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

1. Company details

Name of entity:	Temple & Webster Group Ltd
ABN:	69 608 595 660
Reporting period:	For the half-year ended 31 December 2019
Previous period:	For the half-year ended 31 December 2018

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	50.2%	to	74,131
Profit from ordinary activities after tax attributable to the owners of Temple & Webster Group Ltd	down	3.2%	to	2,926
Profit for the half-year attributable to the owners of Temple & Webster Group Ltd	down	3.2%	to	2,926

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

Comments
Net profit after tax results in both 2018 and 2019 were impacted by the recognition of deferred tax assets, the Group recommends using net profit before tax for like for like comparisons (2019 was $2,046,000 vs $792,000 in 2018).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security (1)	8.40	5.68

The net tangible assets per ordinary share amount is calculated based on 113,422,884 ordinary shares on issue as at 31 December 2019 (112,511,540 as at 31 December 2018).

4. Control gained or lost over entities

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

5. Audit qualification or review

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

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

(1) Consistent with the Australian Security & Investment Commission interpretation, the Right-of-use asset (AASB 16) and Right of return assets (AASB 15) are intangible assets, and therefore have been excluded from Net tangible assets. Comparative period has also been amended accordingly to exclude the Right of return assets (AASB 15).

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

6. Attachments

Details of attachments (if any):

The Interim Report of Temple & Webster Group Ltd for the half-year ended 31 December 2019 is attached.

7. Signed

Stephen Heath

Chairperson
18 February 2020
Sydney

Temple & Webster Group Ltd

ABN 69 608 595 660

Interim Report – Half-Year Ended 31 December 2019

Contents

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Temple & Webster Group Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

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

Stephen Heath
Susan Thomas
Conrad Yiu
Mark Coulter (appointed 23rd October 2019)

Financial and operational review

Revenue for the half-year was $74,131,000 (2018: $49,360,000) representing an increase of 50.2% on the previous corresponding half-year. Growth was driven by a combination of active customer growth and revenue per active customer.

Gross margin increased in the half-year to $32,848,000 (2018: $22,003,000) predominately driven by the growth in revenue.

Consolidated net profit before tax for the half-year was $2,046,000 (2018: $792,000), up 158% on the previous corresponding half-year. This was largely driven by operating leverage as a result of high revenue growth and fixed costs growing at a slower rate than revenue.

Consolidated net profit after tax for the half-year was $2,926,000 (2018: $3,023,000), NPAT results in both 2018 and 2019 were impacted by the recognition of deferred tax assets, the company recommends using NPBT for like for like comparisons.

Further commentary on the Group's financial results can be found in the Group's half-year results presentation lodged with the ASX on the 18th February.

Rounding of amounts

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

On behalf of the directors.

Stephen Heath

Chairperson

18 February 2020
Sydney

200 George Street
Sydney NSW 2000 Australia
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Auditor's Independence Declaration to the Directors of Temple & Webster Group Ltd

As lead auditor for the review of the half-year financial report of Temple & Webster Group Ltd for the half-year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Graham Leonard
Partner
18 February 2020

Temple & Webster Group Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Note		Consolidated
		31/12/2019	31/12/2018
		$'000	$'000
Revenue			
Revenue from contracts with customers	4	74,131	49,360
Cost of goods sold		(41,283)	(27,357)
Gross margin		32,848	22,003
Net foreign exchange (loss) / gain		(32)	43
Interest income		111	57
Expenses			
Distribution		(10,795)	(6,940)
Marketing		(8,261)	(5,376)
Employee benefits		(8,142)	(6,586)
Merchant fees		(1,149)	(760)
Depreciation and amortisation		(308)	(127)
Finance costs		(19)	-
Other		(2,207)	(1,522)
Profit before income tax expense		2,046	792
Income tax benefit	5	880	2,231
Profit after income tax expense for the half-year attributable to the owners of Temple & Webster Group Ltd		2,926	3,023
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		-	-
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Temple & Webster Group Ltd		2,926	3,023
		Cents	Cents
Basic earnings per share		2.59	2.72
Diluted earnings per share		2.41	2.59

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

Temple & Webster Group Ltd
Statement of financial position
For the half-year ended 31 December 2019

	Note	31/12/2019 $'000	Consolidated 30/06/2019 $'000
Assets			
Current assets			
Cash and cash equivalents	6	15,700	13,539
Trade and other receivables		83	103
Inventories	7	5,474	3,521
Other	8	1,707	1,609
Total current assets		22,964	18,772
Non-current assets			
Right-of-use assets		1,142	-
Property, plant and equipment		394	471
Intangibles	9	7,703	7,596
Other		22	22
Deferred tax asset		4,344	3,464
Total non-current assets		13,605	11,553
Total assets		36,569	30,325
Liabilities			
Current liabilities			
Trade and other payables	10	10,090	8,891
Employee benefits		561	528
Provisions	11	1,284	947
Lease liabilities		372	-
Other		106	30
Deferred revenue		4,444	4,331
Total current liabilities		16,857	14,727
Non-current liabilities			
Employee benefits		329	300
Provisions		85	85
Lease liabilities		786	-
Total non-current liabilities		1,200	385
Total liabilities		18,057	15,112
Net assets		18,512	15,213
Equity			
Contributed capital		76,566	76,566
Share-based payments reserve	12	3,024	2,615
Accumulated losses		(61,078)	(63,968)
Total equity		18,512	15,213

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

Temple & Webster Group Ltd
Statement of changes in equity
For the half-year ended 31 December 2019

Consolidated	Contributed capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2018	76,566	1,586	(67,330)	10,822
Effect of adoption of new accounting standard	-	-	(402)	(402)
Balance at 1 July 2018 (restated)	76,566	1,586	(67,732)	10,420
Profit after income tax benefit for the half-year	-	-	3,023	3,023
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	3,023	3,023
Share-based payments (Note 12)	-	561	-	561
Transaction cost	-	(16)	-	(16)
Balance at 31 December 2018	76,566	2,131	(64,709)	13,988

Consolidated	Contributed capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2019	76,566	2,615	(63,968)	15,213
Effect of adoption of new accounting standard (Note 2)	-	-	(36)	(36)
Balance at 1 July 2019 (restated)	76,566	2,615	(64,004)	15,177
Profit after income tax benefit for the half-year	-	-	2,926	2,926
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	2,926	2,926
Share-based payments (Note 12)	-	420	-	420
Transaction cost	-	(11)	-	(11)
Balance at 31 December 2019	76,566	3,024	(61,078)	18,512

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

Temple & Webster Group Ltd
Statement of cash flows
For the half-year ended 31 December 2019

	Note	31/12/2019 $'000	Consolidated 31/12/2018 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		81,757	53,864
Payments to suppliers and employees (inclusive of GST)		(79,259)	(52,172)
Interest received		111	57
Interest and other finance costs paid		(19)	(2)
Net cash from operating activities		2,590	1,747
Cash flows from investing activities			
Payments for property, plant and equipment		(85)	(77)
Payments for intangibles		(175)	(25)
Net cash (used in) investing activities		(260)	(102)
Cash flows from financing activities			
Transaction costs of issue of shares		(11)	(16)
Payment of lease liabilities		(158)	(20)
Net cash (used in) financing activities		(169)	(36)
Net increase in cash and cash equivalents		2,161	1,609
Cash and cash equivalents at the beginning of the financial half-year		13,539	9,933
Cash and cash equivalents at the end of the financial half-year		15,700	11,542

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

Note 1. General information

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

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 18 February 2020.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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

From 1 July 2019, the group has adopted AASB 16 *Leases* to replace AASB 117 *Leases*. The Group has adopted this standard by using the modified retrospective method, and therefore the comparatives have not been adjusted.

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

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

New, revised or amending Accounting Standards and Interpretations adopted
The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those following in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019, expect for the adoption of new standards effective for the Group as of 1 July 2019. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, AASB 16 *Leases.* As required by AASB 134, the nature and effect of these changes are disclosed below.

Other amendments and interpretations apply for the first time in in the current financial year, but do not have an impact on the interim condensed consolidated financial statements of the Group.

AASB 16 Leases
AASB 16 supersedes AASB 117 'Leases'. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group adopted AASB 16 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

Note 2. Significant accounting policies (continued)

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 at the date of initial application. The group also applied the available practical expedients wherein it:

- Used the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets')
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application

Nature of the effect of adoption of AASB 16
The Group has lease contracts for buildings, machinery and a vehicle. Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

For leases previously classified as finance leases, the Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under AASB 117). The requirements of AASB 16 was applied to these leases from 1 July 2019.

For leases previously accounted for as operating leases, the Group recognised right-of-use assets and lease liabilities, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate of 6.5% at the date of initial application.

The effect of adoption AASB 16 as at 1 July 2019 (increase/(decrease)) is as follows:

	$'000
Right-of-use assets	449
Property, plant and equipment	(92)
Total assets	**357**
Lease liabilities	473
Trade and other payables	(80)
Total current liabilities	**393**
Net assets	**(36)**
Accumulated losses	(36)
Total Equity	**(36)**

Summary of new accounting policies
Set out below are the new accounting policies of the Group upon adoption of AASB 16, which have been applied from the date of initial application:

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.

Note 2. Significant accounting policies (continued)

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 its 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 expense in the period on 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 expense on a straight-line basis over the lease term.

Significant judgement in 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 has the option, under some of its leases to lease the assets for additional terms of three to four years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, 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). The Group has not included the renewal period as part of the lease term for leases of buildings due to uncertainty around the current capacity meeting future Group's requirements.

Presentation and disclosure requirements
As required for the interim financial statements, the Group has recognised the relevant Right-of-use asset and Lease liabilities in relation to the leases the Group currently holds.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	$'000
Minimum lease payments under operating leases as of 30 June 2019	413
Effect from discounting at the incremental borrowing rate	(32)
Liabilities additionally recognised based on initial application of AASB 16	381
Other	39
Liabilities from finance leases as of 30 June 2019	53
Liabilities from leases as of 1 July 2019	**473**

Note 3. Operating segments

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

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

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

Note 4. Revenue from contracts with customers

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

		Consolidated
	31/12/2019	31/12/2018
	$'000	$'000
Sale of goods	73,769	49,010
Purchase protection	362	350
	74,131	49,360

Note 5. Income Tax Benefit

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

		Consolidated
	31/12/2019	31/12/2018
	$'000	$'000
Current income tax expense	(919)	(283)
Unders and overs from previous financial year	(24)	-
Deferred income tax benefit relating to origination and reversal of temporary differences	144	-
Deferred income tax benefit relating to losses utilised	919	283
Deferred income tax benefit relating to the recognition of losses available for offsetting against future taxable income	760	2,231
	880	2,231

Note 6. Current assets - cash and cash equivalents

		Consolidated
	31/12/2019	30/06/2019
	$'000	$'000
Cash at bank	2,882	5,169
Cash on deposits	12,818	8,370
	15,700	13,539

Note 7. Current assets – inventories

		Consolidated
	31/12/2019	30/06/2019
	$'000	$'000
Stock in transit	1,573	780
Stock on hand	4,239	2,930
Less: Provision for obsolescence	(338)	(189)
	5,474	3,521

Inventory that was recognised as an expense in profit or loss amounted to $41,283,000 for the half-year ended 31 December 2019 ($27,357,000 for the half-year ended 31 December 2018).

Note 8. Current assets – other

		Consolidated
	31/12/2019	30/06/2019
	$'000	$'000
Prepayments	1,442	1,368
Security deposits	120	113
Right of return assets	145	128
	1,707	1,609

Note 9. Non-current assets - intangibles

	Consolidated 31/12/2019 $'000	Consolidated 30/06/2019 $'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	1,984	1,967
Less: Accumulated amortisation	(460)	(429)
Less: Impairment	(1,474)	(1,474)
	50	64
Development	340	182
Customer relationships - at cost	338	338
Less: Accumulated amortisation	(338)	(301)
	-	37
	7,703	7,596

Reconciliations

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

Consolidated	Goodwill $'000	Brands $'000	Software and websites $'000	Development $'000	Customer relationships $'000	Total $'000
Balance at 1 July 2018	4,532	2,781	82	-	121	7,516
Additions	-	-	-	24	-	24
Amortisation expense	-	-	(29)	-	(43)	(72)
Balance at 31 December 2018	4,532	2,781	53	24	78	7,468
Balance at 1 July 2019	4,532	2,781	64	182	37	7,596
Additions	-	-	17	158	-	175
Amortisation expense	-	-	(31)	-	(37)	(68)
Balance at 31 December 2019	4,532	2,781	50	340	-	7,703

Note 10. Current liabilities - trade and other payables

	Consolidated	
	31/12/2019	30/06/2019
	$'000	$'000
Trade payables	4,542	6,553
Accrued payables	4,289	728
Employee related payables	311	922
Cash-settled share-based payments	157	242
On-costs on share-based payments	31	133
Other payables	760	313
	10,090	8,891

Note 11. Current liabilities – provisions

	Consolidated	
	31/12/2019	30/06/2019
	$'000	$'000
Refunds and replacements	1,260	923
Lease make good	24	24
	1,284	947

Note 12. Share-based payments

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

Grantee	Grant date	Vesting date	Number of Shares	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value at grant date
Executive team	1/07/2019	31/08/2022	114,898	$1.38	$0.00	60.00%	0.95%	$0.600

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

For the six months ended 31 December 2019, the Group has recognised $420,000 of share-based payment expense in the statement of profit or loss (31 December 2018: $561,000).

Issue of shares
During the current financial year, the executives have exercised performance rights to acquire 824,142 fully paid ordinary shares in the Company.

Additionally, the short-term incentive ('STI') plan for non-executive employees, established in the previous financial year, was completed and respective targets met, resulting in 42,048 shares being issued in September 2019.

Note 13. Equity - dividends

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

Note 14. Fair value measurement

The carrying amounts of trade and other receivables, trade and other payables and other financial assets and liabilities are assumed to approximate their fair values due to their short-term nature.

Note 15. Contingent liabilities

The Group had no contingent liabilities at 31 December 2019 and 30 June 2019.

Note 16. Related party transactions

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

Note 17. Events after the reporting period

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Temple & Webster Group Ltd
Directors' declaration
31 December 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Stephen Heath

Chairperson
18 February 2020
Sydney

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Temple & Webster Group Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Ernst & Young

Graham Leonard
Partner
Sydney
18 February 2020