 August 2024

Auditor's independence declaration

Ernst & Young
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Building a better working world

Auditor's independence declaration to the directors of Temple & Webster Group Ltd

As lead auditor for the audit of the financial report of Temple & Webster Group Ltd for the financial year ended 30 June 2024, 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 audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Rachel Rudman
Partner
13 August 2024

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	Consolidated 2024 $'000	2023 $'000
Revenue			
Revenue from contracts with customers	4	497,841	395,513
Cost of goods sold		(331,779)	(266,553)
Gross margin		166,062	128,960
Interest income		4,964	3,367
Expenses			
Marketing		(77,864)	(48,087)
Employee benefits	6	(44,931)	(40,076)
Warehouse		(8,638)	(7,276)
Depreciation and amortisation	6	(5,830)	(5,271)
Merchant fees		(5,412)	(4,274)
Finance costs	6	(1,207)	(942)
Other expenses	6	(18,361)	(13,747)
Share of loss of an associate	5	(2,425)	(691)
Profit before tax		6,358	11,963
Income tax expense	7	(4,572)	(3,658)
Profit after tax for the year attributable to the owners of Temple & Webster Group Ltd		**1,786**	**8,305**
Other comprehensive income			
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year attributable to the owners of Temple & Webster Group Ltd		**1,786**	**8,305**
		Cents	**Cents**
Basic earnings per share	34	1.50	6.82
Diluted earnings per share	34	1.43	6.55

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

Consolidated statement of financial position

As at 30 June 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Assets			
Current assets			
Cash and cash equivalents	8	116,353	105,140
Trade and other receivables		1,341	567
Inventories	9	26,466	18,094
Other current assets	10	4,063	4,547
Other financial assets – current	14	202	1,303
Income tax receivable		–	329
Total current assets		148,425	129,980
Non-current assets			
Right-of-use assets	11	21,068	24,596
Property, plant and equipment	12	5,993	6,977
Intangibles	13	8,204	7,971
Deferred tax assets	7	22,774	18,227
Investment in an associate	5	–	2,425
Other financial assets – non-current	14	–	596
Other non-current assets		20	9
Total non-current assets		58,059	60,801
Total assets		**206,484**	**190,781**
Liabilities			
Current liabilities			
Trade and other payables	15	47,475	36,723
Lease liabilities	6	4,286	3,653
Income tax payable		825	–
Employee benefits	16	2,611	2,206
Provisions	17	3,460	3,570
Deferred revenue	18	21,156	13,665
Total current liabilities		79,813	59,817
Non-current liabilities			
Employee benefits		776	583
Lease liabilities	6	18,037	21,380
Make good provision	17	1,335	1,270
Total non-current liabilities		20,148	23,233
Total liabilities		**99,961**	**83,050**
Net assets		**106,523**	**107,731**
Equity			
Contributed capital	19	101,944	114,472
Reserves	20	18,662	9,128
Accumulated losses		(14,083)	(15,869)
Total equity		**106,523**	**107,731**

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

Consolidated statement of changes in equity

For the year ended 30 June 2024

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 year	–	–	–	8,305	8,305
Other comprehensive income for the year, net of tax	–	–	–	–	–
Total comprehensive income for the year	–	–	–	8,305	8,305
Exercise of options	180	–	–	–	180
Share-based payments (note 20)	–	–	3,103	–	3,103
Tax impact on share-based payments (note 20)	–	–	5,554	–	5,554
Share buy-back (note 19)	(12,295)	–	–	–	(12,295)
Transaction costs	–	–	(28)	–	(28)
Issue of shares to Employee Share Trust (note 19)	10,803	(10,803)	–	–	–
Shares transferred to employees under LTVR scheme (note 19)	–	10,803	(10,803)	–	–
Balance at 30 June 2023	**114,472**	**–**	**9,128**	**(15,869)**	**107,731**

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 year	–	–	–	1,786	1,786
Other comprehensive income for the year, net of tax	–	–	–	–	–
Total comprehensive income for the year	–	–	–	1,786	1,786
Exercise of options	–	–	–	–	–
Share-based payments (note 20)	–	–	3,854	–	3,854
Tax impact on share-based payments (note 20)	–	–	5,680	–	5,680
Share buy-back (note 19)	(12,528)	–	–	–	(12,528)
Transaction costs	–	–	–	–	–
Issue of shares to Employee Share Trust (note 19)	–	–	–	–	–
Shares transferred to employees under LTVR scheme (note 19)	–	–	–	–	–
Balance at 30 June 2024	**101,944**	**–**	**18,662**	**(14,083)**	**106,523**

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

Consolidated statement of cash flows

For the year ended 30 June 2024

		Consolidated	
	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		554,284	434,651
Payments to suppliers and employees (inclusive of GST)		(525,827)	(410,921)
Interest received		4,964	3,367
Interest and other finance costs paid		(1,142)	(942)
Income tax paid		(2,285)	(4,150)
Net cash from operating activities	33	29,994	22,005
Cash flows from investing activities			
Payment for other non-current financial assets	5,14	(2,428)	(596)
Payments for property, plant and equipment	12	(61)	(2,563)
Payments for intangibles	13	(491)	(226)
Net cash used in investing activities		(2,980)	(3,385)
Cash flows from financing activities			
Proceeds from exercise of share options	19	–	180
Payments for share buy-back	19	(12,092)	(12,295)
Transaction costs of issue of shares		–	(28)
Payment of principal portion of lease liabilities	6	(3,709)	(2,348)
Net cash used in financing activities		(15,801)	(14,491)
Net increase in cash and cash equivalents		11,213	4,129
Cash and cash equivalents at the beginning of the financial year		105,140	101,011
Cash and cash equivalents at the end of the financial year	8	**116,353**	**105,140**

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

Notes to the consolidated financial statements

30 June 2024

NOTE 1. CORPORATE INFORMATION

The 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 year (collectively referred to in these consolidated financial statements as the 'Group'). The consolidated 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 is included in the Directors' report, which is not part of the consolidated financial statements.

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

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the stated accounting policy. The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation. This calculation requires the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of long-term variable remuneration ('LTVR') performance rights is determined by using either the Trinomial, Monte Carlo or Black-Scholes models, as appropriate, taking into account the terms and conditions upon which the instruments were granted. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's judgement on the number of equity instruments that will ultimately vest. The fair value of short-term variable remuneration ('STVR') performance rights is based on the market value of Temple & Webster Group Ltd shares less dividend yield at the date each performance right is accepted by the participant, or a fixed percentage of remuneration as determined by the Performance Rights Plan. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Refunds provision

In determining the level of the provision, the Group has made judgements in respect of the expected return of products, number of customers who will actually return the products and how often, and the costs of fulfilling the return.

Historical experience and current knowledge of the performance of the products have been used in determining this provision. Refer to note 17 for further details.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Refer to note 7 for further details.

Determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew, i.e. it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy). For the building lease, the Group has not included the renewal period as part of the lease term.

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 consolidated financial statements and therefore not duplicated. The information reported to the CODM is on at least a monthly basis.

NOTE 4. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	Consolidated	
	2024 $'000	2023 $'000
Sale of goods	496,670	394,402
Purchase protection	1,171	1,111
	497,841	**395,513**

Accounting policy for revenue

Revenue recognition

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Under the standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Contracts with customers and performance obligations

The Group sells furniture and homewares online to both end consumers and commercial customers. Each sale represents a separate identified contract with a customer for which generally two performance obligations are expected: sales of goods and purchase protection revenue. For sales of goods, the revenue is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods, whilst purchase protection is recognised over time.

Transaction price and variable consideration

In accordance with the standard, when a performance obligation is satisfied, the Group recognises revenue to the extent of the transaction price allocated to that performance obligation, taking into account the impact of constraints arising from variable consideration. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with a right of return and/or trade discounts. Such provisions might give rise to variable consideration.

Right-of-return

When a contract with a customer provides a right to return the goods within a specified period, a provision for the amount of revenue related to the expected returns is recognised in the consolidated statement of financial position, and an asset for the right to recover products from customers on settling the refund liability.

Deferred revenue – gift cards/store credits

When a customer purchases a gift card, it is pre-paying for goods or services to be delivered in the future. The Group has an obligation to transfer, or stand ready to transfer, the goods or services in the future – creating a performance obligation. The Group recognises a contract liability for the prepayment and derecognises the liability (and recognises revenue) when it fulfils the performance obligation. As a result, revenue from the sale of a gift card is recognised when the Group supplies the goods upon exercise of the gift card. Store credits are treated in a similar way with the difference that no cash was received from customers when they are issued. Breakage (i.e. the customer's unexercised right) is to be estimated and recognised as revenue in proportion to the pattern of rights exercised by the customer.

Deferred revenue – other

Generally, the Group receives only short-term advances from its customers. The Group does not receive material long-term advances. The Group has decided to use the practical expedient provided under the standard to not adjust the promised amount of consideration for the effects of a significant financing component in the contracts, where the Group expects, at contract inception, that the period between the Group transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Group concludes this does not have a material impact on the Group's consolidated financial statements.

Presentation and disclosure requirements

As required for the consolidated financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict the nature and amount. Refer above for the disclosure on disaggregated revenue.

NOTE 5. INVESTMENT IN AN ASSOCIATE

Renovai, Inc is a private company incorporated in the United States that specialises in developing AI/AR interior design tools. The Group holds a 33% interest in Renovai and this is disclosed as the investment in an associate.

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

	Consolidated	
	2024 $'000	2023 $'000
Current assets	207	177
Non-current assets	222	79
Current liabilities	(603)	(1,168)
Non-current liabilities	(3,039)	–
Equity	(3,213)	(912)
Group's share in equity	(1,061)	(301)
Goodwill	2,726	2,726
Impairment of carrying amount	(1,665)	–
Group's carrying amount of the investment	**–**	**2,425**

	Consolidated	
	2024 $'000	2023 $'000
Revenue from contracts with customers	338	641
Expenses	(2,640)	(2,736)
Profit/(loss) before tax	(2,302)	(2,095)
Income tax expense	–	–
Profit/(loss) for the period	(2,302)	(2,095)
Other comprehensive income	–	–
Total comprehensive income for the period	(2,302)	(2,095)
Group's share of loss for the period	**(760)**	**(691)**

	Consolidated	
	2024 $'000	2023 $'000
Reconciliation of share of loss of an associate		
Impairment of carrying amount of investment in an associate	(1,665)	–
Group's share of loss for the period	(760)	(691)
Total share of loss of an associate	**(2,425)**	**(691)**

In addition to the above 33% holding in Renovai, on 6 March 2023 the Group entered into an agreement to invest US$2,000,000 in convertible notes (the 'Notes') issued by Renovai. The Notes carry 12% interest per annum, accruing from the purchase date and payable on maturity. As at 30 June 2024 the total investment in Notes was US$2,000,000. (2023: $596,000).

Given the uncertainty regarding Renovai's ability to generate future economic benefits and current financial difficulty, the Group performed an impairment test in line with the requirements of AASB 136 *Impairment of Assets*. The recoverable amount of the investment in an associate was determined to be nil as at 30 June 2024, resulting in the recognition of an impairment loss of $1,665,000.

The fair value of the Notes was also assessed in accordance with AASB 9 *Financial Instruments* and was determined to be nil as at 30 June 2024, resulting in a fair value loss of $3,024,000.

The associate had no contingent liabilities or capital commitments as at 30 June 2024 (2023: Nil).

Accounting policy for investment in associate

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

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

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

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

NOTE 6. EXPENSES

	Consolidated	
	2024 $'000	**2023 $'000**
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation		
Right-of-use assets – buildings	4,527	3,912
Plant and equipment	363	504
Leasehold improvements	682	493
Total depreciation	5,572	4,909
Amortisation		
Software and websites	258	362
Total amortisation	258	362
Total depreciation and amortisation	5,830	5,271
Finance costs		
Interest on lease liabilities	1,207	942
Total finance costs	1,207	942
Other expenses		
Hosting and other IT	6,637	6,262
Consulting services	4,271	2,790
Change in fair value of other non-current financial assets (refer to note 5 and 14)	3,024	–
Fees and services	1,741	2,126
Rent, occupancy and property insurance	884	941
Travelling expenses	527	358
Other	1,277	1,270
Total other expenses	18,361	13,747
Employee benefits expense		
Employee benefits expense excluding superannuation	37,311	33,911
Equity-settled share-based payment expense (refer to note 20)	3,854	3,103
Cash-settled share-based payment expense (refer to note 21)	1,000	634
Superannuation contribution expense	2,766	2,428
Total employee benefits expense	**44,931**	**40,076**

Accounting policy for leases

Set out below are the accounting policies of the Group in relation to AASB 16 *Leases*.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment, consistent with the Group's property, plant and equipment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Presentation and disclosure requirements

As required for the consolidated financial statements, the Group has recognised the relevant Right-of-use assets and Lease liabilities in relation to the leases the Group currently holds.

The changes in lease liabilities from financing activities are set out below:

Consolidated	$'000 Total
Balance at 1 July 2022	5,099
Accretion of interest	902
Payments – principal and interest	(3,250)
New leases	22,282
Balance at 30 June 2023	**25,033**
Current	3,653
Non-current	21,380
Balance at 1 July 2023	25,033
Accretion of interest	1,138
Payments – principal and interest	(4,847)
Re-measurement	999
Balance at 30 June 2024	**22,323**
Current	4,286
Non-current	18,037

The Group classifies interest paid as cash flows from operating activities. The undiscounted potential future rental payments pertaining to lease extension options not reflected in the lease liabilities total to $26,868,000 (2023: $25,443,000).

NOTE 7. INCOME TAX EXPENSE/(BENEFIT)

The major components of income tax expense/(benefit) in the consolidated statement of profit or loss are:

	Consolidated	
	2024 $'000	**2023 $'000**
Current income tax expense	3,439	1,903
Deferred income tax expense/(benefit)	1,133	1,755
	4,572	**3,658**

Reconciliation of tax expense/(benefit) and the accounting profit multiplied by the Group's statutory tax rate for the current and the previous financial year:

	Consolidated	
	2024 $'000	**2023 $'000**
Accounting profit before income tax expense/(benefit)	**6,358**	**11,963**
Income tax expense at the statutory tax rate of 30%	1,907	3,589
Adjustments in respect of current income tax of previous years	(38)	(12)
Non-deductible expenses for tax purposes – share based payments	1,065	39
Non-deductible expenses for tax purposes – share of loss of an associate	727	–
Non-deductible expenses for tax purposes – change in fair value of other non-current financial assets	907	–
Non-deductible expenses for tax purposes – others	4	42
Income tax expense/(benefit) reported in the consolidated statement of profit or loss	**4,572**	**3,658**

Deferred tax

Deferred tax asset recognised comprises temporary differences attributable to:

	Consolidated	
	2024 $'000	2023 $'000
Share-based payments	15,279	9,507
Lease liabilities	6,697	7,510
Deferred revenue	3,179	2,627
Carry-forward tax losses	2,711	4,616
Provisions for returns, refunds, inventory and bad debtors	1,860	2,174
Employee benefits	1,086	897
Deductible capital raising costs	105	200
Property, plant and equipment	167	(92)
Right-of-use assets	(6,320)	(7,379)
Accrued expenses	(1,146)	(834)
Intangibles	(795)	(807)
Investments in an associate	–	187
Foreign exchange	(47)	(377)
Prepayments	(2)	(2)
	22,774	**18,227**

Deferred tax assets have been recognised to the extent the Group has estimated it will be probable that future taxable amounts will be available to utilise those temporary differences. The deferred tax asset on unrecognised tax losses amounting to $2,711,000 (2023: $4,616,000) was recognised for the year ended 30 June 2024. The carry-forward tax losses have been recognised to the extent that it is probable that future taxable amounts with be able to be utilised in the foreseeable future. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Accounting for tax

Income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

i. when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

ii. when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Tax consolidated group

Temple & Webster Group Ltd (the 'head entity') and its wholly-owned Australian subsidiaries formed an income tax consolidated group ('tax group') under the tax consolidation regime with effect from 4 December 2015. Each entity in the tax group continues to account for their own current and deferred tax amounts. The tax group has applied the 'group allocation' approach in determining the appropriate amount of taxes to allocate to group members. In addition to its own tax amounts, the head entity also recognises the tax arising from unused tax losses and tax credits assumed from each subsidiary in the tax group.

Assets or liabilities arising under tax funding agreements are recognised as amounts receivable from or payable to other entities in the tax group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Franking credits

The franking credits available as at 30 June 2024 is $10,351,000 (2023: $8,066,000) from the payment of income tax.

NOTE 8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated	
	2024 $'000	**2023 $'000**
Cash at bank	46,393	38,558
Cash on deposit	69,960	66,582
	116,353	**105,140**

Cash on deposit includes $3,075,000 (2023: $3,006,000) restricted cash balance subject to contractual restrictions and this is not available for use by the Group.

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For cash flow purposes, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTE 9. CURRENT ASSETS – INVENTORIES

	Consolidated	
	2024 $'000	**2023 $'000**
Stock in transit	8,852	4,545
Stock on hand	19,026	16,119
Less: Provision for impairment	(1,412)	(2,570)
	17,614	13,549
	26,466	**18,094**

Inventory that was recognised as an expense in the Statement of Profit or Loss amounted to $256,794,000 (2023: $210,827,000) for the year ended 30 June 2024 and was recognised in Cost of goods sold.

Cost of goods sold also includes the shipping costs incurred on delivery of products to customers of $74,985,000 (2023: $55,726,000).

Accounting policy for inventories

Stock in transit and stock on hand are stated at the lower of cost and net realisable value. The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Both stock in transit and stock on hand are finished goods for which net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs necessary to make the sale.

NOTE 10. CURRENT ASSETS – OTHER

	Consolidated	
	2024 $'000	**2023 $'000**
Prepayments	3,829	4,216
Right-of-return assets	224	285
Security deposits	10	46
	4,063	**4,547**

NOTE 11. NON-CURRENT ASSETS – RIGHT-OF-USE ASSETS

	Consolidated	
	2024 $'000	**2023 $'000**
Buildings	29,809	29,809
Re-measurement	999	–
Less: Accumulated depreciation	(9,740)	(5,213)
	21,068	**24,596**

Reconciliations of the written down values at the beginning and end of the current period are set out below:

Consolidated	**Buildings $'000**	**Total $'000**
Balance at 1 July 2022	5,432	5,432
Additions	23,076	23,076
Depreciation expense	(3,912)	(3,912)
Balance at 30 June 2023	**24,596**	**24,596**
Balance at 1 July 2023	24,596	24,596
Re-measurement	999	999
Depreciation expense	(4,527)	(4,527)
Balance at 30 June 2024	**21,068**	**21,068**

Refer to note 6 for the accounting policies on right-of-use assets.

NOTE 12. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2024 $'000	**2023 $'000**
Leasehold improvements – at cost	6,904	6,897
Less: Accumulated depreciation on leasehold improvements	(1,235)	(553)
	5,669	6,344
Construction in progress	24	–
Plant and equipment – at cost	2,363	2,333
Less: Accumulated depreciation	(2,063)	(1,700)
	300	633
	5,993	**6,977**

Reconciliations of the written down values at the beginning and end of the current and previous financial 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
Transfer	4,361	(4,361)	–	–
Additions	2,425	–	138	2,563
Disposals	–	–	(392)	(392)
Depreciation expense	(493)	–	(504)	(997)
Balance at 30 June 2023	**6,344**	**–**	**633**	**6,977**
Balance at 1 July 2023	6,344	–	633	6,977
Additions	7	24	30	61
Depreciation expense	(682)	–	(363)	(1,045)
Balance at 30 June 2024	**5,669**	**24**	**300**	**5,993**

Accounting policy for property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Plant, machinery and equipment	2 to 20 years
Leasehold improvements	2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

NOTE 13. NON-CURRENT ASSETS – INTANGIBLES

	Consolidated	
	2024 $'000	2023 $'000
Goodwill – at cost	22,434	22,434
Less: Accumulated impairment	(17,902)	(17,902)
	4,532	4,532
Brands – at cost	2,781	2,781
Software and websites – at cost	3,632	3,398
Less: Accumulated amortisation	(1,568)	(1,310)
Less: Accumulated impairment	(1,474)	(1,474)
	590	614
Development costs	257	–
Other	44	44
	8,204	**7,971**

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

Consolidated	Goodwill $'000	Brands $'000	Software and websites $'000	Development costs $'000	Other $'000	Total $'000
Balance at 1 July 2022	4,532	2,781	750	–	44	8,107
Additions	–	–	–	226	–	226
Transfer of software upon completion	–	–	226	(226)	–	–
Amortisation expense	–	–	(362)	–	–	(362)
Balance at 30 June 2023	**4,532**	**2,781**	**614**	**–**	**44**	**7,971**
Balance at 1 July 2023	4,532	2,781	614	–	44	7,971
Additions	–	–	–	491	–	491
Transfer of software upon completion	–	–	234	(234)	–	–
Amortisation expense	–	–	(258)	–	–	(258)
Balance at 30 June 2024	**4,532**	**2,781**	**590**	**257**	**44**	**8,204**

Impairment testing

For impairment testing, goodwill and brands acquired through business combinations are allocated to the Temple & Webster CGU ('TPW') and amounted to $7,313,000 in the current and previous financial year. The Group performed its annual impairment test in June 2024 and June 2023. The recoverable amount of the TPW CGU was assessed based on a value-in-use calculation, using a discounted cash flow model, based on a five-year projection period including the budget approved by the Board for the financial year ended 30 June 2024. The key assumptions used to determine the value-in-use of the TPW CGU are based on the Directors' current expectations. They were considered to be reasonably achievable; however, significant changes in any of these key estimates, assumptions or regulatory environments may result in the TPW CGU carrying value exceeding its recoverable value, requiring an impairment charge to be recognised. Any reasonable possible change in any of the assumptions used did not result in an impairment charge at 30 June 2024. The key assumptions are those to which the recoverable amount of an asset or CGU is most sensitive.

The following key assumptions were used in the value-in-use calculation for the TPW CGU:

a. 14.5% pre-tax discount rate (13.1% in the previous financial year),
b. revenue growth in year 1 as per the next financial year budget approved by the Board (consistent approach with the previous financial year),
c. revenue growth in years 2 to 5 calculated based on the combination of the historical growth rates over the past four years as well as external industry data (consistent approach with the previous financial year),
d. 4% terminal growth rate in the current and the previous financial year.

In accordance with AASB 136 *Impairment of assets*, forecasts did not include estimated future cash inflows or outflows that were expected to arise from improving or enhancing the CGU's performance.

Based on the above assumptions, the calculated recoverable amount was higher than the carrying value of the TPW CGU and therefore no impairment charge was expensed to profit or loss for the year ended 30 June 2024.

No changes to the CGU structure were made in the current financial year. No reasonable possible change in assumptions would result in impairment to the CGU.

Accounting policy for impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together with a cash-generating unit.

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Brands

Brand costs acquired are capitalised as an asset. These costs are not subsequently amortised as they have an indefinite useful life. They are tested annually for impairment instead.

Software and websites

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful lives of between two to seven years.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility, the Group is able to use or sell the asset, the Group has sufficient resources and intent to complete the development and its costs can be measured reliably.

Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of three years.

Customer relationships

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of four years.

NOTE 14. OTHER FINANCIAL ASSETS

	Consolidated	
	2024 $'000	**2023 $'000**
Current		
Foreign exchange forward contract	202	1,303
	202	**1,303**
Non-current		
Convertible notes	–	596
	–	**596**

The fair value of the Convertible notes was assessed in accordance with AASB 9 *Financial Instruments* and was determined to be nil as at 30 June 2024, resulting in a fair value loss of $3,024,000. Refer to note 5 for further details.

Refer to note 23 for the accounting treatment of other financial assets.

NOTE 15. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated 2024 $'000	Consolidated 2023 $'000
Trade payables	36,295	24,072
Accrued payables	6,880	8,565
Employee related payables	1,189	1,830
Cash-settled share-based payments (refer to note 21)	1,000	634
On-costs on share-based payments	59	37
Other payables	2,052	1,585
	47,475	**36,723**

Accounting policy for trade and other payables

These amounts represent liabilities for wages, salaries and goods and services provided to the Group prior to the end of the reporting period and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

NOTE 16. CURRENT LIABILITIES – EMPLOYEE BENEFITS

	Consolidated 2024 $'000	Consolidated 2023 $'000
Annual leave	2,083	1,806
Long service leave	528	400
	2,611	**2,206**

Accounting policy for employee benefits

Employee benefits

Short-term employee benefits

Liabilities recognised for salaries and wages, annual leave and any other short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured at the amounts expected to be paid when the liabilities are settled in respect of services provided by employees up to the reporting date.

Long-term employee benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using rates attached to bonds with sufficiently long maturities at the balance sheet date, which have maturity dates approximating to the terms of the Group's obligations.

NOTE 17. PROVISIONS

	Consolidated	
	2024 $'000	2023 $'000
Current provisions		
Refunds and replacements	3,460	3,570
	3,460	**3,570**
Non-current provisions		
Make good obligation	1,335	1,270
	1,335	**1,270**

Movements in provisions

Movements in each class of provision during the current financial year are set out below:

Consolidated	Make good obligation $'000	Refunds and replacements $'000	Total $'000
Carrying amount at 30 June 2022	629	3,680	4,309
Additional provisions recognised	826	25,974	26,800
Amounts used	(185)	(22,182)	(22,367)
Unused amounts reversed	–	(3,902)	(3,902)
Carrying amount at 30 June 2023	1,270	3,570	4,840
Additional provisions recognised	65	27,757	27,822
Amounts used	–	(24,506)	(24,506)
Unused amounts reversed	–	(3,361)	(3,361)
Carrying amount at 30 June 2024	**1,335**	**3,460**	**4,795**

Accounting policy for provisions

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Refunds and replacements

The refunds provision represents the value of goods expected to be returned by customers as a result of 'change of mind' or defective and damaged goods receipted by customers. The replacement provision represents the value of goods expected to be replaced by the Group as a result of defective goods receipted by customers. The provisions are estimated based on historical data using the percentage of actual refunds and replacements against sales revenue and cost of goods sold.

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost in profit or loss.

NOTE 18. CURRENT LIABILITIES – DEFERRED REVENUE

	Consolidated 2024 $'000	Consolidated 2023 $'000
Deferred revenue	21,156	13,665

Movements in deferred revenue during the current financial year are set out below:

	Deferred revenue $'000
Carrying amount at 1 July 2022	14,072
Additional revenue deferred	395,106
Revenue recognised	(395,513)
Carrying amount at 30 June 2023	13,665
Additional revenue deferred	505,332
Revenue recognised	(497,841)
Carrying amount at 30 June 2024	**21,156**

Refer to note 4 for the accounting policies on deferred revenue.

NOTE 19. EQUITY – CONTRIBUTED CAPITAL AND TREASURY SHARES

	Consolidated 2024 Shares	2023 Shares	2024 $'000	2023 $'000
Ordinary shares – fully paid	118,570,156	120,253,448	101,944	114,472

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2022	120,514,583		115,784
Issue of shares to Employee Share Trust	29 July 2022	378,921	$3.71	1,406
Exercise of options	22 December 2022	181,026	$0.99	180
Issue of shares to Employee Share Trust	28 December 2022	1,875,172	$5.01	9,397
Shares bought back and cancelled	see 'Ordinary shares' note below	(2,696,254)		(12,295)
Balance	30 June 2023	120,253,448		114,472
Shares bought back and cancelled	see 'Ordinary shares' note below	(1,683,292)		(12,528)
Balance	**30 June 2024**	**118,570,156**		**101,944**

Movements in treasury shares

Details	Date	Shares	Issue price	$'000
Balance	1 July 2022	–		–
Shares purchased under LTVR scheme	29 July 2022	(378,921)	$3.71	(1,406)
Shares transferred to employees under LTVR scheme	29 July 2022	378,921	$3.71	1,406
Shares purchased under LTVR scheme	28 December 2022	(1,875,172)	$5.01	(9,397)
Shares transferred to employees under LTVR scheme	28 December 2022	1,875,172	$5.01	9,397
Balance	30 June 2023	–		–
Shares purchased under LTVR scheme		–		–
Shares transferred to employees under LTVR scheme		–		–
Balance	**30 June 2024**	**–**		**–**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

On 3 April 2023, the Group initiated an on-market share buy-back program up to a maximum value of $30,000,000 for a period up to 12 months from initiation. The program concluded on 19 March 2024, following which the Group initiated a new on-market share buy-back program up to a maximum value of $30,000,000 on 17 June 2024.

During the year ended 30 June 2024, the Group purchased 1,735,838 ordinary shares (2023: 2,697,582) on issue at average price of $7.22 (2023: $4.56) under the on-market share buy-back programs. Of the total shares bought back, 1,683,292 ordinary shares (2023: 2,696,254) were cancelled as at 30 June 2024.

Treasury shares

Treasury shares represent own equity instruments which are issued or acquired for later payment as part of employee share-based payment arrangements and deducted from equity. These shares are held in trust by the trustee of the Temple & Webster Group Ltd Employee Share Trust and vest in accordance with the conditions attached to the granting of the shares. The accounting policy applied in respect of share-based payments is disclosed in note 21. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Capital is regarded as total equity, as recognised in the consolidated statement of financial position, plus net debt. Net debt is calculated as total borrowings and trade and other payables, less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Group would look to raise capital when an opportunity to invest in a business or company is seen as value adding relative to the current Company's share price at the time of the investment. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2024 and 30 June 2023. The Group used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives in the financial year ended 30 June 2024 and 30 June 2023.

Accounting policy for contributed capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 20. EQUITY – RESERVES

	Consolidated	
	2024 $'000	2023 $'000
Share-based payments reserve	18,662	9,128
	18,662	**9,128**

Accounting policy for reserves

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and to other parties as part of their compensation for services.

Shares issued to employees by the Temple & Webster Employee Share Trust are recognised against the reserve.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments $'000
Balance at 1 July 2022	11,302
Transaction Cost	(28)
Shares issued to employees under LTVR scheme	(10,803)
Share-based payments	3,103
Tax impact on share-based payments	5,554
Balance at 30 June 2023	**9,128**
Transaction Cost	–
Shares issued to employees under LTVR scheme	–
Share-based payments	3,854
Tax impact on share-based payments	5,680
Balance at 30 June 2024	**18,662**

NOTE 21. SHARE-BASED PAYMENTS

Long-Term Variable Remuneration ('LTVR') plans were established by the Group and approved by the Board, whereby the Group may, at the discretion of the Nomination and Remuneration Committee, grant performance rights, options or restricted rights over ordinary shares in the Company to employees and directors of the Group. The performance rights are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee. The options are issued at a pre-determined consideration amount and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee. The restricted rights are issued based on participants sacrificing a portion of their salary in return for a grant of restricted rights. The LTVR performance targets are based on share price hurdles, total shareholder returns or earnings per share which are set at the beginning of the performance period and are aligned to business level strategic priorities. Each participant is required to meet a service condition for performance rights to vest.

Set out below are summaries of performance rights granted under the LTVR plans as at 30 June 2024:

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Vested but not exercised	Exercised	Expired/ forfeited/ replaced	Balance at the end of the year
28/06/2021	30/06/2023	$0.00	109,705	–	–	–	(109,705)	–
21/12/2021	30/06/2024	$0.00	104,083	–	–	–	–	104,083
30/06/2022	30/06/2026	$0.00	538,756	–	–	–	(538,756)	–
11/05/2023	30/06/2025	$0.00	272,728	–	–	–	–	272,728
13/11/2023	30/06/2026	$0.00	–	195,144	–	–	–	195,144
1/12/2023	31/08/2025	$0.00	–	18,509	–	–	–	18,509
1/12/2023	31/08/2026	$0.00	–	18,509	–	–	–	18,509
1/04/2024	31/08/2025	$0.00	–	3,022	–	–	–	3,022
1/04/2024	31/08/2026	$0.00	–	3,022	–	–	–	3,022
			1,025,272	**238,206**	**–**		**(648,461)**	**615,017**

The weighted average remaining contractual life of performance rights outstanding at the end of the 2024 financial year was 1.19 years.

Set out below are summaries of performance rights granted under the LTVR plans as at 30 June 2023:

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Vested but not exercised	Exercised	Expired/ forfeited/ replaced	Balance at the end of the year
1/07/2018	31/08/2021	$0.00	328,923	–	–	(328,923)	–	–
15/02/2019	31/08/2021	$0.00	50,000	–	–	(50,000)	–	–
1/07/2018	31/08/2022	$0.00	500,000	–	–	(500,000)	–	–
1/07/2018	31/08/2022	$0.00	1,300,000	–	–	(1,300,000)	–	–
1/07/2019	31/08/2022	$0.00	75,172	–	–	(75,172)	–	–
28/06/2021	30/06/2023	$0.00	110,541	–	–	–	(836)	109,705
21/12/2021	30/06/2024	$0.00	109,158	–	–	–	(5,075)	104,083
30/06/2022	30/06/2026	$0.00	538,756	–	–	–	–	538,756
11/05/2023	30/06/2025	$0.00	–	272,728	–	–	–	272,728
			3,012,550	**272,728**	**–**	**(2,254,095)**	**(5,911)**	**1,025,272**

The weighted average remaining contractual life of performance rights outstanding at the end of the 2023 financial year was 2.21 years.

Of the LTVR performance rights granted during the current financial year on 13 November 2023, 50% of the LTVR performance rights have a market vesting condition based on the 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 performance rights have a non-market vesting condition based on the achievement of a certain Earnings Per Share Growth ('EPSG') target.

For the LTVR performance rights granted to the executive and management team with a TSR target, the valuation model inputs used to determine the fair value at the grant date is as follows:

Grant date	Vesting date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
13/11/2023	30/06/2026	$6.61	$0.00	57%	–	4.31%	$4.61

For the LTVR performance rights granted to the executive and management team with an EPSG target, the share price on the grant date is determined to be the fair value at the grant date of $6.61.

The Group also granted new LTVR performance rights ('retention rights') for the selected management team during the current financial year on 1 December 2023 and 1 April 2024. These retention rights have a service condition attached as per which participants should remain in continued service with the Group during the vesting period. For the retention rights, the share price on the grant date is determined to be the fair value at the grant date of $8.10 and $12.23 for retention rights granted on 1 December 2023 and 1 April 2024 respectively.

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

For the LTVR performance rights granted during the previous financial years, the valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Vesting date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
1/07/2018	31/08/2021	$0.76	$0.00	60.00%	–	2.20%	$0.37
1/07/2018	31/08/2022	$0.76	$0.00	58.00%	–	2.19%	$0.76
1/07/2018	31/08/2022	$0.76	$0.00	58.00%	–	2.19%	$0.39
1/07/2019	31/08/2022	$1.38	$0.00	60.00%	–	0.95%	$0.60
28/06/2021	30/06/2023	$11.52	$0.00	66.16%	–	0.02%	$8.71
21/12/2021	30/06/2024	$10.09	$0.00	63.12%	–	0.76%	$5.90
11/05/2023	30/06/2025	$3.77	$0.00	67.76%	–	3.03%	$2.36

Set out below are summaries of options granted under the LTVR and salary sacrifice plans as at 30 June 2024:

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Vested but not exercised	Exercised	Expired/ forfeited/ replaced	Balance at the end of the year
1/07/2018	31/08/2022	$0.74	5,000,000	–	5,000,000	–	–	5,000,000
27/11/2018	30/06/2021	$0.99	362,052	–	362,052	–	–	362,052
30/11/2022	31/08/2026	$7.06	1,200,000	–	–	–	–	1,200,000
30/11/2022	31/08/2026	$9.53	1,200,000	–	–	–	–	1,200,000
30/11/2022	31/08/2026	$12.86	1,200,000	–	–	–	–	1,200,000
			8,962,052	**–**	**5,362,052**	**–**	**–**	**8,962,052**

For the LTVR and salary sacrifice options granted during the previous financial years to the CEO and Non-Executive Directors ('NED'), and still outstanding as at 30 June 2024, the valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Vesting date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
1/07/2018	31/08/2022	$0.76	$0.74	58.00%	–	2.19%	$0.352
27/11/2018	30/06/2021	$0.76	$0.99	60.00%	–	2.20%	$0.594
30/11/2022	31/08/2026	$5.27	$7.06	71.54%	–	3.51%	$3.860
30/11/2022	31/08/2026	$5.27	$9.53	71.54%	–	3.51%	$3.630
30/11/2022	31/08/2026	$5.27	$12.86	71.54%	–	3.51%	$3.400

Set out below are summaries of restricted rights granted under the LTVR plans as at 30 June 2024 and fair value:

Grant date	Vesting date	Fair value	Balance at the start of the year	Granted	Vested but not exercised	Exercised	Expired/ forfeited/ replaced	Balance at the end of the year
12/11/2021	12/11/2021	$10.86	9,729	–	9,729	–	–	9,729
11/05/2023	11/05/2023	$3.77	33,928	–	33,928	–	–	33,928
			43,657	**–**	**43,657**	**–**	**–**	**43,657**

Cash-settled share-based payments of $1,000,000 were granted under the STVR Plan on 1 July 2023 and vested on 30 June 2024 (2023; $634,000). The STVR is dependent on meeting Group and individual performance objectives and each participant is also required to meet a service condition.

Accounting policy for share-based payments

Equity-settled transactions

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. The cost of equity-settled transactions is measured at fair value on grant date. For the LTVR performance rights or options, fair value is independently determined using either the Trinomial, Monte Carlo or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions and hurdles that do not determine whether the Group receives the services that entitle the employees to receive payment. For the STVR performance rights the valuation model used to determine the fair value at the issue date is based on the market value of Temple & Webster Group Ltd shares less dividend yield at the date each performance right was accepted by the participant, or a fixed percentage of remuneration as determined by the Performance Rights Plan.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense (refer to note 6). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability and is determined as a percentage of the fixed remuneration.

NOTE 22. EQUITY – DIVIDENDS

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

NOTE 23. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk) and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a quarterly basis.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group uses foreign exchange forward contracts to manage some of its transaction exposures resulting from purchases in USD. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to six months. The foreign exchange forward contract balances vary with the level of expected foreign currency purchases and changes in foreign exchange forward rates. The foreign exchange forward contracts are measured at fair value through profit or loss.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2024 $'000**	**2023 $'000**	**2024 $'000**	**2023 $'000**
Trade and other payables	–	–	902	1,864
Foreign exchange forward contracts	202	1,303	–	–
Convertible notes	–	596	–	–
	202	**1,899**	**902**	**1,864**

Based on this position, the Group is not exposed to any significant foreign currency sensitivity from its existing assets or liabilities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not materially exposed to any significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is not materially exposed to any significant credit risk. All cash and cash equivalents are held by well-established banks, hence the expected default rate for these institutions is highly unlikely. All receivables are neither past due nor impaired.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable. The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturities for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amounts in the consolidated statement of financial position.

Consolidated – 2024	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	–	36,295	–	–	–	36,295
Other payables	–	2,052	–	–	–	2,052
Total non-interest bearing		38,347	–	–	–	38,347
Interest bearing						
Lease liabilities	4.8	5,255	4,468	7,811	10,980	28,514
Total non-derivatives		**43,602**	**4,468**	**7,811**	**10,980**	**66,861**

Consolidated – 2023	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	–	24,072	–	–	–	24,072
Other payables	–	1,585	–	–	–	1,585
Total non-interest bearing		25,657	–	–	–	25,657
Interest bearing						
Lease liabilities	4.7	4,731	5,123	9,188	13,050	32,092
Total non-derivatives		**30,388**	**5,123**	**9,188**	**13,050**	**57,749**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Accounting policy for financial instruments

AASB 9 *Financial Instruments*

A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and are solely principal and interest. All other financial assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in Other Comprehensive Income ('OCI').

Impairment requirements use an Expected Credit Loss ('ECL') model to recognise an allowance. Impairment is measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

Financial assets – classification and measurement

The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through OCI, or profit or loss) and those to be held at amortised cost. Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Group measures its current financial assets at amortised cost at fair value plus transaction costs unless otherwise stated. These financial assets are subsequently measured using the Effective Interest Rate ('EIR') method and are subject to impairment.

For Trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other current financial assets and other non-current financial assets are initially and subsequently measured at fair value through profit or loss, whilst all transaction costs are expensed immediately at initial recognition. Gains and losses are recognised in the profit or loss.

Financial liabilities

Financial liabilities are classified, at initial recognition, as payables at amortised cost or as derivatives at fair value through profit or loss. The Group's financial liabilities include Trade and other payables and Derivative financial instruments.

The Trade and other payables are recognised initially at fair value plus transaction costs. These financial liabilities are subsequently measured at amortised cost using the EIR method.

Derivatives

The Group uses derivative financial instruments to hedge its risks associated with foreign currency fluctuations arising from operating activities. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

NOTE 24. FAIR VALUE MEASUREMENT

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

Accounting policy for fair value measurement

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.

NOTE 25. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to directors and other members of KMP of the Group is set out below:

	Consolidated	
	2024 $	2023 $
Fixed short-term employee benefits	1,826,924	1,550,617
Post-employment benefits	134,510	113,914
Variable short-term employee benefits	262,356	147,540
Share-based payment	3,735,543	2,475,999
	5,959,233	**4,288,070**

NOTE 26. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Ernst & Young Australia, the auditor of the Group:

	Consolidated	
	2024 $	2023 $
Audit services – Ernst & Young Australia		
Audit or review of the financial report	304,882	271,440
Other services – Ernst & Young Australia		
Due diligence	95,000	–
Other tax services	64,000	7,000
Tax compliance	39,250	40,016
Other	3,500	14,000
	506,632	**332,456**

NOTE 27. CONTINGENT LIABILITIES

The Group had no contingent liabilities at 30 June 2024 and 30 June 2023.

NOTE 28. COMMITMENTS

The Group had no capital commitments at 30 June 2024.

NOTE 29. RELATED PARTY TRANSACTIONS

Parent entity

Temple & Webster Group Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Key management personnel

Disclosures relating to key management personnel are set out in note 25 and the Remuneration report included in the Directors' report.

Transactions with related parties

No transactions with related parties other than key management personnel occurred in the current and previous financial year.

Receivable from and payable to related parties

There were no outstanding balances in relation to transactions with related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

NOTE 30. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Consolidated statement of profit or loss and other comprehensive income

	2024 $'000	2023 $'000
Loss after income tax	(4,584)	(5,811)
Total comprehensive loss	**(4,584)**	**(5,811)**

Consolidated statement of financial position

	2024 $'000	2023 $'000
Total current assets	77,915	72,235
Total assets	83,956	78,275
Total current liabilities	38,568	25,310
Total liabilities	38,568	25,310
Net assets	45,388	52,965
Equity		
Contributed capital	119,868	132,395
Reserves	13,885	4,351
Accumulated losses	(88,365)	(83,781)
Total equity	**45,388**	**52,965**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policies

The accounting policies of the parent entity are consistent with those of the Group except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and their receipt may be an indicator of an impairment of the investment.

Deed of cross guarantee

The parent entity is a party to a deed of cross guarantee (refer to note 32).

NOTE 31. INTERESTS IN SUBSIDIARIES

The consolidated financial statements of the Group include the following subsidiaries:

			Ownership interest	
Name	Principal place of business/Country of incorporation	Country of tax residency	2024 %	2023 %
Temple & Webster Pty Ltd	Australia	Australia	100.00%	100.00%
Temple & Webster Services Pty Ltd	Australia	Australia	100.00%	100.00%
TPW Group Services Pty Ltd	Australia	Australia	100.00%	100.00%
Milan Direct Group Investments Pty Ltd	Australia	Australia	100.00%	100.00%
Milan Direct Pty Ltd	Australia	Australia	100.00%	100.00%
Milan Direct UK Pty Ltd	Australia	Australia	100.00%	100.00%
Temple & Webster NZ Ltd	New Zealand	New Zealand	100.00%	100.00%
Temple & Webster Group Ltd Employee Share Trust	Australia	Australia	100.00%	100.00%

The principal continuing activities of the Group consisted of the sale of furniture, homewares and home improvements products.

NOTE 32. DEED OF CROSS GUARANTEE

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

- Temple & Webster Group Ltd (Holding entity)
- Temple & Webster Pty Ltd
- Temple & Webster Services Pty Ltd
- TPW Group Services Pty Ltd
- Milan Direct Group Investments Pty Ltd
- Milan Direct Pty Ltd
- Milan Direct UK Pty Ltd

By entering into the deed, the wholly-owned Australian entities have been relieved from the requirement to prepare financial statements and directors' reports under ASIC Corporations ('Wholly-owned Companies') Instrument 2016/785 issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the ASIC Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Temple & Webster Group Ltd, they also represent the 'Extended Closed Group'.

The consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position are substantially the same as the Group and therefore have not been separately disclosed.

NOTE 33. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated	
	2024 $'000	**2023 $'000**
Profit after tax for the year	1,786	8,305
Adjustments for:		
Share-based payment expense	3,854	3,103
Depreciation and amortisation	5,830	5,271
Loss on disposal of fixed assets	–	392
Deferred income tax (benefit)/expense	1,133	1,720
Change in fair value of other non-current assets	3,024	–
Share of loss of an associate	2,425	691
Interest on make-good	65	–
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(774)	(294)
(Increase)/decrease in inventories	(8,372)	8,267
(Increase)/decrease in tax receivables	329	(329)
(Increase)/decrease in other assets	474	(433)
(Increase)/decrease in other current financial assets	1,101	420
Increase/(decrease) in trade and other payables	10,315	(2,951)
Increase/(decrease) in employee benefits	598	396
Increase/(decrease) in other provisions	(110)	(263)
Increase/(decrease) in deferred revenue	7,491	(407)
Increase/(decrease) in income tax payable	825	(1,883)
Net cash from operating activities	**29,994**	**22,005**

NOTE 34. EARNINGS PER SHARE

	Consolidated	
	2024 $'000	2023 $'000
Profit after income tax attributable to the owners of Temple & Webster Group Ltd	1,786	8,305
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	119,175,160	121,770,049
Effects of dilution from share-based payments	5,778,688	4,963,211
Weighted average number of ordinary shares used in calculating diluted earnings per share	124,953,848	126,733,260
	Cents	Cents
Basic earnings per share	1.50	6.82
Diluted earnings per share	1.43	6.55

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Temple & Webster Group Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 35. MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The accounting policies adopted in the preparation of the Group's annual 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 2024. Several amendments and interpretations apply for the first time in the current financial year, but do not have an impact on the annual consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The consolidated financial statements provide comparative information in respect of the previous period with the exception of new accounting standards adopted in the period.

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention except for financial instruments, which are measured at fair value.

Critical accounting estimates

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2.

Changes in Presentation

There have been no changes in presentation during the current financial year.

Parent entity information

In accordance with the Corporations Act 2001, these consolidated financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Temple & Webster Group Ltd as at 30 June 2024 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Current and non-current classification

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Group 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.

NOTE 36. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. Management is currently assessing the impact of these standards on the Group's financial statements in the year of initial application.

NOTE 37. EVENTS AFTER THE REPORTING PERIOD

There has been no matter or circumstance that has arisen since 30 June 2024 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.

Consolidated entity disclosure statement

30 June 2024

Name	Entity Type	Body corporate country of Incorporation	Country of tax residence	Body corporate % of ownership interest 2024 %	2023 %
Temple & Webster Pty Ltd	Body corporate	Australia	Australia	100.00%	100.00%
Temple & Webster Services Pty Ltd	Body corporate	Australia	Australia	100.00%	100.00%
TPW Group Services Pty Ltd	Body corporate	Australia	Australia	100.00%	100.00%
Milan Direct Group Investments Pty Ltd	Body corporate	Australia	Australia	100.00%	100.00%
Milan Direct Pty Ltd	Body corporate	Australia	Australia	100.00%	100.00%
Milan Direct UK Pty Ltd	Body corporate	Australia	Australia	100.00%	100.00%
Temple & Webster NZ Ltd	Body corporate	New Zealand	New Zealand	100.00%	100.00%
Temple & Webster Group Ltd Employee Share Trust	Body corporate	Australia	Australia	100.00%	100.00%

Directors' declaration

30 June 2024

In the Directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 35 to the consolidated financial statements;
- the attached consolidated financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct;
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 32 to the consolidated financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Stephen Heath
Chair

13 August 2024
Sydney

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Independent auditor's report to the members of Temple & Webster Group Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Temple & Webster Group Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2024 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Why significant	How our audit addressed the key audit matter
As disclosed in note 4 to the financial report, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The majority of the Group's revenue transactions are completed through the "drop-ship" model, whereby suppliers deliver goods directly to the Group's customers. The Group is the principal in these transactions; therefore, revenue is recognised as the gross selling price net of rebates and discounts. Revenue is only recognised when delivery of goods is made to the customer. Judgement is required in determining the date of delivery in instances where an order has been shipped, but delivery status remains unknown at the year end date. Due to the judgement involved in this assessment, the volume of online retail transactions processed on a daily basis, and the arrangements in place with suppliers, the timing of when revenue and deferred revenue is recognised is considered to be a key audit matter.	Our audit procedures included the following: - Assessed the design of relevant controls in place relating to the recognition and measurement of revenue transactions. - Used data analytical procedures to corroborate expected correlations between revenue, cash and deferred revenue. - Selected a sample of revenue transactions during the financial year and subsequent to 30 June 2024 and tested whether revenue was recognised in the correct period. This included testing whether revenue transactions were recognised as deferred revenue at balance date where applicable. - Selected a sample of customer returns and credit notes issued post 30 June 2024 relating to sales recognised in the 2024 financial year and tested whether revenue was recognised in the correct period. - Assessed whether the Group's revenue recognition accounting policy applied to the terms and conditions of sale was in accordance with the requirements Australian Accounting Standards. - Assessed the adequacy of the financial report disclosures relating to revenue contained in note 4.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2024 annual report other than the financial report and our auditor's report thereon. We obtained the Directors' report and Remuneration report that are to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

a. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and;

b. The consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of:

i. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 31 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Temple & Webster Group Ltd for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.

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Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Rachel Rudman
Partner
Sydney
13 August 2024

Corporate directory

Directors	Stephen Heath, Chair and Independent Non-Executive Director Conrad Yiu, Deputy Chair and Non-Executive Director Belinda Rowe, Independent Non-Executive Director Melinda Snowden, Independent Non-Executive Director Mark Coulter, Chief Executive Officer and Managing Director
Company Secretary	Lisa Jones
Registered office/ principal place of business	Building 2/1-7 Unwins Bridge Road St Peters, NSW 2044
Share registry	Link Market Services Limited Level 12 680 George Street Sydney, NSW 2000 Share registry telephone: 1300 554 474
Auditor	Ernst & Young 200 George Street Sydney NSW 2000
Stock exchange listing	Temple & Webster Group Ltd shares are listed on the Australian Securities Exchange (ASX code: TPW)
Website	www.templeandwebstergroup.com.au
Corporate Governance Statement	Refer to the Group's website for all corporate governance information: www.templeandwebstergroup.com.au/Home/?page=corporate-governance

TEMPLE & WEBSTER