Appendix 4E

Redbubble Limited
ABN: 11 119 200 592
Year ended 30 June 2023
(Previous corresponding period: Year ended 30 June 2022)
Results for announcement to the market

	Year ended 30 June 2023 $'m	Year ended 30 June 2022 $'m	Movement	Change $'m	Change % [1]
Marketplace revenue	**467.5**	482.6	Down	(15.1)	(3.1%)
Artist revenue	**87.6**	90.8	Down	(3.2)	(3.5%)
Total revenue from ordinary activities	**555.1**	573.4	Down	(18.3)	(3.2%)
Profit / (loss) from ordinary activities before tax attributable to members [2]	**(51.6)**	(22.3)	Up	(29.3)	(131.4%)
Profit / (loss) from ordinary activities after tax attributable to members [2]	**(54.2)**	(24.6)	Up	(29.6)	(120.3%)
Net profit / (loss) for the year attributable to members [2]	**(54.2)**	(24.6)	Up	(29.6)	(120.3%)

(1) Change % calculations are based on numbers to nearest thousand dollars ($000).

(2) Profit / (loss) results include redundancy costs of $4.2m for cost saving initiatives that were enacted during the year and capitalised development costs of $2.8m that were derecognised and expensed during the financial year.

Dividends
Redbubble Limited has not paid and does not propose to pay dividends for the year ended 30 June 2023 (2022: Nil). There are no dividend or distribution reinvestment plans in operation.

Net tangible assets per security

	30 June 2023 cents	30 June 2022 cents
Net tangible assets per security [1]	**(6.5)**	11.5

(1) Net tangible assets include right-of-use assets recognised under AASB 16 Leases.

Other information
Detailed analysis of the results for the year ended 30 June 2023 is contained in the Redbubble ASX release and Investor Presentation announcing the full year financial results, and the review of operations in the Directors' Report accompanying the attached Consolidated Financial Statements.

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in and should be read in conjunction with, the Consolidated Financial Statements for the year ended 30 June 2023.

This report is based on the Consolidated Financial Statements for the year ended 30 June 2023 which has been audited by Ernst & Young with the Independent Auditor's Report included in the Consolidated Financial Statements.

Contents

Directors' Report

Your Directors present their report on the consolidated entity, consisting of Redbubble Limited (the Company or Redbubble) and the entities it controlled during the financial year ended 30 June 2023 (referred to hereafter as the Redbubble Group or Group).

Directors

The following persons were Directors of the Company during the 2023 financial year and to the date of this Report:

Martin Hosking	Group CEO and Managing Director (appointed effective 27 March 2023, following a period as a Non-executive Director)
Anne Ward	Chair, Independent Non-executive Director
Jennifer (Jenny) Macdonald	Independent Non-executive Director
Ben Heap	Independent Non-executive Director
Greg Lockwood	Independent Non-executive Director
Bob Sherwin	Independent Non-executive Director (appointed effective 1 November 2022)

Principal activities

The Redbubble Group owns and operates the leading global online marketplaces, Redbubble.com and TeePublic.com. These marketplaces facilitate artists' design and sale of a range of products printed with the artists' artwork to their customers worldwide. The products are produced and shipped by third party service providers (i.e. product manufacturers, printers and shipping companies) referred to as fulfillers. There was no significant change in the nature of Redbubble Group's activities during the year.

Review of operations

A summary of financial results (with year on year (YoY) growth rates, where applicable) is set out below:

- Marketplace Revenue of $468 million, down 3% from FY22
- Gross Profit of $174 million, down 5% from FY22
- Gross Profit after Paid Acquisition (GPAPA) of $98m, down 9% from FY22
- An EBITDA loss of $41 million, compared to a loss of $11 million in FY22
- A net loss after tax (NPAT) of $54 million, compared to a loss of $25 million in FY22
- An operating cash outflow of $37 million, compared to an inflow of $3 million in FY22
- A closing cash balance as at 30 June 2023 of $36 million

A reconciliation of reported results to non-IFRS numbers in this Directors' Report is set out below. Non-IFRS measures are presented to provide readers a better understanding of the Redbubble Group's financial performance. The non-IFRS measures are unaudited, however, they have been derived from the audited financial statements.

Table 1: Reconciliation of reported results to non-IFRS [(1)] numbers

	FY2023 $'m [(2)]	FY2022 $'m [(2)]
Marketplace revenue	467.5	482.6
Artists' revenue	87.6	90.8
Total reported revenue from contracts with customers	**555.1**	**573.4**
Artists' expenses [(3)]	(85.9)	(90.8)
Fulfiller expenses	(295.0)	(299.5)
Gross profit	**174.2**	**183.1**
Gross profit margin on Marketplace revenue	37.3%	37.9%
Paid acquisition costs	(76.6)	(76.4)
Gross Profit After Paid Acquisition costs (GPAPA)	**97.6**	**106.7**
GPAPA% (on Marketplace revenue)	**20.9%**	**22.1%**
Employee and contractor costs (excluding share-based payments expense)	(82.4)	(70.3)
Marketing expenses (excluding paid acquisition costs shown above)	(9.3)	(4.0)
Operations, administration and technology expenses	(37.8)	(36.1)
Operating Earnings Before Interest, Tax, Depreciation and Amortisation (Operating EBITDA)	**(31.8)**	**(3.6)**
Share-based payments expense	(5.6)	(6.9)
Other expenses (excluding interest expenses)	(3.3)	(0.7)
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**(40.7)**	**(11.2)**
Depreciation and amortisation	(10.7)	(10.7)
Earnings before interest and tax (EBIT)	**(51.4)**	**(21.9)**
Interest expenses	(0.3)	(0.4)
Interest income	0.2	0.0
Total profit/(loss) before income tax	**(51.6)**	**(22.3)**
Income tax benefit/(expense)	(2.6)	(2.3)
Reported total profit/(loss) for the year	**(54.2)**	**(24.6)**

(1) Non-IFRS measures are presented to provide readers a better understanding of Redbubble's financial performance. The non-IFRS measures are unaudited, however, they have been derived from the audited financial statements.

(2) For presentation purposes, numbers have been rounded to millions of dollars, however calculations and totals are based on unrounded numbers.

(3) Artists' expenses comprise artists revenue less marketplace fees and charges recovered from artists.

FY23 was a challenging year for the Group, as the business responded to an evolving consumer landscape and continued uncertainty in the operating environment. Marketplace revenue for FY23 was slightly below FY22, primarily driven by weak trading conditions in the US, the Group's largest market. There was also notably less demand for more discretionary products, such as homewares, in an uncertain economic environment.

At the beginning of the financial year, the Group continued to invest in internal capacity and capability, particularly within the product and engineering teams, and a brand awareness project. Unfortunately, this investment coincided with a softening of consumer demand in the months that followed, and it became apparent that this level of investment would not deliver a commensurate return in the near term. This investment, combined with the reduction in Marketplace Revenue led to the Group's full year EBITDA loss.

In January, the Group announced a number of cost-reduction measures to substantially reduce the Group's operating expenditure to assist the Group to return to sustainably positive underlying cash flow[1]. In May, further steps were taken to accelerate this. Together, these initiatives are expected to reduce operating expenditure by $45 million on an annualised basis, with the full benefit expected to be realised from the start of FY24.

During the second half of the financial year, the Group focused its efforts on a narrow set of priorities which were expected to drive a financial benefit in the near term, further detail on this is provided below. Importantly, the 4QFY23 GPAPA was 13% higher than the prior corresponding period and the GPAPA margin was 28.5%, up 550 basis points, on the prior corresponding period. This focus, alongside the cost reduction initiatives, enabled the Group to achieve neutral underlying cash flow in July 2023, providing a stable financial footing to commence FY24. Building upon this cash position will remain a priority going forward.

The Group holds $36 million in cash as at 30 June 2023, and has no debt on the balance sheet.

The Group has also put in place a number of measures to reduce the amount of non-additive content being uploaded to the Redbubble marketplace, following a surge in low-quality content uploads during the pandemic. This content was not particularly unique or creative, and given the volume, it negatively impacted customers' overall experience. During the second half, the Group put in place further measures to address this issue, including increased friction to the artist sign-up process. Now, before a new artist's content becomes discoverable on the marketplace, the artist's account must be reviewed by human eyes. This has enabled the Group to reduce the amount of non-additive content appearing on the marketplace.

[1] Underlying cash flow defined as operating EBITDA less payments for capitalised development costs, leases and property, plant and equipment (PPE).

Business strategies and future developments

Throughout the second half of the financial year management took decisive action to reposition the Group. Some of the key initiatives are as follows:

- In May, the Group rolled out artist account tiers on the Redbubble marketplace, and an associated fee for some accounts. This initiative contributed $1.7 million to FY23 Gross Profit in the two months since it was implemented. On the TeePublic Marketplace it also introduced artist accounts to enable it to differentiate its service fee.
- Improving search and discovery to ensure relevant and engaging content is surfaced to customers was a primary focus during FY23. The Group is increasingly using AI to help improve this function.
- Considerable work has also gone into scaling the Group's marketplace fulfilment capabilities. This included rolling out a dynamic order routing system for the Redbubble marketplace in the US. The improved margins during the year are assisting the Group to improve its underlying cash flow.

The Group also announced an organisational restructure to more clearly define the Group function and two operating companies, Redbubble and TeePublic. The expectation is that this new structure will enable each marketplace to have a greater focus on their individual strengths and unique value propositions, which has become increasingly important in the Group's evolving operating environment. The new structure is effective for FY24.

While the Group significantly reduced its cost base this year, the business was careful to maintain adequate resources to allow continued investment in areas that are expected to drive growth over the long term.

During the year, Chief Executive Officer (CEO) Michael Ilczynski resigned on 27 March 2023. Upon his resignation, the Group appointed the Group's co-founder and largest shareholder, Martin Hosking, to the role of Group CEO and Managing Director. Chief Financial Officer (CFO), Emma Clark, also left the organisation during the year and Rob Doyle was appointed the Group's CFO in March 2023. Prior to joining the Group, Rob was CFO of Domain Group, an S&P/ASX 200 company, which operates a leading property marketplace in Australia.

The Group also welcomed a new Director, Bob Sherwin, to the Board in FY23. Bob was appointed after an extensive external search to identify a Director with experience in scaling e-commerce marketplaces, particularly in North America - the Group's largest market, to complement the existing Director's skill set. Based in the US, Bob is currently Chief Marketing Officer of Wayfair, one of the world's largest online destinations for home furnishings, housewares and home improvement goods.

Looking ahead, the Group remains optimistic about the future. The Group currently comprises two established marketplaces with tremendous growth potential and is entering the new financial year on stable footing, focused on continuing to drive improvements in operating margins and maintaining strong cost discipline. The Group is confident that it has established the foundation for a return to growth and sustainably positive underlying cash flow.

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American Depositary Receipts Program

The Group has terminated its Level 1 American Depository Receipts Program (ADR Program) due to the Group's ongoing focus to reduce its operating expenditure and reflecting the modest take up by investors. The Group's nominated depository bank, the Bank of New York Mellon (BNYM), has advised ADR holders on the termination process, including how to convert ADRs into RBL ordinary shares.

Significant changes in the state of affairs

In the Directors' opinion, there have been no significant changes in the state of affairs of Redbubble Group during the 2023 financial year.

Significant events after end of the 2023 financial year

In the Directors' opinion, other than set forth below, there have been no matters or circumstances arising since the end of the 2023 financial year that has significantly affected, or may significantly affect:

- Redbubble Group's operations in future financial years;
- the results of those operations in future financial years; or
- Redbubble Group's state of affairs in future financial years.

In July 2023, the Group's subsidiary, Redbubble Inc., received two favourable decisions from the United States Court of Appeals for the Ninth Circuit in ongoing litigation commenced by Brandy Melville and Atari Interactive, Inc., relating to alleged intellectual property infringement. In the Atari Interactive case, the Ninth Circuit upheld the district court's judgement in Redbubble Inc.'s favour. In the Brandy Melville case, the Ninth Circuit agreed that Redbubble Inc. cannot be held contributorily liable when third parties misuse its services to infringe without its knowledge, and remanded the case to the district court to decide any remaining issues under that legal standard. These rulings reflect the significant investment that Group continues to make in its processes to protect the interests of artists and rights holders on its marketplaces.

In August 2023, the Group renegotiated its current San Francisco office lease and signed a new lease agreement for a term of four years and six months. As a result of this lease modification, the Group will recognise a right of use asset of $3.2m and a lease liability of $3.2m subsequent to year end.

Dividends

No dividends were paid or declared since the start of the 2023 financial year. Given the opportunities to invest in key initiatives, coupled with the uncertain future macro environment, the Board does not expect to pay a dividend in the short to medium term.

Environmental Regulations and Performance

Redbubble Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth of Australia or of a State or Territory.

Environmental, Social and Governance (ESG)

Delivering positive social impacts is inherent to the Group's marketplaces: economically empowering artists, supporting freedom of expression, and advancing the arts. These core outcomes directly correlate with the Sustainable Development Goals of the United Nations (SDG 8 - Decent Work and Economic Growth) and Universal Declaration of Human Rights (Articles 10 and 27). With this in mind, ESG is understandably a part of our ethos and the way in which we operate. Our three ESG pillars (Prosperity, People, Planet) provide a framework we use to set, track and report on the social and environmental impacts of our marketplaces.

Following a commitment we first made in 2021, we published our first standalone ESG report in October 2022 https://shareholders.redbubble.com/site/esg-information, which outlines the Group's ESG strategy, focus areas, and commitments. This year, to reiterate the alignment of our ESG strategy with our broader business objectives, we have decided to integrate our ESG report into our annual report (to be released later this year). ESG highlights this year, which will be detailed further in our annual report, include:

- Artists earned $86m on the Redbubble and TeePublic marketplaces
- Endorsement of United Nations Women's Empowerment Principles
- Membership into the Business for Social Responsibility
- Maintained strong record of pay parity by gender
- Onboarded Climate Neutral Brand Emissions Estimator
- Redbubble and TeePublic invested in REDD+ Rainforest Preservation Project
- Product return (waste) rate improvements (1.3% CY22 to 1.1% CY23 YTD)
- 28 third-party fulfillers who participate in the Redbubble and TeePublic marketplaces scored highly enough to receive Workplace Conditions Assessment (WCA) awards

Risk Management

The Redbubble Group seeks to ensure that a consistent and integrated approach to managing risk is established at all levels and is embedded in its processes and culture. This enables the Group to take on and manage risk in ways that will generate and protect shareholder value.

The Board recognises that an overly cautious approach to risk management may adversely impact the achievement of strategic and operational objectives.

Accordingly, the prudent assumption of risk in a manner that balances the risks of action versus inaction is encouraged.

The Board is ultimately responsible for ensuring risk management processes are in place and operating effectively, while the Audit and Risk Committee is responsible for overseeing the Group's ongoing risk management program framework and any key supporting policies and procedures.

The Group CEO and the Executive Team are responsible for managing and embedding risk management practices throughout the Group.

The Group continuously reviews its risk management framework to ensure that it remains fit for purpose and provides assurance to the Board that risk is being managed effectively throughout the Group.

Principal risks

The following are key risks that may impact the Group's financial and operating results in future periods:

- Competition risk - The Group's marketplaces operate in a competitive landscape alongside other online marketplaces and e-commerce websites with competing offerings and geographically diverse presences. There is the potential for the Group's business to be disrupted by new technologies or business models in the market segments in which it does business, such as new or existing user-generated content platforms and online marketplaces. The Group manages these risks in various ways, including by focusing on ensuring that its marketplaces provide a competitive offering for artists and their customers.

- Risk from macroeconomic uncertainty and shifts in consumer trends - The Group is subject to macroeconomic and environmental risks that may affect global supply chains and consumer demand, including sustained or short-term reductions in demand for online shopping generally or the product categories available to be sold on the Group's marketplaces. As a result of global events (including those related to the COVID pandemic, war, environmental changes, and political and economic instability), key geographies are experiencing, or may experience in the future, supply chain disruptions and economic slowdowns of uncertain severity and duration, which may affect discretionary consumer spending and consumer disposable income. The print-on-demand industry is characterised by rapidly changing technology, new service and product offerings, industry consolidation and evolving consumer demands, and the Group relies on consumer trends toward de-branded, made-to-order creative and personalised products and consumer demand for the type of content and products sold by artists on the Group's marketplaces. Although these risks are largely outside of the Group's control, it manages them in various ways, including by seeking diversity in product mix, geographic presence and the third-party fulfilment network.

- Dependence on third parties who provide services on the Group's marketplaces - The Group's online marketplaces depend on a network of third-party payment processors and fulfillers, which are independently operated businesses that participate in its marketplaces. The Group's marketplaces depend on third-party fulfillers to produce products that artists want to print their art on and sell, but the Group does not enter into manufacturing contracts with fulfillers and does not control them or have complete visibility into their business activities, including their upstream supply chains, their labour practices, and the raw materials and product blanks they choose to source. The Group manages these risks in various ways, including by setting clear expectations with fulfillers that promote safe products and ethical labour practices, engaging independent labs and auditors to conduct periodic safety testing and ethics audits for the marketplaces, and limiting or terminating fulfiller participation in its marketplaces when they do not meet marketplace expectations.

- Dependence on scaling of underlying platform technology and related third-party services - The Group relies on platform technology infrastructure and the services of third-party service providers to operate its business at scale, including for providing artists with the continuous ability to upload their content and sell products, store the library of artist images and related data, enabling search and discovery of content by artists' customers, facilitating the resolution of customer service issues for artists and customers, providing availability of native apps to mobile users, facilitating onsite and offsite marketing for artists, routing of orders to third-party fulfillers, and processing of sales transactions. The technology underlying the Group's marketplaces is expensive and complex, and internet service providers operate much of the platform infrastructure. The Group is reliant on the relationships with these service providers but lacks detailed visibility and control of these providers' business activities. The Group manages these risks in various ways, including by conducting diligence on service providers and by consistently investing in eliminating platform and technology constraints.

- Offsite promotion risk - The Group's marketplaces obtain a significant number of visits via web search engines. The algorithms and ranking criteria applied by these search platforms are unknown to the Group, subject to change at any time, and outside of its control, and it does not have access to complete information on the methods used to rank its marketplaces and webpages. Similarly, the Group facilitates artists' offsite promotion via third-party advertising platforms and social networks. Increased competition for limited advertising space could increase the cost of acquiring customers for artists and reduce the effectiveness of acquisition spend, and the Group may be unable to develop or maintain a meaningful presence on important social networks. The Group manages these risks in various ways, including by focusing on improving user and crawler navigation experience and site speed, and diversification of customer acquisition sources to reduce reliance on third-party search engines.

- Litigation risk - The Group is the owner and operator of online marketplaces through which it provides online facilitation services to third parties. The Group regularly receives notices alleging infringement of third-party intellectual property rights or similar rights, or breach of consumer protection laws by the Group or by sellers on the marketplaces, and a number of these complaints have resulted in litigation. The Group manages these risks in various ways, including by maintaining a compliance program that covers compliance with applicable online intermediary safe harbour laws, intellectual property laws, privacy and consumer laws, and other similar laws in relevant jurisdictions; responding expeditiously to takedown notices from intellectual property rights holders; engaging in collaborative relationships with rights holders to help enforce and monetize their rights; developing automated platform software to manage content at scale; holding appropriate levels of insurance; and building Group's litigation capabilities.

- Data security and cyberattack risk - The Group collects, transmits, and stores personal and financial information provided by artists, their customers and other website users. The Group also transmits personal and financial information of artists, customers and other website users to various third-party suppliers of services, including 'Software-as-a-Service' and 'Infrastructure-as-a-Service' providers and other cloud-based technology providers. Furthermore, the Group's technology platforms may be disrupted by cyberattacks, targeted hacking attacks, distributed denial of service attacks, malware or ransomware, or other disruptive attacks. The Group's marketplaces are also exposed to the risk of disruption of internet services generally, including failure or disruption of the systems of external service providers and other third parties, like payment processors, advertising platforms, and infrastructure services. The Group manages these risks in various ways, including by conducting data security diligence on third party service providers; developing and testing disaster recovery capabilities and procedures; implementing high availability infrastructure and architectures; continually monitoring its systems for signs of poor performance, intrusion or interruption; and maintaining appropriate data management, security and compliance policies, procedures and practices.

- Breach of privacy, consumer, and data protection laws - The Group is subject to applicable privacy and data protection laws worldwide, including the General Data Protection Regulation in the EU, California Consumer Privacy Act and the Australian Privacy Act 1988. The Group manages these risks in various ways, including by maintaining a global legal and regulatory compliance program and implementing appropriate privacy and data security measures, including preventative, detective and responsive capabilities, such as a data breach response plan.

- Failure to attract and retain talent - The Group's future success depends, to a significant extent, on its ability to attract and retain skilled and experienced personnel, particularly those with expertise in e-commerce, online platforms, engineering, supply chain, product management and other technical positions. There is substantial competition for personnel with this expertise and the Group may incur increasing costs to attract and retain them. The Group manages these risks in various ways, including by making ongoing investments in employee engagement, as well as reviewing the employee value proposition and adjusting compensation for key talent roles.

- Inability to attract and retain artists and their customers - The Group's revenues and success of its growth initiatives depend upon attracting and retaining artists who upload content that adds value to the marketplaces and that consumers want to purchase and upon attracting customers for artists who convert into new and repeat purchasers. This is dependent on having and maintaining a brand and marketplace experience that are appealing and satisfying to these artists and their customers. The Group manages these risks in various ways, including by continuing to ensure there is a strong value proposition for artists to join and remain in the marketplace due to quality of the service offered and through the resultant sales they can generate.

- Loss of marketplace trust - It is important to the Group's mission that its marketplaces remain trustworthy to the public, the artists, their customers, third-party fulfillers, regulators, and to those with whom we have commercial relationships. Marketplace trust could be undermined by negative publicity, the upload of offensive, illegal or allegedly infringing content, a decrease in the proportion of content that adds value to the marketplaces and that consumers want to purchase, an increase in fraudulent account activity or transactions, or inability to implement and administer policies that foster trust. The Group manages these risks in various ways, including by moderating user-generated content that violates Group's policies or the law, terminating accounts that repeatedly violate Group's policies or the law, investing in anti-fraud software, and continuously improving Group's policies and how those policies are administered.

- Risk from global legal compliance - The Group is directly or indirectly affected by continuously evolving, and sometimes conflicting, laws and regulations in Australia, the United States, Canada, Europe and other relevant jurisdictions around the world – at the country, region, state and local levels – including laws and regulations that pertain to intellectual property, e-commerce marketplaces, online intermediaries, user-generated content and censorship, online safe harbours from liability, consumer protection, seller verification, taxation, treatment of deferred losses, privacy, email marketing, web accessibility, online payment systems, and data protection. The

Group manages these risks in various ways, including by participating in industry and legislative policy groups to stay abreast of new and evolving laws and by maintaining a global legal and regulatory compliance program.

- Tax risk - The application of indirect taxes – such as goods and services tax, sales and use tax and value added tax – to online marketplaces, sellers and their customers is a global, evolving and complex issue. At any given time, one or more jurisdictions (whether state or federal) may review or investigate compliance with withholding laws, indirect tax laws, and other tax laws, seek to impose additional reporting, record-keeping, indirect tax collection obligations, or other tax-related requirements on the Group's online marketplaces. The Group manages these risks in various ways, including by maintaining robust tax compliance and governance systems and procedures, engaging external advisers for expert advice where appropriate and monitoring global taxation developments relevant to the Group.

- Foreign exchange risk - The Group's financial performance is denominated and reported in Australian dollars. Accordingly, the Group is exposed to exchange rate movements in the currencies (other than the Australian dollar) in which it receives revenues and/or incurs costs, especially because the United States of America is its largest market. The Group's financial position, as measured by the assets and liabilities it carries on its balance sheet, is denominated and reported in Australian dollars. Some of the underlying assets and liabilities may, however, be recorded in other foreign currencies. The Group manages these risks in various ways, including by settling liabilities in the native currency of the transaction, creating a partial natural hedge, and converting foreign currency cash balances where needed to match expected funding requirements.

Key management personnel during the 2023 financial year and since the end of that financial year

The "Key Management Personnel" for the purposes of the FY23 Remuneration Report have been determined to be the current Redbubble Limited directors and the following members of the Redbubble Executive Team:

- Martin Hosking - Group CEO and Managing Director from 27 March 2023
- Rob Doyle - Group Chief Financial Officer from 27 March 2023
- Michael Ilczynski - Chief Executive Officer until 27 March 2023
- Emma Clark - Chief Financial Officer until 23 December 2022
- Mark Hall - Interim Chief Financial Officer from 5 December 2022 to 24 March 2023

Information on Directors

At the date of this report, the Board comprises five Independent Non-executive Directors and one Managing Director, who collectively have a diverse range of skills and experience.

Details of current Directors, their experience, qualification, special responsibilities and directorships of other listed entities are set out below.

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Directors' qualifications and experience

Ms Anne Ward
Independent Non-Executive Chair

Appointed: Non-Executive Director from 22 March 2018, Chair from March 2020
Board Committees: Audit and Risk, People, Remuneration and Nomination, Disclosure (Chair)

Anne Ward is a highly experienced company director with extensive experience in business management, strategy, finance, risk and governance across a range of industries including financial services, technology, healthcare, government, education and tourism. In addition to chairing Redbubble, Anne is independent Chair of Symbio Holdings Ltd (ASX:SYM), an independent director of The Star Entertainment Group Ltd (ASX:SGR), a Director of the Foundation for Imaging Research, and a Governor of the Howard Florey Institute of Neuroscience and Mental Health Institutes. Anne was formerly Chairman of Colonial First State Investments Ltd, Chairman of Qantas Superannuation Ltd, Chairman of Zoos Victoria and a director of MYOB Group Ltd, Flexigroup Ltd (ASX:HUM), the Transport Accident Commission, Epworth Hospital and the Brain Research Institute. Prior to becoming a professional director, Anne was a commercial lawyer for 28 years and was General Counsel for Australia at the National Australia Bank and a partner at Minter Ellison in Melbourne. Anne holds a Bachelor of Laws and a Bachelor of Arts from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors and a Life Member of ASFA.

Directorships of other listed entities in the last three years:
The Star Entertainment Group Ltd (ASX:SGR) - November 2022 to present
Symbio Holdings Ltd (formerly MNF Group Ltd) (ASX:SYM) – July 2021 to present
Crown Resorts Ltd (ASX:CWN) – October 2021 to June 2022

Martin Hosking
Co-Founder, Group CEO and Managing Director

Appointed: 10 April 2006
Board Committees: Disclosure

Martin Hosking is a co-founder of Redbubble. He first became the CEO and Managing Director in July 2010. Martin resigned from executive duties and commenced as a non-executive Director on 1 October 2018. Martin was then appointed interim CEO and Managing Director on 18 February 2020, before resuming as a non-executive Director upon Michael Ilczynski's appointment as CEO on 27 January 2021. He returned as Group CEO and Managing Director on 27 March 2023 upon Michael's resignation.

Martin has spent over 25 years scaling Australian technology companies. Previously, Martin was the chair of Aconex, a SaaS provider to construction firms, and Southern Innovation, a digital pulse processing solution. He was instrumental in the development and subsequent listing on the NASDAQ of search company, LookSmart. Martin started his career as a diplomat with the Australian Department of Foreign Affairs and Trade before joining McKinsey & Company, serving clients focusing on emerging technologies.

Martin is also a director on the Board of the Melbourne Theatre Company and sits on advisory committees at Melbourne and Monash University.

Directorships of other listed entities in the last three years:
Nil

Jenny Macdonald
Independent Non-Executive Director

Appointed: 22 February 2018
Board Committees: Audit and Risk (Chair), People, Remuneration and Nomination, Disclosure

Jenny Macdonald brings extensive expertise in corporate finance, accounting, and auditing, coupled with a strong focus on and understanding of market trends, customer and consumer behaviour. She has a proven track record in developing and implementing strategy with a focus on risk management, growth, and value creation. Jenny spent her executive career in customer-facing organisations primarily in technology, retail, travel services and manufacturing, where she was responsible for strategic turnaround and digital transformation.

Her last executive role was CFO and interim CEO at Helloworld Limited, where she oversaw the merger with AOT Group to create the second-largest integrated travel distribution business in Australia and New Zealand. Prior to that, Jenny was the CFO and General Manager International of the REA Group, with responsibility for the financial growth strategy and execution for operations in South East Asia and parts of Europe, having delivered record revenue and net profit for the company.

Directorships of other listed entities in the last three years:
Site Minder Ltd (ASX:SDR) – October 2021 to present
Healius Ltd (ASX:HLS) – November 2020 to present (Chair of the Board from September 2022 to present)
Bapcor Ltd (ASX:BAP) – September 2018 to October 2022
Australian Pharmaceutical Industries Ltd (ASX:API) – November 2017 to March 2022

Ben Heap
Independent Non-Executive Director

Appointed: 20 April 2020
Board Committees: Audit and Risk, People, Remuneration and Nomination (Chair), Disclosure

Ben Heap is a Sydney-based non-executive director. He has chaired a range of organisations and served as an advisor, particularly with respect to technology and innovation investment. He finished his full time executive career in 2013 as CEO of UBS Global Asset Management based in Sydney, Australia having previously served as a managing director and regional leader with UBS in New York. Ben has wide-ranging experience in asset and capital management roles in the finance sector and in technology and digital businesses. He is also a founding partner of H2 Ventures, a privately held venture capital investment firm, and recognised for his extensive experience with entrepreneurial founders and high growth companies. He has a bachelor's degrees in science (mathematics) and commerce (finance) from the University of NSW and is a graduate of the Australian Institute of Company Directors (GAICD).

Directorships of other listed entities in the last three years:

Pendal Group Ltd (ASX:PDL) – March 2022 to January 2023

Star Entertainment Group Ltd (ASX:SGR) – May 2018 to March 2023 (Chair of the Board from June 2022 to March 2023)

Greg Lockwood

Independent Non-Executive Director

Appointed: 1 June 2015

Board Committees: Audit and Risk, Disclosure

Greg Lockwood was appointed as a non-executive Director with effect from June 2015. Greg is a partner of Piton Capital, which is a shareholder in Redbubble. In 1999, Greg founded UBS Capital's early stage venture investing activities in Europe. Subsequently, he co-founded Piton Capital, the London-based venture capital fund specialising in marketplaces and business models with network effects. Prior to his venture capital activities, Greg worked in telecommunications corporate finance with UBS in London and Zurich and held operating roles in classified media publishing in Toronto. Greg has an Honours Business degree from the University of Western Ontario, and a Master's degree in management from the Kellogg Graduate School of Management.

Directorships of other listed entities in the last three years:

Nil

Bob Sherwin

Independent Non-Executive Director

Appointed: 1 November 2022

Board Committees: Nil

Bob Sherwin was appointed a Director in November 2022. Bob is a highly accomplished executive with significant experience in marketing, omni-channel retail, and scaling online marketplace businesses. Bob is currently Chief Marketing Officer of Wayfair Inc, one of the world's largest destinations for home furnishings, housewares and home improvement goods, where he oversees global marketing strategy and execution, physical retail, sales, and other consumer-facing functions, this includes managing more than USD1B of advertising spend as of 2022. Prior to joining

Wayfair in 2013, Bob was a strategy consultant at McKinsey & Co., where he worked across a wide range of consumer industries and functions, including strategy, sales, marketing, technology and operations at insurance, travel, finance, teleco, CPG and retail focused organisations. Bob holds his bachelor's degree from the College of William and Mary in Finance and Economics, and Master's degrees from Northwestern's Kellogg School of Management and McCormick School of Engineering.

Directorships of other listed entities in the last three years:

Nil

Board and Committee Meetings - attendance during FY23

The Board met 19 times during the year ended 30 June 2023. Board and Committee attendance is set out in the table below.

All Directors may attend Board and Committee meetings even if they are not a member of the particular Committee. The table does not include attendance of Directors at meetings of Committee of which they are not a member.

	Board		**Audit and Risk Committee (ARC)**		**People, Remuneration and Nomination Committee (PRNC)**	
	Held whilst in office	Attended whilst in office	Held whilst an ARC member	Attended whilst an ARC member	Held whilst a PRNC member	Attended whilst a PRNC member
Anne Ward [1]	19	19	6	6	5	5
Martin Hosking	19	19	-	-	4[2]	4
Greg Lockwood	19	19	6	6	-	-
Jenny Macdonald	19	19	6	6	5	5
Bob Sherwin	14	13[3]	-	-	-	-
Ben Heap	19	19	6	6	5	5

(1) Anne Ward is a member of the PRNC ex-officio by virtue of her position as Board Chair.
(2) Martin Hosking ceased being a member of the PRNC upon his appointment as Group CEO.
(3) Bob Sherwin was granted a leave of absence for the Board meeting he did not attend.

Directors' interests in shares and options

Name	Shareholdings	Options outstanding
Anne Ward	270,000	50,714
Martin Hosking	40,000,000	-
Ben Heap	500,000	-
Greg Lockwood	6,465,131	-
Jenny Macdonald	278,048	-
Bob Sherwin	-	-
Total interests	**47,513,179**	**50,714**

Retirement, election, continuation in office of Directors

Under the Company's constitution, Directors cannot serve beyond three years or the third AGM after their appointment, whichever is longer, without submitting for re-election by the Company. A retiring Director is eligible for re-election without needing to give any prior notice of an intention to submit for re-election and holds office as a Director (subject to re-election) until the end of the general meeting at which the Director retires.

Company Secretaries

Redbubble Group's Company Secretary is Ms Carlie Hodges (appointed 31 October 2022).
Carlie is an Executive Director at cdPlus Corporate Services, which provides outsourced corporate governance and company secretarial services to both private and public companies in Australia. In addition, she is a Senior Associate at Coghlan Duffy Lawyers. Carlie is also the Company Secretary of Top Shelf International Holdings Limited, Bod Science Limited and Damstra Holdings Ltd. Carlie holds a Bachelor of Science and Bachelor of Laws from Deakin University, a Master of Arts in Medical Ethics and Law from King's College London, a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia and is admitted as a solicitor in the state of Victoria.

The following individuals also held the position of Company Secretary during the year:

- Martin Bede (until 23 August 2022)
- Peter Friend (from 23 August 2022 to 31 October 2022)

Details of share options, share appreciation rights and performance rights

The following table shows the total numbers of ordinary shares in the Company subject to options, share appreciation rights or performance rights as at the date of this Report:

Type of Equity Security	Number Outstanding	Last Expiry Date
Share Options	5,616,260	01-December-2030
Share Appreciation Rights [1]	6,069,588	01-June-2029
Restricted Stock Units [2]	5,773,636	
Total	**17,459,484**	

[1] Share Appreciation Rights (SARs) entitle the holder to equity equal to the appreciation of the Group's share price over a defined period. There is not a 1 to 1 relationship with the number of SARs on issue and the number of shares that will be issued upon exercise.
[2] Restricted Stock Units (RSUs) granted do not have an expiry date. Ordinarily these vest and are settled according to a participants' vesting schedule, and any outstanding restricted stock units are otherwise forfeited when a participant no longer satisfies the service conditions in their agreement.

Holders of options, share appreciation rights or restricted stock units do not, by virtue of their holdings, have any pre-emptive right to participate in any share issue of the Company or any related body corporate.

The Financial Report contains details of the total number of ordinary shares in the Company issued following exercise of options and vesting of restricted stock units during the 2023 financial year. The following table shows the total number of ordinary shares in the Company issued following exercise of options and vesting of restricted stock units since the end of the 2023 financial year, to the date of this Report:

	Number	Exercise price paid $
Settlement of vested restricted stock units	314,602	-
Exercise of options	268,456	-
Total	**583,058**	**-**

No amounts remain unpaid in respect of the shares issued, as outlined above.

Indemnification and insurance of officers

The Company has entered into Deeds of Indemnity with all its Directors in accordance with the Company's constitution. During the 2023 financial year, the Company paid a premium to insure the Directors, Officers and Managers of Redbubble Group entities. The insurance contract requires that the amount of the premium paid is confidential.

Proceedings against entities within the Group

Although the Group is strictly an online intermediary that provides online facilitation services to third parties via its marketplaces, and Group does not sell or manufacture the products sold by artists through its marketplaces, it periodically receives notices alleging infringement of third-party copyright, trademarks, other intellectual property rights or publicity rights or breach of consumer protection laws. This is not uncommon for marketplaces that host user-generated content, nor is it uncommon within the United States of America business environment where the majority of such claims arise. As at the date of these financial statements, there are current lawsuits filed against the Group that relate to alleged intellectual property infringement and/or breach of consumer laws. As at reporting date, there is no certainty that the Group either holds any obligations in relation to these actions and/or there is any likelihood of outflows (or inflows from insurance recoveries where applicable) of cash or other resources in respect of them, should any of the actions ultimately be successful (at first instance or on appeal, as applicable).

The Group does not currently consider that any of the current proceedings are likely to have a material adverse effect on the business or financial position of the Group.

The Group is not aware of any other material threats of civil litigation proceedings, arbitration proceedings, administration appeals, or criminal or governmental prosecutions in which entities within the Group are directly or indirectly concerned.

Group CEO and Group CFO declaration

The Group CEO and Group CFO have provided a written statement to the Board in accordance with Section 295A of the Corporations Act. With regard to the financial records and systems of risk management and internal compliance in this written statement, the Board received assurance from the Group CEO and Group CFO that the declaration was founded on a sound system of risk management and internal control, and that the system was operating effectively in all material aspects in relation to the reporting of financial risks.

Remuneration Report

The Remuneration Report is set out on pages 25 to 47 and forms part of the Directors' Report for the financial year ended 30 June 2023.

Rounding of amounts

The amounts contained in the Financial Report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($000) under the option available to the Company under ASIC Legislative Instrument 2016/191. The Company is an entity to which the Legislative Instrument applies.

REDBUBBLE

Auditor

Ernst & Young was appointed as the Group's Auditor on 25 November 2014 and continues in office in accordance with section 327 of the Corporations Act 2001.

To the extent permitted by law, the Company has agreed to indemnify Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the 2023 financial year.

Non-audit services

During the year Ernst & Young performed other services in addition to its audit responsibilities. The Directors are satisfied that the provision of non-audit services by Ernst & Young during the reporting period did not compromise the auditor independence requirements set out in the Corporations Act. All non-audit services were subject to the Group's External Audit Policy and do not undermine the general principles relating to auditor independence set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group and its related practices for non-audit services provided throughout the 2023 and 2022 financial years are set out below.

Non-audit services	2023 $	2022 $
Fees to Ernst & Young (Australia)		
Category 3: Fees for Other Assurance services and Agreed Upon Procedures:		
Other assurance services and agreed upon procedures	**64,480**	-
Category 4: Fees for Non-Audit services:		
Assistance in developing the Group's ESG strategy	**113,300**	197,944
Taxation services	**6,000**	68,150
Fees to overseas member firms of Ernst & Young (Australia)		
Taxation services	-	21,505
Total	**183,780**	**287,599**

Fees for Audit services

Details of the amounts paid to the auditor for audit services provided throughout the 2023 and 2022 financial years are set out in Note 25 to the Consolidated Financial Statements.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration, as required under section 307C of the Corporations Act, is set out on page 22. The Auditor's Independence Declaration forms part of the Directors' Report.

The Directors' Report is made in accordance with a resolution of the Directors of the Company.

Anne Ward
Chair
22 August 2023

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Building a better working world

Auditor's independence declaration to the directors of Redbubble Limited

As lead auditor for the audit of the financial report of Redbubble Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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 Redbubble Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Ashley Butler
Partner
22 August 2023

Letter from the People, Remuneration and Nomination Committee

Dear Shareholder,

On behalf of the Board, I am pleased to present our FY23 Remuneration Report.

A challenging year

During the financial year, the Group faced challenging market conditions and softer consumer demand, particularly in the US, its largest market. In this economic environment, it became apparent that the Group's investment in growth initiatives were unlikely to deliver the expected financial returns in the short term. As a result, we made the difficult decision to significantly reduce the Group's cost base to accelerate the Group's return to sustainably positive underlying cash flows. While a number of roles were removed from the organisation we maintained our talent capability, built up as a strategic priority over recent years.

Leadership changes

In March 2023, the Group's Chief Executive Officer (CEO) Michael Ilczynski resigned. We wish him well for the future.

We were pleased that co-founder and former CEO, Martin Hosking, was available and willing to accept the position of CEO again. Martin's vision and passion for the Group is unwavering and Martin has committed to the CEO position for the foreseeable future. This is reflected in his remuneration package, which is heavily weighted to long-term incentives.

Chief Financial Officer (CFO), Emma Clark, also departed during the year and we wish her well in her future career.

We are delighted with the appointment of Rob Doyle as CFO in March 2023. Rob is a highly-experienced executive, most recently CFO of Domain Group, a S&P/ASX 200 company, which operates a leading property marketplace in Australia. We are pleased that we were able to recruit a CFO with Rob's expertise. I would also like to thank interim CFO, Mark Hall, who assisted the Group through the half–year reporting period, until Rob was available to commence.

Driving high-performance across the Group

The senior leaders in the Group continue to promote high engagement and high performance across our team. We see this dual focus as being critical to the Group's future success. The discipline of setting Objectives and Key Results (OKRs), and reviewing performance against these OKRs regularly, has successfully lifted the bar on internal performance and accountability processes.

Diversity

We remain committed to fostering an inclusive environment at the Group, where all team members feel they belong and are able to succeed. Maintaining the Group's diversity, across all levels, was an important factor, when undertaking the organisational restructure during the year. We also maintained our strong track record of pay parity.

Shareholder engagement and alignment

After the 2022 AGM, I had the opportunity to meet with a number of investors. The majority of these investors did not raise any concerns with the Group's remuneration strategy and, in the case of those who had voted against last year's Remuneration Report, their vote reflected broader frustrations with the Group's performance, which we have sought to address in the Directors' report.

The core principle of our remuneration strategy is the alignment of shareholder interests with executive remuneration outcomes. As such, and after reviewing our remuneration structure, the Committee will introduce a short term incentive, to drive individual and collective performance. The Committee will implement this change in FY24 in order to better align the Redbubble Executive Compensation Model to the evolving Group strategy and structure.

The Committee also reviewed the fees paid to non-executive Directors during the year and resolved to reduce the fees by 20%, effective 1 June 2023. This decision reflects the cost discipline applied throughout the business and the smaller market capitalisation of the Group.

Ben Heap
Chair of the People, Remuneration and Nomination Committee

Remuneration Report (audited)

Introduction

This Remuneration Report (Report) sets out the Group's executive remuneration framework, as well as the remuneration arrangements for the Group's key management personnel (KMP) for the year ended 30 June 2023.

The Report has been prepared and audited based on the requirements of the Corporations Act 2001 (Cth) (The Corporations Act) and its Regulations.

Contents

In this Remuneration Report the following definitions are used:

- Redbubble Group or the Group means Redbubble Limited (ACN 119 200 592) and its controlled entities;
- Board means the Board of Directors of Redbubble Group;
- Committee means the People, Remuneration and Nomination Committee of the Board of Redbubble;
- Executives means the members of the Group Executive team;
- NED means the Non-executive Directors of the Group; and
- RECM means the Redbubble Group Executive Compensation Model.

Remuneration Report (audited)

1. Remuneration Report Overview

The Directors present the Remuneration Report (Report) for the Group for the financial year ended 30 June 2023 (FY23). This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001.

The Report details the remuneration arrangements for Key Management Personnel (KMP), those persons who have authority and responsibility for planning, directing and controlling the activities of Group.

The table below outlines the KMP of Group during FY23:

Classification	Name	Position
NED	Anne Ward	Independent Non-executive Chair
	Ben Heap	Independent Non-executive Director
	Martin Hosking	Non-executive Director (until appointment as Group CEO on 27 March 2023)
	Greg Lockwood	Independent Non-executive Director
	Jennifer (Jenny) Macdonald	Independent Non-executive Director
	Rob (Bob) Sherwin	Independent Non-executive Director (appointed on 1 November 2022)
Executive KMP	Martin Hosking	Group CEO and Managing Director (appointed on 27 March 2023)
	Rob Doyle	Group CFO (appointed on 27 March 2023)
Former KMP	Michael Ilczynski	CEO (ceased on 27 March 2023)
	Mark Hall	Interim CFO (appointed on 5 December 2022 and ceased on 24 March 2023)
	Emma Clark	CFO (ceased on 23 December 2022)

2. Remuneration Strategy

Our remuneration strategy is designed to support the Group's business strategy and drive sustainable outperformance over the long term. The remuneration strategy is subject to ongoing improvement to ensure it maintains the strongest alignment possible with shareholder experience and with contemporary executive compensation philosophy and practice.

The RECM applies to the Group's senior executives and provides a strong foundation to attract and retain talent and align them with building long-term value for shareholders. The RECM structure is positioned to be competitive when looking to attract and retain key talent, with a focus on internationally based (US) Executives, where our current target talent pool, operations and key competitors are primarily based. The objectives of the RECM are to:

- Attract and retain exceptional talent in highly competitive, highly mobile global markets;
- Align executive performance with Group's financial goals with a long term incentive (LTI) heavily aligned to the creation of long-term value for shareholders; and
- Attach performance expectations of the leadership team to shared Objectives and Key Results (OKRs) that ensure delivery of the Group corporate strategy.

Shareholder alignment is continually demonstrated through the RECM model, with Executives having considerable and direct alignment with that of the shareholders.

We are committed to engaging with our shareholders and other key stakeholders in relation to the Company's remuneration strategy and to continuously improving the effectiveness of our remuneration arrangements.

Voting on the Remuneration Report at the 2022 Annual General Meeting (AGM)

At the 2022 AGM the Group received a vote of 61.33% in favour of the adoption of the remuneration report and 38.67% against. As more than 25% of the votes were cast against the resolution, this constitutes a first strike for the purposes of the Corporations Act. In response to this, Directors sought feedback from a number of shareholders who voted against the resolution to understand key concerns. Shareholders generally indicated that their concerns were largely unrelated to remuneration, but reflected broader frustrations with the Group's performance. To address these concerns, the Group has undertaken a number of initiatives in FY24. These include:

- Implementation of cost-reduction measures to substantially reduce the Group's operating expenditure and assist the Group in returning to sustainably positive underlying cash flow
- An organisational restructure to more clearly define the Group function and two operating companies, Redbubble and TeePublic
- Focusing the Group's efforts on a narrower set of priorities which were expected to drive a financial benefit in the near term

Further information on these initiatives can be found in the Directors Report within the Review of operations and the Business strategies and future developments section.

3. How Remuneration is Governed

3.1 People, Remuneration and Nomination Committee Role

The role of the Committee is to ensure that the Group has appropriate remuneration and retention strategies to attract and retain high-quality talent, both locally and globally, to enable the Company to execute its purpose, vision and mission, in order to build long-term value for shareholders.

The members of the Committee during FY23 were:

- Ben Heap Independent Non-Executive Chair;
- Anne Ward Independent Non-Executive Member;
- Jenny Macdonald Independent Non-Executive Member; and
- Martin Hosking Non-Executive Member (until 27 March 2023).

Redbubble Group Board

- Overall responsibility for the remuneration strategy and outcomes for executives and non-executive directors
- Reviews and approves recommendations from the People, Remuneration and Nomination Committee

People, Remuneration and Nomination Committee (PRNC)

- Three Non-Executive Directors make recommendations to the Board on remuneration strategy, governance and policy for Executive KMP and Non-Executive Directors
- The Committee responsible for reviewing and advising the Board on remuneration policies and practices. This Committee also reviews and advises the Board on the design and implementation of performance packages, superannuation entitlements, termination entitlements and fringe benefit policiers. The Committee also manages the nomination process of Board Members and the selection of the CEO
- The remuneration of Directors, the CEO, KMP and other Executives is reviewed by the Committee which then provides recommendations to the Board

Management

Provides information to the PRNC in relation to:

- Incentive targets and outcomes
- Remuneration Policy
- Short and long term incentive participation eligibility
- Individual remuneration and contractual arrangements for Executives
- Annual performance reviews and target setting

Remuneration Advisors

- Provide external independent advice, information and recommendations relevant to remuneration decisions
- The Committee periodically engages the services of independent external consultants to provide insights on KMP remuneration trends, regulatory and governance updates, pros and cons of possible alternatives, and market data. No remuneration recommendations as defined in Section 9B of the Corporations Act 2001 were obtained during FY23

3.3 Remuneration Benchmarking

The quantum of both fixed salary and the total remuneration package are positioned having consideration for benchmarking data, relevant market conditions and sentiment, the trajectory of the company's growth, strategic objectives, competency and skill set of individuals, scarcity of talent, changes in role complexities and the geographical spread of the company and of the relevant talent pool.

Benchmarking is conducted by using reliable market surveys that are appropriate for our business and where not available, is undertaken independently and set with reference to market capitalisation, and with reference to industry sector and levels of business complexity, as determined by external advisors, in collaboration with the Committee each year.

3.4 Clawback of Remuneration

In the event of serious misconduct or a material misstatement of Group's financial statements, the Board has the discretion to reduce, cancel or clawback any unvested equity or other long-term incentives.

3.5 Standard Employment Arrangements

Executives are employed on open-ended individual employment agreements that set out the terms of their employment. Each Agreement varies according to the individual Executive but typically includes:

- Termination provisions incorporating six-month notice periods (to manage business continuity risk during any executive transition);
- The Board may in certain circumstances apply discretion to approve payment of up to six months' salary in lieu of notice;
- Performance, Intellectual Property and confidentiality obligations on the part of both the employer and employee;
- Limited non-solicitation and post-employment restriction provisions; and
- Eligibility to participate in the Group RECM (or other transitional compensation plans).

4. Company Performance in FY23

4.1 Performance against Financial Metrics

Key indicators [(1)]	FY2023	FY2022	FY2021	FY2020	FY2019 [(2)]	CAGR [(3)]
Total Revenue ($'m)	555.1	573.4	657.3	416.3	307.0	16%
Marketplace Revenue ($'m)	467.5	482.6	553.3	348.9	256.9	16%
Artist Revenue ($'m)	87.6	90.8	104.0	67.4	50.1	15%
Gross profit (GP) ($'m)	174.2	183.1	222.7	134.4	94.5	17%
Gross profit after paid acquisition (GPAPA) ($'m)	97.6	106.7	151.5	94.5	67.5	10%
Earnings before Interest, taxes, depreciation and amortisation (EBITDA) ($'m)	(40.7)	(11.2)	52.7	5.1	(2.0)	NA
Cash balance ($'m)	35.7	89.1	98.7	58.1	29.0	5%
Share price at year end ($)	0.37	0.90	3.61	2.06	0.91	(20%)

(1) The non-IFRS metrics in the table above such as GP and GPAPA are defined in table 1 on page 4 of the Directors' Report.

(2) On 1 July 2019 the Group adopted *AASB 16 - Leases* using the full retrospective method of adoption. EBITDA for FY19 onwards includes the impact of this new standard.

(3) Compound Annual Growth Rates (CAGR) are shown for the period since FY2019. Meaningful growth rates cannot be provided for metrics that have moved from a negative to a positive amount.

5. Executive Remuneration

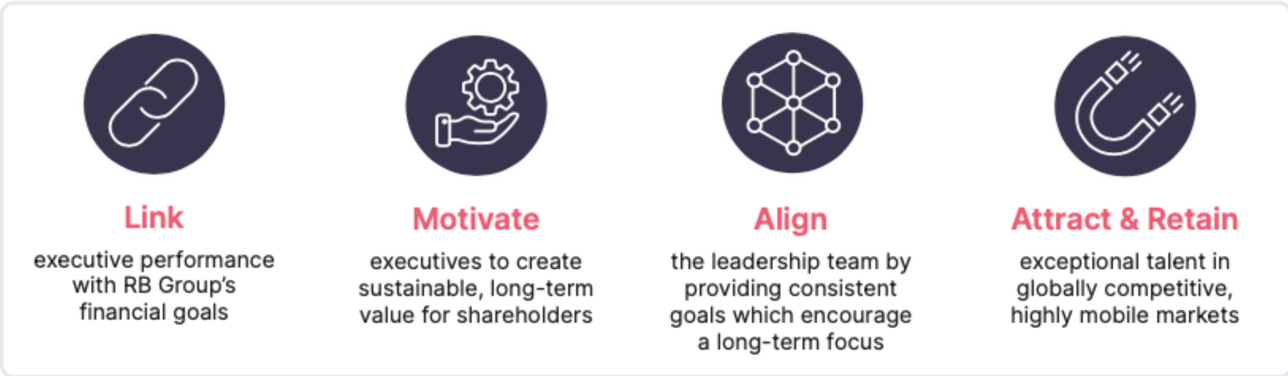
5.1 Remuneration Objectives and Strategy

The Group's vision is to scale the business and deliver an enduring organisation that creates value for shareholders over the long term. The Group operates in four highly competitive global talent markets - Melbourne, San Francisco, New York and Berlin. Attracting and retaining talent in these markets must be supported by a compelling remuneration strategy.

The RECM is designed to attract, motivate and retain proven, global executive talent who will successfully execute the Group's vision and strategy in a manner that aligns with the company's values. The RECM recognises compensation needs to be positioned to extract mid-career executives on a strong earnings trajectory from roles in companies that provide them with the experience that the Group needs.

The practice of setting annual OKRs for Executives continues and performance is tracked against these. Performance against these objectives, along with total company performance and operating company performance informs annual compensation reviews for all Executives.

Executive remuneration levels are reviewed regularly by the Committee with reference to the Group's remuneration strategy, company performance, talent competitor market activity and external benchmarks.



5.2 Elements of Remuneration

The following remuneration mix summarises the key components that make up the RECM.

Martin Hosking (Group CEO & Managing Director - appointed on 27 March 2023)	
Fixed Salary	$400,000 inclusive of superannuation
Base Equity (BE) [1]	$200,000 (50% of fixed salary)
Long-Term Incentive (LTI) [1]	$600,000 (150% of fixed salary)

[1] Martin Hosking has been allocated BE and LTI which are subject to shareholder approval at the Annual General Meeting.

Rob Doyle (Group CFO - appointed on 27 March 2023)	
Fixed Salary	$600,000 plus superannuation
Base Equity (BE)	$300,000 (50% of fixed salary)
Long-Term Incentive (LTI)	$600,000 (100% of fixed salary)
Sign-on Bonus (Zero Priced Options)	$250,000 (upon commencement) 50% vests at 12 months and 50% at 24 months from commencement

Michael Ilczynski (Former CEO - ceased on 27 March 2023)	
Fixed Salary	$832,000 inclusive of superannuation
Base Equity (BE)	$416,000 (50% of fixed salary)
Long-Term Incentive (LTI)	$832,000 (100% of fixed salary)

Mark Hall (1) (Former Interim CFO - appointed on 5 December 2022 and ceased on 24 March 2023)	
Fixed Salary	$107,500 plus superannuation
Base Equity (BE)	Nil
Long-Term Incentive (LTI)	Nil

(1) Mark Hall was employed on a part time basis and was not granted equity during his term.

Emma Clark (1) (Former CFO - ceased on 23 December 2022)	
Fixed Salary	$463,500 inclusive of superannuation
Base Equity (BE)	Nil
Long-Term Incentive (LTI)	Nil

(1) Emma Clark was not granted BE and LTI in October 2022 due to her resignation during the year.

Fixed Salary

Fixed compensation and includes allowances, retirement benefits and other benefits.

FY23 Base Equity (BE)

BE ensures immediate alignment between Executives and shareholders and creates an owner mindset in Executives. There is also a longer-term retention mechanism employed, with the BE granted in a given year also required to be held for one-year post vesting to ensure there is a continued focus on sustainable share value appreciation.

The BE component of the RECM operates as outlined below:

BE instrument	Restricted Stock Units (RSUs) for US-based executives and US citizens resident in Australia or Germany. RSUs are rights to be issued Redbubble shares upon satisfaction of the applicable vesting conditions. Zero-priced options (ZPOs) for Australian-based (non-US resident) Executives. ZPOs are call options to acquire Redbubble shares, with a zero exercise price to convert the option into shares.
Grant quantum	The grant quantum of the BE award to Executives is calculated as a percentage of fixed salary.
Grant date	Grants are made on 1 October of the relevant year following the setting of total compensation for the year and Board approval except for the Managing Director whose grants have to be approved at the AGM.
Vesting date	Grants vest after 12 months, subject to the executive remaining in service with the Group at the vesting date. The Board has unfettered discretion to determine any adjustment to awards at the time of vesting.
Disposal restriction period	The disposal restriction period ends 12 months following vesting. The holding period remains in place even if employment ends. Officers and Executives of the Group are subject to the Group's share trading policy.
Termination	If terminated (including resignation), Executives forfeit grants that have not vested. Holding periods remain on foot. The Board has unfettered discretion to award pro-rata vesting in the event of an employee's termination.
Clawback	In the event of serious misconduct or a material misstatement of the Group's financial statements, the Board has the discretion to reduce, cancel or clawback BE to the extent that the law will allow.
Change of Control	The early vesting of any unvested awards may be permitted by the Board in other limited circumstances such as a change in control of the Group. In these circumstances, the Board will determine the timing and proportion of any unvested awards that vest.

FY23 Long-Term Incentive (LTI)

Compensation that rewards senior leaders for creating appreciation in the value of the Group for shareholders. Share Appreciation Rights (SARs) have no value unless the Executive remains with the business for a minimum of three years and enterprise value grows at a rate that provides shareholders with attractive returns.

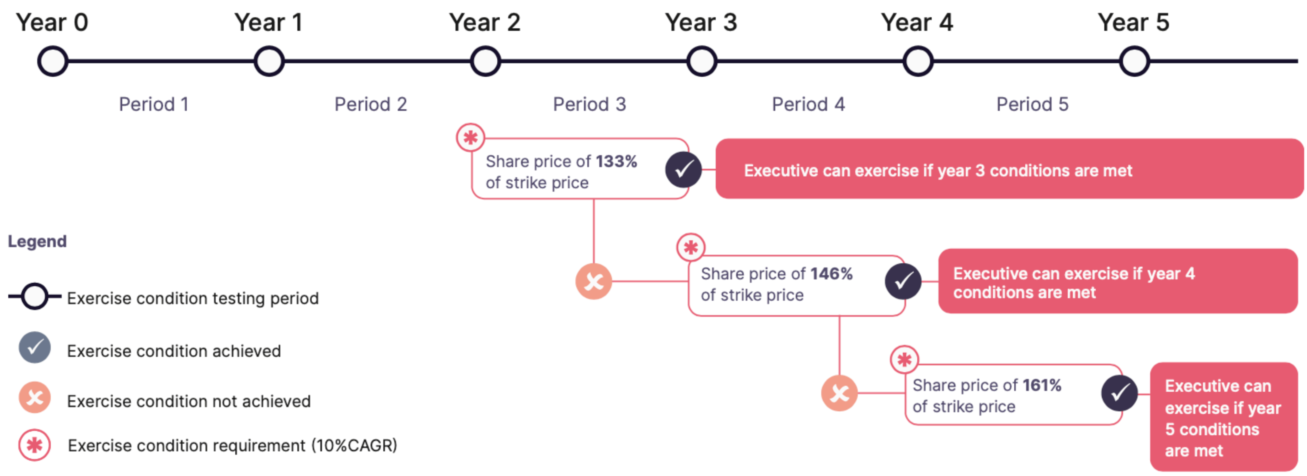
The LTI component of the RECM operates as outlined below:

LTI instrument	Share Appreciation Rights (SARs)
Grant quantum	The grant quantum of the LTI award to Executives is calculated as a percentage of base salary.
Grant date	Grants are made on 1 October of the relevant year following the setting of total compensation for the year and Board approval except for the Managing Director whose grants have to be approved at the AGM.
Vesting date & conditions	The LTI's vest on the earlier of either the third, fourth, or fifth anniversaries following the grant date subject to: ● The Executive remaining employed at Group (time vesting) ● The achievement of a compounding target of 10% Total Shareholder Return (TSR) per annum on either the third, fourth or fifth anniversaries following the grant date. The compounding return target is to be determined based on a 10% per annum Total Shareholder Return (TSR) from the time of grant. TSR is calculated as the total of the share price appreciation plus any dividends paid during the period. TSR has been chosen as the appropriate target so that Executives are fully aligned with shareholders.
Disposal restriction period	The disposal restriction period ends 12 months following vesting. The holding period remains in place even if employment ends.

Termination	Should a participant exit during the LTI vesting period, participants will retain pro-rata retention of LTI awards that have yet to vest. Pro-rata retention has the following conditions: ● The employee must have been part of the RECM LTI program for at least three years ● The employee must not be considered a 'bad leaver' ● The employee must have served at least 12 months of a grant's vesting period to be entitled to a pro-rata portion ● The award retained will be pro-rata for the number of months since that award was granted and the employee's resignation, divided by the total number of months until first testing of that award ● The pro-rata award remains subject to all testing, disposal restriction and other conditions ● Once an award has achieved its TSR hurdle and has vested, the (former) employee will have 90 days to exercise before the equity expires The Board retains complete discretion in these matters.
Strike price	Strike price is set on 1 October based on a 30-day volume-weighted average price (VWAP). The Board retains Board discretion in respect of adjusting the strike price if it considers there have been unusual trading circumstances within the 30-day period. For FY23 the strike price was $0.7570
SARs valuation is used for the allocation of equity	The dollar amount of equity is converted to SARs at the fair market value determined at the beginning of the grant period based on a Black Scholes valuation of the SAR. The Black Scholes valuation will use the 30 (calendar) day VWAP calculated on 1 October and be calculated on an 'unhurdled' basis i.e. valued for the purposes of equity allocation as if there was no performance hurdle. The accounting valuation of the award for expensing purposes is governed by AASB 2 - Share-Based Payment. A Monte Carlo simulation model is used that takes into account the probability of performance hurdles being achieved.

Expiration	The SARs expire six years from the grant date and therefore the SARs must be exercised by this point or they lapse. Upon resignation or termination, the exercise period for SARs ends 90 days following the date of resignation or termination unless the Board decides otherwise.
Hedging	Executives are prohibited from hedging under the Group's Share Trading Policy and clawback under existing rules.
Clawback	In the event of serious misconduct or a material misstatement of Group's financial statements, the Board has the discretion to reduce, cancel or clawback LTI's to the extent that the law will allow.
Change of Control	The early vesting of any unvested awards may be permitted by the Board in other limited circumstances such as a change in control of Redbubble. In these circumstances, the Board will determine the timing and proportion of any unvested awards that vest.

Vesting and exercise periods of the LTI



5.3 LTI Outcomes

No LTI awards for Executive KMP have vested during the year. The current LTI program commenced in FY21 and the first possible vesting date for equity under this plan is in FY24 (the grants have a minimum 3-year vesting period).

5.4 CEO Employment Arrangements

The employment of Mr Hosking, our Group CEO, is governed by an Employment Agreement that commenced 27 March 2023. The table below summarises the compensation arrangements of Mr Hosking:

Remuneration Element	Contracted Annual Remuneration
Fixed Salary	$400,000 inclusive of superannuation
Base Equity (BE) (1)	$200,000 (50% of fixed salary)
Long-Term Incentive (LTI) (1)	$600,000 (150% of fixed salary)

(1) Martin Hosking has been allocated BE and LTI which are subject to shareholder approval at the Annual General Meeting.

Refer to section 5.2 for former CEO Michael Ilczynski's remuneration details.

6. Non-executive Director (NED) Remuneration

6.1 NED Remuneration Policy

The Group seeks to attract and retain high-calibre Non-Executive Directors who will provide good governance, strong oversight, independence, a range of skills and alignment of interests with long-term share price appreciation.

During FY23, the Committee reviewed the level of Board fees paid to NEDs and resolved to reduce fees by 20% effective 1 June 2023, to be reviewed at a later date. The table below shows the annual remuneration amounts effective 1 June 2023.

Position	Board $ AUD	Audit & Risk Committee $ AUD	People, Remuneration & Nomination Committee $ AUD
Chair (1)	$212,000	$24,000	$24,000
Member	$96,000 (2)	$12,000	$12,000

(1) The Chair of the Board receives no additional remuneration for being a member of any committee.

(2) US resident NEDs are paid Board fees of USD $96,000.

All Board fees are paid entirely in cash and therefore, no deferred equity grants were made to NEDs in FY23. The above fees apply to all of the Group's NEDs, except for Mr Lockwood and Mr Hosking. Mr Lockwood is a partner with Piton Capital, a private equity firm with a shareholding in the Group. Mr Lockwood receives no remuneration from the Group, in accordance with Piton Capital's policy that their partners do not accept remuneration for external board positions. Mr Hosking has historically declined to accept remuneration for his role as a NED, and after his appointment to Group CEO on 27 March 2023, Mr Hosking remains on the Board, but receives no remuneration for his role as Managing Director. His current salary package is for the role of Group CEO. Mr Sherwin also receives remuneration of USD $30,000 per annum for additional services provided to the Group. These services include additional advice, counsel and mentoring to executives domiciled in North America. Mr Sherwin does not participate in management functions or decisions. The Directors are satisfied these additional services do not impact Mr Sherwin's independence.

6.2 Maximum Aggregate NED Fee Pool

The total amount paid to all Directors for their services must not exceed in aggregate in any financial year the amount fixed by shareholders in a general meeting, currently set at $1,200,000 which has remained unchanged since the Company's IPO in 2016. Any changes to this amount in the future will require approval by shareholders in a general meeting in accordance with the ASX Listing Rules.

6.3 Other Information

NEDs are reimbursed for all reasonable travel and other expenses properly incurred by them in attending Board meetings or any meetings of committees of the Board, in attending any general meetings of the Group or otherwise in connection with the business or affairs of the Group. NEDs may be paid additional or special remuneration if they, with the approval of the Board, perform any extra services or make special exertions for the benefit of the Group. There are no retirement benefit schemes for Directors.

The remuneration of the NEDs in FY23 is set out in detail in section 7.2.

7. Statutory Reporting for FY23

7.1 Executive KMP remuneration for the year ended 30 June 2023

The following table shows details of the nature and amount of each element of remuneration paid or awarded to Executives for services provided during the year while they were Executive KMP.

		Short term benefits		Post-employment benefits	Long-term benefits	Share-based payments				
		Cash salary [1]	Non-monetary benefits [2]	Superannuation [3]	Long service leave [4]	Limited recourse loan (In-substance share options) [5]	Share options (Time based) [6]	Share appreciation rights (Performance based) [7]	Total remuneration	Performance-related [8] [10]
		$	$	$	$	$	$	$	$	%
Executive Director										
Martin Hosking [9]	**2023**	**104,260**	**-**	**10,233**	**135**	**-**	**21,551**	**27,462**	**163,641**	**17%**
(appointed as Group CEO on 27 March 2023)	2022	-	-	-	-	-	-	-	-	-%
Former Chief Executive Officer										
Michael Ilczynski	**2023**	**585,311**	**-**	**27,500**	**(1,814)**	**(212,067)**	**104,712**	**(459,955)**	**43,687**	**NM**
(resigned as CEO on 27 March 2023)	2022	812,947	20,529	27,500	1,512	159,927	460,047	370,529	1,852,991	20%
Other Executive KMP										
Robert Doyle	**2023**	**90,503**	**-**	**8,844**	**81**	**-**	**86,514**	**27,462**	**213,404**	**13%**
(appointed as Group CFO on 27 March 2023)	2022	-	-	-	-	-	-	-	-	-%
Mark Hall (appointed as interim CFO from 5 December 2022 to 24	**2023**	**127,385**	**-**	**13,169**	**-**	**-**	**-**	**-**	**140,554**	**-%**
March 2023)	2022	-	-	-	-	-	-	-	-	-%
Emma Clark	**2023**	**189,087**	**-**	**21,203**	**(6,496)**	**-**	**60,667**	**(319,501)**	**(55,040)**	**NM**
(resigned as CFO on 23 December 2022)	2022	446,570	-	27,500	3,642	-	235,084	229,939	942,735	24%
Total	**2023**	**1,096,546**	**-**	**80,949**	**(8,094)**	**(212,067)**	**273,444**	**(724,532)**	**506,246**	
	2022	1,259,517	20,529	55,000	5,154	159,927	695,131	600,468	2,795,726	

[1] Includes base salary, excess superannuation (refer to footnote 3) and short term compensated absences, such as annual leave entitlements accrued.

[2] Non-monetary benefits include wellness benefits available to all executives. For Michael Ilczynski the amount also includes fringe benefits tax payable by the Group on the limited recourse loan.

[3] Staff can elect to have their superannuation capped at $27,500 (2022: $27,500), with any amount above this included in cash salary.

[4] Australian executives are entitled to annual leave (refer to footnote 1) and long service leave. The annual charge reflects long service leave accrued (or lapsed) during the period.

[5] The accounting standard, AASB 2 – *Share Based Payment,* requires limited recourse loans for the purchase of shares to be treated (for accounting) as an option. Amounts disclosed represent the deemed in-substance option cost for the limited recourse loan provided to Michael Ilczynski to acquire Redbubble shares. Please see section 8.2 and 8.6 for further details. The fair value of in-substance options is ascertained using the Black-Scholes model and is amortised over the loan period. Michael Ilczynski's resignation in FY23 resulted in the in-substance option grant being forfeited. All previously recognised expense relating to in-substance option grant for his services as a KMP is reversed in FY23.

[6] Amounts disclosed reflect the value of remuneration consisting of options, based on the value of options expensed during the year. The fair value of options is ascertained using the Black-Scholes model and is amortised over the vesting period.

[7] Amounts disclosed reflect the value of remuneration consisting of share appreciation rights (SARs), based on the value of SARs expensed during the year. The fair value is ascertained using the Monte Carlo options model and is amortised over the vesting period.

[8] Share appreciation rights with a performance condition are all considered to be performance-related remuneration, based on their nature at grant date.

[9] Martin Hosking was a non-executive director of the Group until his appointment as Group CEO and Managing Director on 27 March 2023. The remuneration shown in this table is for his services as Group CEO only. Martin has been allocated share options and share appreciation rights which are subject to shareholder approval. For accounting purposes in this table the instruments have been accounted for under AASB 2: Share based payments using the 30 June 2023 share price as a value proxy until shareholder approval is received. The accounting values will be updated at that time.

[10] NM refers to not measurable. Performance related remuneration for former CEO and CFO is not measurable due to their resignations during the year.

7.2 NED Remuneration for the year ended 30 June 2023

		Short term benefits		Post-employment benefits	
		Director Fees [1] $	Other Fees [5] $	Superannuation $	Total $
Non-executive directors					
Ben Heap	**2023**	**146,833**	**-**	**15,417**	**162,250**
	2022	143,322	-	14,332	157,654
Martin Hosking [2]	**2023**	**-**	**-**	**-**	**-**
	2022	-	-	-	-
Greg Lockwood [3]	**2023**	**-**	**-**	**-**	**-**
	2022	-	-	-	-
Jenny Macdonald	**2023**	**146,833**	**-**	**15,417**	**162,250**
	2022	143,322	-	14,332	157,654
Anne Ward	**2023**	**235,822**	**-**	**24,761**	**260,583**
	2022	237,759	-	23,776	261,535
Bob Sherwin [4]	**2023**	**115,192**	**29,528**	**-**	**144,720**
	2022	-	-	-	-
Total	**2023**	**644,680**	**29,528**	**55,595**	**729,803**
	2022	524,403	-	52,440	576,843

(1) All Board fees are paid in cash.

(2) Martin Hosking was a non-executive director until his appointment as Group CEO and Managing Director on 27 March 2023. The remuneration shown in this table is for his services as a non-executive director only. In FY22 and FY23, Mr Hosking did not accept remuneration as a non-executive director.

(3) Greg Lockwood is a partner with Piton Capital, a private equity firm with a shareholding in Redbubble Ltd. Mr Lockwood receives no remuneration from the Group, in accordance with Piton Capital's policy that their partners do not accept remuneration for external board positions.

(4) Bob Sherwin was appointed effective 1 November 2022.

(5) Bob Sherwin also receives remuneration for additional services provided to the Group. Refer to section 6 for further details.

8. Other Information

8.1 Minimum Shareholding Expectation

The Board has set minimum shareholding expectations for the Directors and Executives to promote alignment between their interests and those of shareholders. Details of Directors shareholdings are shown in table 8.4.

In the case of Executives, the design of the RECM ensures that all Executives progressively acquire shares or other equity instruments, so that they are aligned in building long-term value for shareholders. The RECM operates to ensure that over time the Executives will acquire an equity exposure equal to or greater in value than 100% of their annual base salaries.

In the case of NEDs, who are paid entirely in cash and do not participate in any incentive program, the Board has introduced a minimum shareholding expectation. NEDs are expected to progressively acquire shares over a three-year period from the date of their appointment (or, for existing directors, within three years from the 1 November 2020 commencement of this requirement) and within this timeframe are expected to hold shares equal in value to their annual base fees at the time of their appointment.

Direct and indirect shares and equity instruments (such as RSUs, ZPOs and SARs) count towards this minimum shareholding target.

8.2 Options and Share Appreciation Rights

The tables below disclose the number of share options and share appreciation rights granted, exercised, vested or forfeited during the year.

Option holdings

Share options do not carry any voting or dividend rights, and can only be exercised once the vesting conditions have been met, until their expiry date.

2023	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Cancelled during the year	Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year	Unvested at the end of the year	Vested during the year
Non-Executive Directors									
Greg Lockwood	-	-	-	-	-	-	-	-	-
Jenny Macdonald	-	-	-	-	-	-	-	-	-
Anne Ward	50,714	-	-	-	-	50,714	50,714	-	-
Ben Heap	-	-	-	-	-	-	-	-	-
Bob Sherwin [1]	-	-	-	-	-	-	-	-	-
Executive Director									
Martin Hosking [2]	-	-	-	-	-	-	-	-	-
Former Chief Executive Officer									
Michael Ilczynski [3]	144,890	1,028,848	(144,890)	(1,028,848)	-	-	-	-	95,502
Other Executive KMP									
Emma Clark [4]	55,331	46,283	(55,331)	(46,283)	-	-	-	-	55,331
Robert Doyle [5]	-	871,999	-	-	-	871,999	-	871,999	-
Mark Hall [6]	-	-	-	-	-	-	-	-	-
Total	**250,935**	**1,947,130**	**(200,221)**	**(1,075,131)**	**-**	**922,713**	**50,714**	**871,999**	**150,833**

[1] Bob Sherwin was appointed effective 1 November 2022.

[2] Martin Hosking was a non-executive director until his appointment to Group CEO and Managing Director on 27 March 2023. Martin has been allocated 222,060 share options which are subject to shareholder approval and as such are not included in this table. However, for accounting purposes in remuneration report table 7.1, the instruments have been accounted for under AASB 2: Share based payments using the 30 June 2023 share price as a value proxy until shareholder approval is received. The accounting values will be updated at that time.

[3] Michael Ilczynski resigned from his role as CEO on 27 March 2023. The table above reports activity for his period of service as KMP up until 27 March 2023.

[4] Emma Clark resigned from her role as CFO on 23 December 2022. The table above reports activity for her period of service up until 23 December 2022.

[5] Robert Doyle was appointed as Group CFO on 27 March 2023.

[6] Mark Hall was appointed as interim CFO on 5 December 2022 and ceased as interim CFO on 24 March 2023. The table above reports activity for his period of service up until 24 March 2023.

Share Appreciation Rights holdings

Share appreciation rights do not carry any voting or dividend rights, and can only be exercised once the vesting conditions have been met, until their expiry date.

2023	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Cancelled during the year	Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year	Unvested at the end of the year	Vested during the year
Executive Director									
Martin Hosking [(1)]	-	-	-	-	-	-	-	-	-
Former Chief Executive Officer									
Michael Ilczynski [(2)]	466,508	1,643,294	-	(2,109,802)	-	-	-	-	-
Other Executive KMP									
Emma Clark [(3)]	1,330,351	-	-	(352,053)	(978,298)	-	-	-	-
Robert Doyle [(4)]	-	973,664	-	-	-	973,664	-	973,664	-
Mark Hall [(5)]	-	-	-	-	-	-	-	-	-
Total	**1,796,859**	**2,616,958**	**-**	**(2,461,855)**	**(978,298)**	**973,664**	**-**	**973,664**	**-**

(1) Martin Hosking was a non-executive director until his appointment to Group CEO and Managing Director on 27 March 2023. Martin has been allocated 973,664 share appreciation rights which are subject to shareholder approval and as such are not included in this table. However, for accounting purposes in remuneration report table 7.1, the instruments have been accounted for under AASB 2: Share based payments using the 30 June 2023 share price as a value proxy until shareholder approval is received. The accounting values will be updated at that

(2) Michael Ilczynski resigned from his role as CEO on 27 March 2023. The table above reports activity for his period of service as KMP up until 27 March 2023.

(3) Emma Clark resigned from her role as CFO on 23 December 2022. The table above reports activity for her period of service up until 23 December 2022.

(4) Robert Doyle was appointed as Group CFO on 27 March 2023.

(5) Mark Hall was appointed as interim CFO on 5 December 2022 and ceased as interim CFO on 24 March 2023. The table above reports activity for his period of service up until 24 March 2023.

Limited recourse loan share option holdings [(1)]

Limited recourse loan share options do not carry any voting or dividend rights, and can only be exercised once the vesting conditions have been met, until their expiry date.

2023	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Cancelled during the year	Balance at the end of the year	Vested and exercisable at the end of the year	Unvested at the end of the year	Vested during the year
Former Chief Executive Officer								
Michael Ilczynski	289,161	-	-	(289,161)	-	-	-	-
Total	**289,161**	**-**	**-**	**(289,161)**	**-**	**-**	**-**	**-**

(1) Under the requirements of AASB 2 - *Share Based Payment* the shares purchased by Michael Ilczynski with a limited recourse loan were considered to be options until the loan was repaid. Michael Ilczynski resigned from his role as CEO during the year resulting in the forfeiture of the options grant because he did not meet the service period vesting requirements.

8.3 Shares issued on exercise of options/rights

2023	Nature of grant	Number of ordinary shares on exercise of options/rights	Exercise price per option	Share price per share at exercise / settlement dates	Value at exercise / settlement dates [1]
Former Chief Executive Officer					
Michael Ilczynski [2]	Options	144,890	$0.00	$0.49	$70,272
Other Executive KMP					
Emma Clark [3]	Options	55,331	$0.00	$0.48	$26,282
Total		**200,221**			**96,554**

[1] For options, value at exercise / settlement date is calculated as share price on exercise date less exercise price paid, multiplied by number of options

[2] Michael Ilczynski resigned from his role as CEO on 27 March 2023. The table above reports activity for his period of service as KMP up until 27 March 2023.

[3] Emma Clark resigned from her role as CFO on 23 December 2022. The table above reports activity for her period of service up until 23 December 2022.

8.4 Shareholdings of Directors and Executive KMP

2023 - Redbubble Limited ordinary shares [1]	Balance at the start of the year	Received on exercise of options / SARs	Purchase of shares	Sale / transfer of shares	Balance at the end of the year
Non-Executive Directors					
Ben Heap [2]	200,000	-	300,000	-	500,000
Greg Lockwood [3]	6,465,131	-	-	-	6,465,131
Jennifer Macdonald	223,048	-	55,000	-	278,048
Anne Ward [4]	220,000	-	50,000	-	270,000
Bob Sherwin [5]	-	-	-	-	-
Executive Director					
Martin Hosking [6]	40,000,000	-	-	-	40,000,000
Former Chief Executive Officer					
Michael Ilczynski [7]	132,339	144,890	-	-	277,229
Other Executive KMP					
Emma Clark [8]	253,411	55,331	-	-	308,742
Robert Doyle [9]	-	-	-	-	-
Mark Hall [10]	-	-	-	-	-
Total	**47,493,929**	**200,221**	**405,000**	**-**	**48,099,150**

[1] Includes shares held directly, indirectly and beneficially by KMP.

[2] The shares attributable to Ben Heap are held by Eighty Two Capital Pty Ltd, formerly known as Jackson Alexander Capital Pty Ltd.

[3] The shares attributable to Greg Lockwood are held by Piton Capital Venture Fund II LP and Piton Capital Investments Cooperatief B.

[4] The shares attributable to Anne Ward are held in her personal name and by Walros Pty Ltd as trustee for the Anagnostou Super Fund.

[5] Bob Sherwin was appointed effective 1 November 2022.

[6] Martin Hosking was a non-executive director until his appointment to Group CEO and Managing Director on 27 March 2023. The shares attributable to Martin Hosking are held in his personal name and by Jellicom Pty Ltd as trustee for the Three Springs Family Trust and by Three Springs Foundation Pty Ltd as trustee for the Three Springs Foundation. Martin was appointed as Group CEO and Managing Director on 27 March 2023.

[7] Michael Ilczynski resigned from his role as CEO on 27 March 2023. The total balance represents his shareholding at the date he ceased to be a KMP. Michael Ilczynski also held 289,161 shares funded buy a limited recourse loan from the Group which were forfeited as he did not meet the service period vesting requirements. Under AASB 2 - Share based payment these shares are not shown in this table. Refer to section 8.2 for further details.

[8] Emma Clark resigned from her role as CFO on 23 December 2022. The total balance represents her shareholding at the date she ceased to be a KMP.

[9] Robert Doyle was appointed as Group CFO on 27 March 2023.

[10] Mark Hall was appointed as interim CFO on 5 December 2022 and ceased as interim CFO on 24 March 2023. The total balance represents his shareholding at the date he ceased to be a KMP.

8.5 Details of equity awards granted

	Grant date	# of options / rights granted	Type of equity	Vest date [1]	Expiry date [2]	Exercise price	Unit value at grant date	Total Value at grant date [3]
Former Chief Executive Officer								
Michael Ilczynski [5]	19-Jul-22	479,310	Options [4]	19-Jul-23 & 19-Jul-24	19-Jul-28	$0.00	$1.00	$479,310
	01-Oct-22	549,538	Options	01-Oct-23	01-Oct-28	$0.00	$0.66	$362,695
	01-Oct-22	1,643,294	SARs	01-Oct-25	01-Oct-28	$0.76	$0.38	$624,452
Other Executive KMP								
Robert Doyle	01-Apr-23	333,090	Options	01-Apr-24	01-Apr-29	$0.00	$0.45	$149,891
	01-Apr-23	538,909	Options [4]	27-Mar-24 & 27-Mar-25	01-Apr-29	$0.00	$0.45	$242,509
	01-Apr-23	973,664	SARs	01-Oct-25	01-Apr-29	$0.46	$0.27	$262,889
Emma Clark [6]	19-Jul-22	46,283	Options [4]	19-Jul-23 & 19-Jul-24	19-Jul-28	$0.00	$1.00	$46,283
Total		**4,564,088**						**$2,168,029**

[1] The vesting of equity is subject to the KMP remaining in service with Redbubble as at the vest date and, in relation to the SARs, the total shareholder return hurdle being satisfied.

[2] For options and SARs, if the KMP leaves Redbubble service then the expiry date is brought forward to be 90 days after the employment end date.

[3] The value at grant date for options has been determined using the Black-Scholes valuation model. The value for share appreciation rights has been determined using the Monte Carlo valuation model. For presentation purposes, share price has been rounded to two decimal places, however the value at grant date has been calculated based on unrounded numbers.

[4] 50% of options vests on 12 month anniversary and the remaining 50% on 24 month anniversary subject to the KMP remaining employed by a Redbubble Group company as at the relevant vesting date.

[5] Michael Ilczynski resigned from his role as CEO on 27 March 2023. The options and SARs granted to Michael Ilczynski during the year were subsequently forfeited on 30 June 2023 as he did not meet the service period vesting requirements.

[6] Emma Clark resigned from her role as CFO on 23 December 2022. The options granted to Emma Clark during the year were subsequently forfeited on 23 December 2022 as she did not meet the service period vesting requirements.

8.6 Other Transactions with Executive KMP - Legacy Item

In FY21, Redbubble Limited and Mr Ilczynski, CEO, entered into a limited recourse loan arrangement with a loan amount of $1,600,000. Mr Ilczynski used the loan amount plus $400,000 of his own funds to purchase Redbubble Limited shares on-market in the trading window that followed the release of Redbubble's half-year 2021 results and Appendix 4D. In accordance with the terms of the loan agreement, the loan lapsed on Mr Ilczynski's resignation and last day of employment, 30 June 2023. All shares purchased through the loan will be sold on-market at Redbubble's direction and in accordance with the loan agreement terms, and all proceeds of sale will be remitted to Redbubble in full satisfaction and discharge of Mr Ilczynski's obligation in respect of repayment of the loan.

Consolidated statement of comprehensive income
for the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Revenue from contracts with customers			
Marketplace revenue		**467,516**	482,582
Artists' revenue		**87,606**	90,811
Total revenue from contracts with customers	3	**555,122**	573,393
Operating expenses			
Artists' expenses [1]		**(85,917)**	(90,811)
Fulfiller expenses [2]		**(295,049)**	(299,454)
Employee and contractor costs	4	**(87,984)**	(77,177)
Marketing expenses	5	**(85,818)**	(80,414)
Operations, administration and technology expenses	6	**(37,762)**	(36,068)
Depreciation and amortisation	14, 15 & 16	**(10,748)**	(10,676)
Total operating expenses		**(603,278)**	(594,600)
Other income [3]		**159**	35
Other expenses [4]	7	**(3,613)**	(1,101)
Profit / (loss) before income tax		**(51,610)**	(22,273)
Income tax (expense) / benefit [5]	8	**(2,570)**	(2,315)
Total profit / (loss) for the year attributable to owners		**(54,180)**	(24,588)
Other comprehensive income / (loss)			
Items that will be reclassified subsequently to profit or loss			
Gain / (loss) on foreign currency translation		**1,877**	3,454
Total other comprehensive income / (loss) attributable to owners		**1,877**	3,454
Total comprehensive income / (loss) for the year attributable to owners		**(52,303)**	(21,134)
Profit / (loss) per share attributable to the ordinary equity holders of the company		**Cents**	Cents
Basic profit / (loss) per share	9	**(19.59)**	(8.96)
Diluted profit / (loss) per share	9	**(19.59)**	(8.96)

(1) Artists' expenses comprise artists revenue less marketplace fees and charges recovered from artists.
(2) Fulfiller expenses comprise product and printing, shipping and transaction costs.
(3) Other income includes finance income.
(4) Other expenses include interest on lease liabilities, losses recognised on derecognition of assets, and net foreign exchange losses.
(5) A portion of the income tax benefit applicable to the Group is recorded directly in equity. Please see note 8 for further details.

The above Consolidated Statement of Comprehensive Income should be read in conjunction with accompanying notes.

Consolidated statement of financial position
as at 30 June 2023

	Notes	2023 $'000	2022 $'000
Current assets			
Cash and cash equivalents	10	**35,721**	89,133
Other receivables	11(b)	**3,396**	5,314
Prepayments	12	**7,417**	4,581
Current tax assets	8(b)	**571**	2,226
Other assets	13	**4,173**	4,770
Total current assets		**51,278**	106,024
Non-current assets			
Property, plant and equipment	14	**2,288**	3,069
Intangible assets	15	**75,170**	70,746
Right of use assets	16	**5,764**	8,085
Prepayments	12	**29**	618
Deferred tax assets	8(d)	**45**	1,401
Other assets	13	**144**	677
Total non-current assets		**83,440**	84,596
Total assets		**134,718**	190,620
Current liabilities			
Trade and other payables	17	**53,341**	59,619
Unearned revenue [1]	3	**12,286**	13,023
Employee benefit liabilities	18	**1,822**	2,443
Provisions		**2,095**	1,749
Lease liabilities	16	**3,215**	3,117
Total current liabilities		**72,759**	79,951
Non-current liabilities			
Lease liabilities	16	**3,791**	6,508
Employee benefit liabilities	18	**92**	149
Provisions		**56**	55
Deferred tax liabilities	8(d)	**784**	-
Total non-current liabilities		**4,723**	6,712
Total liabilities		**77,482**	86,663
Net assets		**57,236**	103,957
Equity			
Contributed equity	19(b)	**164,458**	162,526
Treasury reserve	19(b)	**(2,104)**	(4,005)
Share based payments reserve		**14,329**	13,347
Foreign currency translation reserve		**1,923**	46
Accumulated losses		**(121,370)**	(67,957)
Total equity		**57,236**	103,957

[1] Unearned revenue represents the value of goods paid for by customers that are not yet delivered.

The above Consolidated Statement of Financial Position should be read in conjunction with accompanying notes.

Consolidated statement of changes in equity
for the year ended 30 June 2023

for the year ended 30 June 2023	Notes	Contributed equity $'000	Treasury reserve [1] $'000	Share based payments reserve $'000	Foreign exchange translation reserve $'000	Accumulated losses $'000	Total $'000
Balance as at 1 July 2022		**162,526**	**(4,005)**	**13,347**	**46**	**(67,957)**	**103,957**
Profit / (loss) for the year		-	-	-	-	(54,180)	(54,180)
Other comprehensive income / (loss)		-	-	-	1,877	-	1,877
Total comprehensive loss for the year		**-**	**-**	**-**	**1,877**	**(54,180)**	**(52,303)**
Exercise of share options	19(b)	4	-	-	-		4
Transfer to issued capital [2]	19(b)	4,732	-	(4,732)	-	-	-
Share based payments expense	4	-	-	5,607	-	-	5,607
Shares issued to Employee Share Trust	19(b)	1,170	(1,170)	-	-	-	-
Shares issued / allocated to participants [3]	19(b)	(3,718)	3,718	-	-	-	-
Receivable for limited recourse loan settlement	19(b)	-	-	107	-	-	107
Payment of withholding taxes [4]	19(b)	(256)	-	-	-	-	(256)
Income tax benefit recognised directly in equity for Employee Share Trust deductions [5]	19(b)	-	120	-	-	-	120
Transfer to accumulated losses [6]	19(b)	-	(767)	-	-	767	-
Balance as at 30 June 2023		**164,458**	**(2,104)**	**14,329**	**1,923**	**(121,370)**	**57,236**

(1) The Group operates an Employee Share Trust (the Trust) for the purpose of issuance of shares to participants on exercise of options / restricted stock units. The balance in the treasury reserve represents the book value of shares held by the Trust for future issue to participants on exercise of options / restricted stock units. The Treasury Reserve also includes shares used as security for the limited recourse loan provided to the former CEO in FY21.

(2) Transfer to issued capital on issuance of shares for exercised options / restricted stock units.

(3) Shares issued / allocated to participants from the Employee Share Trust.

(4) Payment of withholding taxes to US tax authorities on issuance of restricted stock units funded by shares withheld.

(5) A tax benefit was recognised directly in equity for income tax benefits relating to contributions to the Employee Share Trust in excess of the associated cumulative remuneration expense.

(6) The balance transferred to accumulated losses represents the income tax benefit recorded in the reserve for equity rights that were converted into shares in the current period.

The above Consolidated Statement of Changes in Equity should be read in conjunction with accompanying notes.

Consolidated statement of changes in equity
for the year ended 30 June 2023

for the year ended 30 June 2022	Notes	Contributed equity $'000	Treasury reserve [1] $'000	Share based payments reserve $'000	Foreign exchange translation reserve $'000	Accumulated losses $'000	Total $'000
Balance as at 1 July 2021		**162,552**	**(7,351)**	**11,414**	**(3,408)**	**(47,339)**	**115,868**
Profit / (loss) for the year		-	-	-	-	(24,588)	(24,588)
Other comprehensive income / (loss)		-	-	-	3,454	-	3,454
Total comprehensive loss for the year		**-**	**-**	**-**	**3,454**	**(24,588)**	**(21,134)**
Exercise of share options	19(b)	1,459	-	-	-		1,459
Transfer to issued capital [2]	19(b)	4,954	-	(4,954)	-	-	-
Share based payments expense	4	-	-	6,887	-	-	6,887
Shares issued to Employee Share Trust	19(b)	10,120	(10,120)	-	-	-	-
Shares issued / allocated to participants [3]	19(b)	(15,283)	15,283	-	-	-	-
Payment of withholding taxes [4]	19(b)	(1,276)		-	-	-	(1,276)
Income tax benefit recognised directly in equity for Employee Share Trust deductions [5]	19(b)	-	2,153	-	-	-	2,153
Transfer to accumulated losses [6]	19(b)	-	(3,970)	-	-	3,970	-
Balance as at 30 June 2022		**162,526**	**(4,005)**	**13,347**	**46**	**(67,957)**	**103,957**

(1) The Group operates an Employee Share Trust (the Trust) for the purpose of issuance of shares to participants on exercise of options / restricted stock units. The balance in the treasury reserve represents the book value of shares held by the Trust for future issue to participants on exercise of options / restricted stock units. The treasury reserve also includes shares used as security for the limited recourse loan provided to the former CEO in FY21.

(2) Transfer to issued capital on issuance of shares for exercised options / restricted stock units.

(3) Shares issued / allocated to participants from the Employee Share Trust.

(4) Payment of withholding taxes to US tax authorities on issuance of restricted stock units funded by shares withheld.

(5) A tax benefit was recognised directly in equity for income tax benefits relating to contributions to the Employee Share Trust in excess of the associated cumulative remuneration expense.

(6) The balance transferred to accumulated losses represents the income tax benefit recorded in the reserve for equity rights that were converted into shares in the current period.

The above Consolidated Statement of Changes in Equity should be read in conjunction with accompanying notes.

Consolidated statement of cash flows
for the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		**613,311**	636,324
Payments to artists		**(81,387)**	(87,497)
Payments to fulfillers		**(294,892)**	(296,619)
Payments to other suppliers and employees		**(275,410)**	(249,510)
Payments of interest		**(343)**	(410)
Receipts of interest		**163**	23
Income taxes received / (paid)		**1,465**	484
Net cash provided by / (used in) operating activities		**(37,093)**	2,795
Cash flows from investing activities			
Payments for property, plant and equipment	14	**(402)**	(2,303)
Payments for development of intangible assets		**(12,223)**	(8,892)
Net cash provided by / (used in) investing activities		**(12,625)**	(11,195)
Cash flows from financing activities			
Payments for lease liabilities	16	**(3,425)**	(3,473)
Proceeds from exercise of share options	19(b)	**4**	1,459
Payment of withholding taxes to US tax authorities on settlement of restricted stock units funded by shares withheld	19(b)	**(256)**	(1,276)
Net cash provided by / (used in) financing activities		**(3,677)**	(3,290)
Net increase / (decrease) in cash and cash equivalents held		**(53,395)**	(11,690)
Cash and cash equivalents at beginning of year		**89,133**	98,686
Effect of exchange rate changes on cash and cash equivalents		**(17)**	2,137
Cash and cash equivalents at the end of the financial year		**35,721**	89,133

The above Consolidated Statement of Cash Flows should be read in conjunction with accompanying notes.

1. Basis of preparation

The consolidated financial statements of Redbubble Limited and its controlled entities (the Group) for the year ended 30 June 2023 were authorised for issue by a resolution of the Directors on 22 August 2023. Redbubble Limited (the Company or the parent), the owner of global online marketplaces for independent creatives, is a for profit company incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Stock Exchange.

The Group, through its websites at Redbubble.com, TeePublic.com and three foreign language Redbubble.com websites, owns and operates the Redbubble and TeePublic online marketplaces. These marketplaces facilitate artists' design and sale of a range of products printed with the artists' artwork to their customers worldwide. The products are produced and shipped by third party service providers (i.e. product manufacturers, printers and shipping companies) referred to as fulfillers.

These financial statements:

- are general purpose financial statements;
- cover Redbubble Limited and its controlled entities as the consolidated Group. Redbubble Limited is the ultimate parent entity of the Group;
- have been prepared in accordance with Australian Accounting Standards (AASBs) and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001;
- comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- have been prepared on a going concern basis under the historical cost convention;
- are presented in Australian dollars with all values rounded off in accordance with the Australian Securities and Investments Commission 2016/191 Legislative Instrument, to the nearest thousand dollars or in certain other cases, nearest dollar, unless otherwise stated; and
- apply significant accounting policies consistently to all the years presented, unless otherwise stated. Comparatives are also consistent with prior years, unless otherwise stated.

The preparation of financial statements requires the use of certain critical accounting estimates and exercise of significant judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and use of estimates are disclosed in the relevant notes. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances. The Group makes estimates and assumptions concerning the future which may not equal the actual results.

Going Concern

This financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and discharge of liabilities in the ordinary course of business. At 30 June 2023, the Group had total net assets of $57.2m (2022: $104.0m) and a net current asset deficiency of $21.5m (2022: surplus of $26.1m). In assessing the going concern basis, the Group considered the following:

- In the second half of FY23 the Group announced a number of cost-reduction measures to substantially reduce the Group's operating expenditure and assist in returning the Group to profitability. These

1. Basis of preparation (continued)

Going Concern (continued)

measures are expected to reduce operating expenditure by $45m on an annualised basis, with the full benefit expected to be realised from the start of FY24.

- The Group derives a working capital timing benefit from its operating model, whereby funds are received from consumers for the sale of goods by artists before the goods are produced by third party fulfillers. Cash outflows to fulfillers occur at a later date, usually within 30 days. This assists in providing the Group with short term cash liquidity.
- The Group operates two online marketplaces and invests in these marketplaces to generate future economic benefits. The payments for these investments reduce the cash balance of the Group within current assets. These investments are expected to deliver long term benefits, but in the short term they have contributed to the Group's net current asset deficiency as the investment is recorded as a non-current asset.
- Included in the net current asset deficiency are items that are not a cash liability of the Group or items that are not expected to be paid out in the short term. These include:
  - $12.3m of unearned revenue that is not a cash liability of the Group. This will be recognised in the Statement of Comprehensive Income as revenue in the next financial year.
  - $3.2m of lease liabilities disclosed in current liabilities. The Group is required to report the corresponding right of use asset as a non-current asset.
  - $1.8m of employee benefit liabilities that are not expected to be paid out as a lump sum, but will be paid out in line with normal salary and wage payments as employees take leave.
  - Artist payables of $20.2m are not expected to be paid out as a lump sum. Amounts are paid monthly only once an artist's account balance exceeds $20. Balances below $20 and more than $2 are paid annually in January each year.
- Forward cash flow forecasts show the Group will continue to be able to fully pay its debts as and when they become due.

The Directors have reviewed the current financial position of the Group along with forward budgets and cashflow forecasts and have satisfied themselves that the continued application of going concern basis is appropriate as it is expected that the Group will be able to fully pay its debts as and when they become due.

2. Changes in significant accounting policies

There are no new or amended accounting standards that required the Group to change its accounting policies for the 2023 financial year.

3. Revenue from contracts with customers

The Group provides internet-based marketplace platforms and associated services to facilitate the design and sale by artists of goods printed with the artists' art to their customers worldwide. Artists use a suite of online tools to design products printed with their art and to display digital product previews on online listing pages via the Group's websites. The Group facilitates the artists' promotion of their products by aggregating demand from buyers and by leveraging platform scale to support favourable commercial terms for artists and their customers from third party suppliers, fulfillers and drop shippers, who participate in Group's marketplaces.

Under AASB 15 *Revenue from Contracts with Customers* the Group is the principal for accounting purposes in the sale of goods bearing artists' designs. Artists' revenue from their sales is included in total revenue, and is recognised as artists' expenses in operating expenses, net of any marketplace fees incurred by the artist.

The Group has concluded that there is only one performance obligation for goods bearing the artists' designs. Both the artist and the Group are involved in satisfying the performance obligation. The performance obligation is satisfied (and therefore revenue is recognised) when control of the goods is transferred to the customer, which is deemed to be when the product is delivered.

Amounts disclosed as revenue are net of trade discounts, returns, rebates, sales taxes, and transaction fraud relating to stolen or unauthorised use of credit cards.

Critical accounting estimates and judgements

All of the unearned revenue balance of $13.0m as at 30 June 2022 was recognised as revenue during the FY23 year. Of the $12.3m unearned revenue balance at 30 June 2023, $8m is expected to be recognised as revenue within the following month with the remaining balance expected to be recognised in FY24. Where possible the Group uses delivery tracking information to calculate the volume of goods in transit at the end of the reporting period. When delivery tracking information is not available the Group estimates the likely delivery timeframe using average delivery times and information from third-party shipping fulfillers.

For information regarding disaggregated revenue from contracts with customers refer to note 26.

4. Employee and contractor costs

	2023 $'000	2022 $'000
Salary costs	**59,352**	51,517
Contractor costs	**14,703**	15,461
Share-based payments expense (1)	**5,607**	6,887
Superannuation and other pension related costs (2)	**4,166**	3,312
Redundancy costs	**4,156**	-
Total employee and contractor costs	**87,984**	77,177

(1) Includes reversal of forfeited share based payments of $4.9m (2022: $1.6m) due to departure of employees during the year.

(2) Includes contribution to 401K funds, which is the superannuation equivalent for the US subsidiaries, and contributions to pension funds in Germany.

5. Marketing expenses

	2023 $'000	2022 $'000
Paid marketing [1]	**76,565**	76,432
Other marketing expenses [2]	**9,253**	3,982
Total marketing expenses	**85,818**	80,414

(1) Paid marketing represents search and social paid marketing costs, paid on a per click basis.
(2) Other marketing expenses in FY23 include initial costs for the Group's brand awareness project.

6. Operations, administration and technology expenses

	2023 $'000	2022 $'000
Technology infrastructure and software costs	**27,849**	22,610
Other operations and administration expenses	**9,913**	13,458
Total operations, administration and technology expenses	**37,762**	36,068

7. Other expenses

	2023 $'000	2022 $'000
Interest expense [1]	**343**	410
Loss on derecognition of assets [2]	**2,833**	65
Net foreign exchange loss	**437**	626
Total other expenses	**3,613**	1,101

(1) Includes interest expenses on lease liabilities.
(2) Refer to Note 15 for further details on the capitalised development costs that were derecognised during the year.

8. Income tax

Recognition of tax expense / (benefit)

The tax expense recognised in the statement of comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year). The tax effect of share based payment awards granted is recognised in current income tax expense, except to the extent that the total tax deductions are expected to exceed the cumulative remuneration expense. In this situation, the excess of the associated current or deferred tax is recognised in equity and forms part of the treasury shares reserve.

Current and deferred tax is recognised as income or an expense and included in the income statement for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Current tax

Current tax is the amount of income taxes payable / (recoverable) in respect of the taxable profit / (taxable loss) for the year and is measured at the amount expected to be paid to / (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

8. Income tax (continued)

Current tax (continued)

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent:

- it is probable that future taxable profits will be available against which the deductible temporary differences and losses can be utilised;
- the likelihood of achieving appropriate continuity of ownership levels and continuing to meet the relevant definitions of "same business" are met; and
- there are no changes in tax legislation that adversely affect the ability to realise the deferred tax asset benefits.

Deferred tax assets and liabilities are offset where they relate to income taxes levied by the same taxation authority and the intention is to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Critical accounting estimates and judgements

Current and deferred income taxes arise from temporary differences between the tax and financial statement recognition of revenue, expense and equity items, the incurrence of tax losses and entitlement to non-refundable tax offsets. In evaluating the Group's ability to recover deferred tax assets within the jurisdiction from which they arise, the Group considers all available positive and negative evidence, including probability of achieving appropriate continuity of ownership levels, likelihood of meeting relevant definitions of "same business", expected reversals of temporary differences, projected future taxable income and results of recent operations. This evaluation requires significant management estimates and judgments.

The Group has in aggregate $173.9m (2022: $123.4m) of unrecognised losses, $12.6m (2022: $10.6m) of unrecognised R&D tax offsets and $1.5m (2022: Nil) of unrecognised timing differences. All of these items relate to the Australian tax jurisdiction. An unrecognised deferred tax asset of $65.2m exists as at 30 June 2023 (2022: $47.7m), in relation to these items. These losses will be recognised at a future point in time when sustainable taxable income can be reliably estimated.

8. Income tax (continued)

(a) Income tax expense / (benefit) recorded in the Statement of Comprehensive Income

Recorded in the Statement of Comprehensive Income	2023 $'000	2022 $'000
Current tax		
Current tax expense / (benefit)	**390**	605
Under / (over) provision in prior years	**23**	191
Deferred tax		
Deferred tax expense / (benefit)	**2,113**	1,479
Under / (over) provision in prior years	**44**	40
Total income tax expense / (benefit) recorded in the Statement of Comprehensive Income	**2,570**	2,315

(b) Current tax assets / (liabilities)

The current tax asset is comprised of the following	2023 $'000	2022 $'000
Current tax expense recorded in the Statement of Comprehensive Income	**(390)**	(605)
Tax benefit recorded in equity [(1)]	**120**	2,153
Tax instalments made and refunds due for prior years	**841**	678
Total current tax asset	**571**	2,226

[(1)]The tax effect of share based payment awards granted is recognised in current income tax expense, except to the extent that the total tax deductions exceed the cumulative remuneration expense. The excess of the associated current or deferred tax is recognised in equity and forms part of the treasury shares reserve.

(c) Numerical reconciliation of income tax expense / (benefit) to prima facie tax payable

	2023 $'000	2022 $'000
Profit / (loss) from ordinary activities before income tax expense / (benefit)	**(51,610)**	(22,273)
Income tax calculated @ 30%	**(15,483)**	(6,682)
Tax effect of amounts that are not deductible / (taxable) in calculating income tax:		
Tax effect of foreign jurisdictions' different tax rates	**(488)**	210
US income tax benefit due to exercise / disposition of employee stock options	**457**	(375)
Net Australian income tax benefit from funding the employee share trust	**10**	(1,964)
Tax effect of share based payment deduction recognised in equity	**120**	2,153
Research and development	**(339)**	(120)
Other non-deductible / non-assessable items	**136**	(1,426)
Effect of movements in foreign exchange	**1,496**	67
Under / (over) provision in prior year	**67**	231
Unrecognised tax losses and R&D tax offsets	**16,594**	10,221
Income tax expense / (benefit) attributable to loss from ordinary activities	**2,570**	2,315

8. Income tax (continued)

(d) Deferred tax asset / (liability)

Classification of deferred tax assets / (liabilities)	**2023 $'000**	2022 $'000
Deferred tax assets	**45**	1,401
Deferred tax (liabilities)	**(784)**	-
Net deferred tax asset / (liability)	**(739)**	1,401

The balance comprises temporary differences attributable to:

	2023 $'000	2022 $'000
Amounts recognised in profit or loss:		
Employee benefits	**741**	501
Property, plant and equipment	**(122)**	(200)
Lease assets and liabilities	**203**	286
Unrealised FX	**2,902**	3,331
Intangible assets	**(4,228)**	(3,205)
US Carried Forward Tax Losses	**137**	848
Other items	**(372)**	(160)
Net deferred tax (liability) / assets	**(739)**	1,401
Movements:		
Opening balance at 1 July	**1,401**	2,717
Credited / (debited) to the consolidated statement of comprehensive income	**(2,157)**	(1,519)
Exchange differences	**17**	203
Closing balance at 30 June	**(739)**	1,401

[1] Deferred tax assets (DTAs) are recognised in relation to temporary differences that arise in jurisdictions where the Group is generating taxable income as it is probable that the tax benefit associated with these DTAs will be realised. As noted above, the Group has unrecognised DTAs for tax losses which remain available for use but for which recognition is not currently supportable. These DTAs may be recognised at a future point in time when there is sustainable evidence of taxable income in the relevant jurisdiction.

9. Earnings per share

Basic earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company (after adjusting for the after income tax effect of interest and other financing costs associated with the dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Basic and diluted earnings per share

The following table reflects the profit / (loss) and share data used in the basic and diluted EPS calculations:

	2023 $'000	2022 $'000
Profit / (loss) attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	**(54,180)**	(24,588)

Weighted average number of shares used as the denominator

	2023 Number [(1)]	2022 Number [(1)]
Weighted average number of shares used as denominator in calculating basic earnings per share	**276,619,241**	274,393,330
Adjustments for calculation of diluted earnings per shares:		
Add: Options	**-**	-
Add: Restricted stock units	**-**	-
Add: Share appreciation rights	**-**	-
Weighted average number of shares used as denominator in calculating diluted earnings per share	**276,619,241**	274,393,330

(1) None of the options, restricted stock units and share appreciation rights that could be considered as potential ordinary shares have been included in determination of diluted EPS, since they are anti-dilutive. Due to losses incurred, inclusion of potential ordinary shares in weighted average number of shares would increase the denominator used in calculating diluted EPS and thereby reduce the loss per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements that would significantly impact the above calculations.

10. Cash and cash equivalents

	2023 $'000	2022 $'000
Cash at bank and on hand	**35,721**	89,133
Total cash and cash equivalents	**35,721**	89,133

(a) Reconciliation of profit / (loss) for the year to net cash inflow / (outflow) from operating activities

	Notes	2023 $'000	2022 $'000
Profit/(Loss) for the year		**(54,180)**	(24,588)
Non-cash items			
(Recognition) / de-recognition of net deferred tax asset	8(d)	**2,157**	1,519
Depreciation and amortisation		**10,748**	10,676
Amortisation of share-based payments		**5,607**	6,887
Net exchange differences		**512**	(3,736)
Net loss on the disposal / derecognition of property, plant and equipment and intangible assets		**2,833**	66
Income tax benefit recognised directly in equity for Employee Share Trust deductions	8(b)	**120**	2,153
Change in operating assets and liabilities			
Net decrease / (increase) in trade and other receivables, prepayments and other assets		**801**	(911)
Net increase / (decrease) in current tax liabilities		**1,655**	(956)
Net increase / (decrease) in trade and other payables, employee benefit and other liabilities and provisions		**(6,609)**	10,897
Net increase / (decrease) in unearned revenue		**(737)**	788
Net cash provided by / (used in) operating activities		**(37,093)**	2,795

(b) Changes in liabilities arising from financing activities

Lease liabilities	Notes	2023 $'000	2022 $'000
Opening balance at 1 July		**9,625**	6,002
Cashflow from principal repayments	16	**(3,425)**	(3,473)
New leases	16	**649**	6,675
Interest expense incurred over rent free period		**-**	40
Foreign exchange movement	16	**157**	381
Closing balance 30 June		**7,006**	9,625

11. Financial risk management

This note explains the Group's financial risk management and how the exposure to these risks affects the Group's future financial performance. The Group's risk management framework is maintained by senior management through delegation from the Board of Directors. The Board oversees and monitors senior management's implementation of the Group's risk management framework. This is based on recommendations from the Audit and Risk Committee, where appropriate. The risk management framework includes policies and procedures approved by the Board and managed by the Legal and Finance functions.

Financial assets	Notes	2023 $'000	2022 $'000
Cash and cash equivalents	10	**35,721**	89,133
Other receivables	11(b)	**3,396**	5,314
Security bonds	13	**402**	1,027
Total financial assets		**39,519**	95,474

Financial liabilities	Notes	2023 $'000	2022 $'000
Fulfiller payables	17	**19,795**	24,203
Artist payables	17	**20,187**	15,928
Staff payables	17	**2,622**	4,238
Other payables	17	**7,402**	11,498
Lease liabilities	16	**7,006**	9,625
Total financial liabilities		**57,012**	65,492

The carrying value of the assets and liabilities (excluding lease liabilities) disclosed in the table equals or closely approximates their fair value. Refer to note 16 for more information on lease liabilities.

(a) Market risk

Foreign exchange risk

The Group collects funds from customers in five currencies (USD, AUD, EUR, CAD and GBP) and maintains bank accounts in these currencies. The Group has liabilities to fulfillers, artists and other suppliers in these currencies. Where possible, the Group settles its liabilities in the native currency hence creating a partial natural hedge. Any surplus funds are converted into the required currencies' operating accounts when management feels it is prudent to do so.

The net exposure to foreign currency financial instruments (expressed in AUD) held by the Group, which are largely held by the US subsidiaries whose functional currency is USD and Redbubble Ltd whose functional currency is AUD, are as follows:

Net exposure asset / (liability) (expressed in $'AUD)	GBP $'000	USD $'000	EUR $'000	CAD $'000	Total $'000
30 June 2023	**(323)**	**(1,181)**	**(262)**	**7,502**	**5,736**
30 June 2022	15,794	11,036	16,613	5,103	48,546

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11. Financial risk management (continued)

The aggregate net foreign exchange gains / (losses) recognised in profit or loss were:

	2023 $'000	2022 $'000
Net foreign exchange loss included in other expenses	**(437)**	(626)
Total net foreign exchange losses recognised in profit / (loss) before income tax for the year	**(437)**	(626)

Foreign Currency Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

		Effect on profit before tax (amounts shown in AUD)				
Year	Change in FX rate	GBP $'000	USD $'000	EUR $'000	CAD $'000	Total $'000
30 June 2023	**+ 10%**	**32**	**118**	**26**	**750**	**574**
	- 10%	**(32)**	**(118)**	**(26)**	**(750)**	**(574)**
30 June 2022	+ 10%	1,579	1,104	1,661	510	4,854
	- 10%	(1,579)	(1,104)	(1,661)	(510)	(4,854)

(b) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group faces primary credit risk from potential default on receivables by payment service providers. The Group receives payments of the balance due from two of the three service providers, every day, two to three days in arrears. The credit risk of balances held with the third party service provider is managed by regularly sweeping funds out of the provider accounts into a portfolio of managed banking facilities held with highly rated and regulated financial institutions. Amounts owing from payment service providers, which have a historic and expected minimal rate of default, are not recognized as cash at reporting date.

Cash and bank balances / other financial assets

As at 30 June 2023, the Group holds $20.3m (2022: $14.2m) of cash in interest bearing bank deposits that attract interest at normal rates and $15.4m (2022: $74.9m) in non-interest bearing accounts.

The Group's bank accounts are predominantly interest bearing accounts.

The other financial assets include certain other operational deposits over and above the deposits placed with banks as security. The banks with which securities are held are reputable financial institutions and hence, the credit risk is considered low.

11. Financial risk management (continued)

Other receivables

The Group is not exposed to any significant credit risk on account of other receivables. The Group accepts payments either via credit card platforms, PayPal, Amazon Pay, Apple Pay or Buy Now Pay Later (BNPL) platforms. The other receivables balance as at 30 June 2023 represents amounts receivable from these payment service providers and other non-trade receivable balances. It is believed that the credit risk from collections from payment service providers is low.

	2023	2022
	$'000	$'000
Receivables from payment service providers	**1,934**	1,824
Other non-trade receivables	**1,462**	3,490
Total other receivables (1)	**3,396**	5,314

(1) None of the other receivables are impaired or past due date. The Group does not hold any collateral in relation to these receivables.

The Group encounters credit card fraud typical of the industry in which it operates, representing less than 0.1% (2022: less than 0.1%) of marketplace revenue.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash in accordance with forecast cash usage. Due to the dynamic nature of the underlying business, flexibility in funding is maintained by ensuring ready access to the cash reserves of the business.

All financial liabilities (excluding lease liabilities) are current and anticipated to be repaid over the normal payment terms, usually 30 days for trade and other payables (excluding Artist Payables) and within 12 months for other financial liabilities. Artist payables are paid to an Artist once their balance exceeds $20. Balances below $20 and more than $2 are paid annually in January each year.

Maturities of financial liabilities

Financial liabilities owed by the Group at 30 June 2023 are $57.3m (2022: $65.9m). These items are based on contractual undiscounted payments. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 30 June 2023	**Trade and other payables** (1)	**Lease liabilities**	**Total**
	$'000	**$'000**	**$'000**
1 to 3 months	**50,006**	**941**	**50,947**
3 to 12 months	**-**	**2,576**	**2,576**
1 to 3 years	**-**	**3,433**	**3,433**
> 3 years	**-**	**335**	**335**
Total	**50,006**	**7,285**	**57,291**

(1) Excludes sales taxes.

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11. Financial risk management (continued)

Year ended 30 June 2022	Trade and other payables [1] $'000	Lease liabilities $'000	Total $'000
1 to 3 months	55,867	908	56,775
3 to 12 months	-	2,528	2,528
1 to 3 years	-	4,918	4,918
> 3 years	-	1,663	1,663
Total	55,867	10,017	65,884

(1) Excludes sales taxes.

(d) Capital management

The Group's policy is to maintain a capital structure for the business which ensures sufficient liquidity, provides support for business operations, maintains shareholder confidence and positions the business for future growth. The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The ongoing maintenance of the Group's policy is characterised by ongoing cash flow forecast analysis and detailed budgeting which is directed at providing a sound financial positioning for the Group's operations and financial management activities. The Group is not subject to externally imposed capital requirements.

12. Prepayments

	Current		Non-current	
Consolidated	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000
Admin/Corporate/Operating [1]	**5,932**	2,673	**29**	618
Licenses, dues and subscriptions	**1,485**	1,908	**-**	-
Total prepayments	**7,417**	4,581	**29**	618

(1) Includes a prepayment of $2.5m to a technology infrastructure and software provider under a long term contractual arrangement. Refer to note 21(b) for further details.

13. Other assets

	Current		Non-current	
Consolidated	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000
Security bonds	**258**	350	**144**	677
Goods in transit [1]	**3,915**	4,420	**-**	-
Total other assets	**4,173**	4,770	**144**	677

(1) Goods in transit represents the cost of goods that have been manufactured but are in transit to customers.

14. Property, plant and equipment

Plant and equipment is measured on a cost basis and carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable asset are shown below:

Class of Fixed Assets	Useful life
Leasehold improvements	Life of the applicable lease
Computer equipment	3 years
Furniture and equipment	2-5 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

14. Property, plant and equipment (continued)

	Leasehold improvements $'000	Furniture and equipment $'000	Computer equipment $'000	Total $'000
Cost				
Balance at 1 July 2022	5,029	1,165	4,276	10,470
Additions	108	68	226	402
Disposals	(1,908)	(376)	(1,526)	(3,810)
Exchange differences	101	29	187	317
Balance at 30 June 2023	**3,330**	**886**	**3,163**	**7,379**
Balance at 1 July 2021	3,899	797	3,281	7,977
Additions	1,091	317	895	2,303
Disposals	-	-	(56)	(56)
Exchange differences	39	51	156	246
Balance at 30 June 2022	5,029	1,165	4,276	10,470
Accumulated depreciation				
Balance at 1 July 2022	(3,492)	(751)	(3,158)	(7,401)
Charge for the year	(517)	(127)	(671)	(1,315)
Disposals	1,908	356	1,526	3,790
Exchange differences	(77)	(25)	(63)	(165)
Balance at 30 June 2023	**(2,178)**	**(547)**	**(2,366)**	**(5,091)**
Balance at 1 July 2021	(2,942)	(568)	(2,539)	(6,049)
Charge for the year	(406)	(147)	(541)	(1,094)
Disposals	-	-	17	17
Exchange differences	(144)	(36)	(95)	(275)
Balance at 30 June 2022	(3,492)	(751)	(3,158)	(7,401)
Net book value				
As at 30 June 2023	**1,152**	**339**	**797**	**2,288**
As at 30 June 2022	1,537	414	1,118	3,069

Critical accounting estimates and judgements

At the end of each reporting period, the Group assesses whether there is any indication that any property, plant and equipment asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to dispose, and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately as a loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

No items of property, plant and equipment have been impaired in the financial year ending 30 June 2023 (2022: $nil).

15. Intangible Assets

Recognition and measurement

Capitalised development costs	Development expenditure is capitalised when future economic benefits are probable. The Group capitalises internal engineering time spent on development of the Redbubble and TeePublic marketplace websites. Expenditure during the research phase of a project is recognised as an expense when incurred. All costs for Software as a Service (SaaS) are expensed.
Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. All of the goodwill held by the Group is attributable to the TeePublic cash-generating unit (CGU).
Brand name	The brand name asset is measured at cost less accumulated impairment losses. The brand name asset is attributable to the TeePublic cash-generating unit (CGU).

Amortisation

Amortisation is calculated to write off the cost of intangible assets using the straight-line method over their estimated useful lives and is recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

Capitalised development costs:	2–3 years
Goodwill (attributable to the TeePublic CGU)	Indefinite
Brand name asset (attributable to the TeePublic CGU):	Indefinite

The brand name asset is considered to have an indefinite useful life as it is expected to contribute to future economic benefits as the Group continues to facilitate the sale of products under the brand name indefinitely.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if deemed necessary.

15. Intangible Assets (continued)

Critical accounting estimates and judgements

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The Group assesses the recoverability of its goodwill and brand name in the TeePublic CGU annually. Recoverable amounts have been determined based on a value in use calculation using cash flow projections over a 5 year period. The key assumptions in the calculation are as follows:

(a) Growth rate

The business growth rate in year 1 is based on the next financial year's budget. Growth in years 2 to 5 is based upon Management's experience with the historical growth of the business and expectations about future performance. Cash flows beyond the forecast period are projected using a growth rate of 3.3% (2022: 3.3%).

(b) Gross margins

Gross margins are based on historical values and expectations about future performance. These values are increased over the forecast period for anticipated efficiency improvements as the business scales.

(c) Discount rates

The pre-tax discount rate applied to cash flow projections is 10.1% (2022: 10.0%). Discount rates represent the consideration of the time value of money and the individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances for the CGU and is derived from its weighted average cost of capital (WACC). Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Impairment

The Group performed an impairment test as at 30 June 2023. Using the above assumptions, it was concluded that the carrying value of the Group's CGUs does not exceed its value in use and therefore no impairment charge has been recognised. Sensitivity analysis has been completed which considered a range of possible scenarios. There is no reasonably possible change in key assumptions used to determine the recoverable amount that would result in impairment.

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15. Intangible Assets (continued)

	Brand name $'000	Capitalised development costs $'000	Goodwill $'000	Total $'000
Cost				
Balance at 1 July 2022	6,903	63,417	51,677	121,997
Additions	-	11,352	-	11,352
Derecognition [(1)]	-	(2,829)	-	(2,829)
Exchange differences	265	-	1,985	2,250
Balance at 30 June 2023	**7,168**	**71,940**	**53,662**	**132,770**
Balance at 1 July 2021	6,326	54,035	47,352	107,713
Additions	-	9,618	-	9,618
Disposals	-	(236)	-	(236)
Exchange differences	577	-	4,325	4,902
Balance at 30 June 2022	6,903	63,417	51,677	121,997
Accumulated amortisation				
Balance at 1 July 2022	-	(51,251)	-	(51,251)
Charge for the year	-	(6,349)	-	(6,349)
Exchange differences	-	-	-	-
Balance at 30 June 2023	**-**	**(57,600)**	**-**	**(57,600)**
Balance at 1 July 2021	-	(45,227)	-	(45,227)
Charge for the year	-	(6,206)	-	(6,206)
Disposals	-	182	-	182
Exchange differences	-	-	-	-
Balance at 30 June 2022	-	(51,251)	-	(51,251)
Net book value				
As at 30 June 2023	**7,168**	**14,340**	**53,662**	**75,170**
As at 30 June 2022	6,903	12,166	51,677	70,746

(1) As part of the cost saving initiatives enacted in May 2023 the Group refocused its capitalised development work and derecognised projects to the value of $2.8m in the financial year ended 30 June 2023.

16. Leases

a) Group as a lessee

The Group leases various offices in Australia, the United States and Germany. Rental contracts are typically made for fixed periods of between 1 to 5 years (2022: 1 to 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Set out below are the carrying amounts of right-of-use assets and lease liabilities and the movements during the period:

Right of use assets	2023 $'000	2022 $'000
Balance at 1 July	**8,085**	4,466
Additions	**649**	6,747
Depreciation and amortisation expense	**(3,084)**	(3,376)
Exchange differences	**114**	248
Balance as at 30 June	**5,764**	8,085

Lease liabilities	2023 $'000	2022 $'000
Balance at 1 July	**9,625**	6,002
Additions	**649**	6,675
Interest expense	**341**	385
Lease liability repayment	**(3,766)**	(3,818)
Exchange differences	**157**	381
Balance as at 30 June	**7,006**	9,625

Classification of lease liabilities	2023 $'000	2022 $'000
Current	**3,215**	3,117
Non-current	**3,791**	6,508
Total lease liabilities	**7,006**	9,625

Amounts recognised in the statement of cashflow	2023 $'000	2022 $'000
Operating – payments of interest	**(341)**	(345)
Financing – payments of principal	**(3,425)**	(3,473)
Total cash (outflow) relating to leases	**(3,766)**	(3,818)

16. Leases (continued)

a) Group as a lessee (continued)

The Group has several lease contracts that include an extension option. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:

	Within five years	More than five years	Total
	$'000	$'000	$'000
Extension options not reasonably certain to be exercised	**9,925**	**4,945**	**14,870**

17. Trade and other payables

	2023	2022
	$'000	$'000
Fulfiller payables	**19,795**	24,203
Artist payables	**20,187**	15,928
Staff payables	**2,622**	4,238
Sales tax payables	**3,335**	3,752
Other payables [1]	**7,402**	11,498
Total trade and other payables	**53,341**	59,619

[1] Other payables consist of operations, administration and marketing payables.

18. Employee benefit liabilities

Wages, salaries, annual and long service leave
A provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Employee benefits that are expected to be settled within one year represent the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy service period requirements. Cash flows are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

Employee benefits are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119 *Employee Benefits.*

Changes in the measurement of the liability are recognised in the income statement.

Defined contribution schemes
Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in the income statement in the periods in which services are provided by employees.

	Current		Non-current	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
Annual leave	**1,545**	2,169	**-**	-
Long service leave	**277**	274	**92**	149
Total employee benefit liabilities	**1,822**	2,443	**92**	149

19. Contributed equity and reserves

(a) Share capital

	Consolidated and parent entity			
	2023 Shares	2022 Shares	**2023 $'000**	**2022 $'000**
Ordinary shares [1]				
Issued and fully paid	**277,720,223**	275,920,223	**164,458**	162,526
Total share capital	**277,720,223**	275,920,223	**164,458**	162,526

[1] The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. The Company does not have authorised capital or par value in respect of its shares.

19. Contributed equity and reserves (continued)

(b) Movements in ordinary share capital and treasury reserve

Share Capital	Number of shares	$'000
Balance at 1 July 2021	273,620,223	162,552
Exercise of options	-	1,459
Settlement of restricted stock units (RSUs)	-	-
Transferred from share based payments reserve	-	4,954
Shares issued to Employee Share Trust	2,300,000	10,120
Shares allocated to participants from the Employee Share Trust	-	(15,283)
Payment of withholding taxes to US tax authorities [1]	-	(1,276)
Balance at 30 June 2022	**275,920,223**	**162,526**
Exercise of options	**-**	**4**
Settlement of restricted stock units (RSUs)	**-**	**-**
Transferred from share based payments reserve	**-**	**4,732**
Shares issued to Employee Share Trust	**1,800,000**	**1,170**
Shares allocated to participants from the Employee Share Trust	**-**	**(3,718)**
Payment of withholding taxes to US tax authorities [1]	**-**	**(256)**
Balance at 30 June 2023	**277,720,223**	**164,458**

[1] Represents payment of withholding taxes accounted for as a deduction from equity in accordance with AASB 2 *Share-based Payments*.

Treasury Reserve	Number of shares	$'000
Balance at 1 July 2021	(1,471,319)	(7,351)
Shares issued to Employee Share Trust and held in Treasury Reserve	(2,300,000)	(10,120)
Shares allocated to participants from the Employee Share Trust and released from treasury reserve	2,788,239	15,283
Income tax benefit for contributions to the Employee Share Trust in excess of the associated cumulative remuneration expense	-	2,153
Transfer of the income tax benefit to accumulated losses for equity rights that were converted to shares in the current period	-	(3,970)
Balance at 30 June 2022	**(983,080)**	**(4,005)**
Shares issued to Employee Share Trust and held in Treasury Reserve	**(1,800,000)**	**(1,170)**
Shares allocated to participants from the Employee Share Trust and released from treasury reserve	**1,718,014**	**3,718**
Income tax benefit for contributions to the Employee Share Trust in excess of the associated cumulative remuneration expense	**-**	**120**
Transfer of the income tax benefit to accumulated losses for equity rights that were converted to shares in the current period	**-**	**(767)**
Balance at 30 June 2023	**(1,065,066)**	**(2,104)**

19. Contributed equity and reserves (continued)

(c) Dividends

No dividends were declared or paid during the year (2022: $nil). The Group's franking account balance is $nil (2022: $nil).

(d) Nature and purpose of reserves

Share based payments reserve

The share-based payments reserve arises on issue of share options / restricted stock units as payment for services to board members and employees (including senior executives).

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are recognised in the foreign currency translation reserve within other comprehensive income. The cumulative amount is reclassified to the income statement when the foreign controlled entity to which it relates is disposed of.

Treasury reserve

The treasury reserve is used to hold the book value of shares held by the Employee Share Trust for future issue to participants on exercise of options / restricted stock units. It also includes a limited recourse loan provided to the Group's former CEO in FY21 to purchase Redbubble shares on-market. The tax effect of tax deductions for contributions to the Employee Share Trust in excess of the associated cumulative remuneration expense is recorded directly in equity and forms part of the treasury shares reserve. Amounts are transferred out of this reserve and into accumulated losses when the relevant equity rights are converted into shares.

20. Interests in subsidiaries

Information about subsidiaries

The consolidated financial statements of the Group include:

Name of entity	Country of incorporation	Principal activities	Equity holding 2023 %	Equity holding 2022 %
Redbubble Incorporated	USA	Provider of global sales, marketing and distribution facilitation services in respect of the Redbubble marketplace	**100**	100
Redbubble UK Limited	UK	Marketing and distribution facilitation services in Europe	**100**	100
Redbubble Europe GmbH	Germany	Marketing and distribution facilitation services in Europe	**100**	100
Redbubble Canada Processing Ltd [1]	Canada	Payment processing facilitation services relating to Canadian dollar transactions	**100**	-
TP Apparel LLC	USA	Provider of global sales, marketing and distribution facilitation services in respect of the TeePublic marketplace	**100**	100

(1) Redbubble Canada Processing Ltd was incorporated on 10 January 2023.

21. Parent entity financial information

The financial information for the parent entity, Redbubble Limited, has been prepared on the same basis as the consolidated financial statements except for investments in subsidiaries. They are recognised at cost in the financial statements of the parent entity.

(a) Summary financial information

Statement of financial position	2023 $'000	2022 $'000
Assets		
Current assets	**8,448**	81,600
Non-current assets	**48,943**	19,242
Total assets	**57,391**	100,842
Liabilities		
Current liabilities	**18,853**	8,875
Non-current liabilities	**2,969**	4,142
Total liabilities	**21,822**	13,017
Equity		
Contributed equity	**164,465**	162,533
Share based payment reserve	**14,410**	13,347
Treasury reserve	**(2,104)**	(4,005)
Accumulated losses	**(141,202)**	(84,050)
Total equity	**35,569**	87,825
Profit / (loss) and other comprehensive income		
Profit / (loss) for the year	**(57,921)**	(23,173)
Total comprehensive profit / (loss)	**(57,921)**	(23,173)

(b) Commitments

At 30 June 2023, the parent entity had contractual commitments of $17.2m (2022: $55.4m) that are not recognised as liabilities. This includes a contractual commitment with a key technology infrastructure and software provider ending in June 2026 that requires a total minimum usage spend over a 5 year contract period. The minimum usage spend amount was renegotiated during the period. The services to be provided under the long-term contract are recognised on an annual basis as the services are received by the Company. The supply contract requires any shortfall in minimum usage on a per annum basis to be paid for in accordance with the contract. Any shortfall payment can be carried forward and used as a prepayment against future usage over minimum spend levels in any contract year before expiry of the contract. A shortfall payment of $2.5m was made during the year in relation to the contract period to 30 June 2023 and has been recognised as a current prepayment. In assessing recoverability of any shortfall payment, the Company estimates its future usage of the services across the remaining contract years in comparison to the minimum spend requirements. Should any shortfall exist at the end of the contract term, it is non-refundable to the Company. At reporting date, the Company does not expect any shortfall to exist at the end of the current contract term. The total commitment under the remaining term of this contract is $16.6m.

21. Parent entity financial information (continued)

(c) Guarantees entered into by the parent entity

A bank guarantee of $0.9m exists as security for the Melbourne office lease. No liability is expected to arise. The parent entity did not enter into any new guarantees for the financial year ended 30 June 2023 (2022: $0.9m).

(d) Contingent liabilities of the parent entity

Although the Group is strictly an online intermediary that provides online facilitation services to third parties via its marketplaces, and Group does not sell or manufacture the products sold by artists through its marketplaces, it periodically receives notices alleging infringement of third-party copyright, trademarks, other intellectual property rights or publicity rights or breach of consumer protection laws. This is not uncommon for marketplaces that host user-generated content, nor is it uncommon within the United States of America business environment where the majority of such claims arise. As at the date of these financial statements there are current lawsuits filed against the Company that relate to alleged intellectual property infringement and / or breach of consumer laws. As at reporting date, there is no certainty that the Group either holds any obligations in relation to these actions and/or there is any likelihood of outflows (or inflows from insurance recoveries where applicable) of cash or other resources in respect of them, should any of the actions ultimately be successful (at first instance or on appeal, as applicable).

22. Commitments and contingencies

(a) Commitments

Other than the commitments mentioned in note 21 (b), the Group has contractual commitments of $3.5m (2022: $7.3m) over the next 2 years with technology infrastructure and software providers that are not recognised as liabilities.

(b) Contingent liabilities/assets of the Group

Legal claim contingencies

Although the Group is strictly an online intermediary that provides online facilitation services to third parties via its marketplaces, and Group does not sell or manufacture the products sold by artists through its marketplaces, it periodically receives notices alleging infringement of third-party copyright, trademarks, other intellectual property rights or publicity rights or breach of consumer protection laws. This is not uncommon for marketplaces that host user-generated content, nor is it uncommon within the United States of America business environment where the majority of such claims arise. As at the date of these financial statements there are current lawsuits filed against the Company that relate to alleged intellectual property infringement and / or breach of consumer laws. As at reporting date, there is no certainty that the Group either holds any obligations in relation to these actions and/or there is any likelihood of outflows (or inflows from insurance recoveries where applicable) of cash or other resources in respect of them, should any of the actions ultimately be successful (at first instance or on appeal, as applicable).

22. Commitments and contingencies (continued)

(c) Guarantees

Other than the bank guarantees mentioned in note 21(c), the Group has a bank guarantee of $0.25m as security for office premises (2022: $0.25m). No liability is expected to arise.

23. Share-based payments

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account.

The fair value of options with a strike price and share appreciation rights are ascertained using industry standard valuation models. A Black-Scholes pricing model is used for options and the Monte Carlo simulation model is used for share appreciation rights. The amount to be expensed is determined by reference to the fair value of the options or shares granted. This expense takes into account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions. Non-market vesting conditions are taken into account when considering the number of options expected to vest and at the end of each reporting period, the Group revisits its estimate. Revisions to the prior period estimate are recognised in the income statement and equity.

The fair value of zero priced options and restricted stock units approximates the fair market value of a Redbubble Ltd share at the grant date.

Critical accounting estimates and judgements

Some of the inputs to the pricing models require application of significant judgement.

The Black-Scholes and Monte Carlo simulation pricing models require inputs for the expected share price volatility of Redbubble Limited shares for a period similar to the expected life of the options. The Group has used its historical share price volatility to estimate expected future volatility.

Options over ordinary shares

Redbubble Equity Incentive Plan for Australian and German employees

The "Redbubble Equity Incentive Plan" has been established to grant options over ordinary shares to Redbubble Limited employees (including senior executives under the RB Group Executive Compensation Model (RECM)).

The options are subject to service conditions and have a predetermined time-based vesting schedule. The grantees of options under this Plan may exercise vested options at any time before the earlier of:
(a) a specified expiry date (generally 6 years from the grant date); and
(b) 90 days after ceasing to be an employee or contractor for the Group.

23. Share-based payments (continued)

Options over ordinary shares (continued)

Some of the options have a zero exercise price, so as to be akin to performance rights or restricted stock units.

2014 Option Plan

Options to employees / contractors of the US subsidiaries are granted under this plan. The vesting conditions and expiry period under this plan are akin to the Redbubble Equity Incentive Plan.

Limited recourse loans for the purchase of shares

The granting of limited recourse loans to purchase Redbubble shares is considered to be an in-substance option grant in accordance with AASB 2 *Share Based Payment*. An option pricing model is used to determine the fair value of the in-substance option and expensed in the financial statements over the service period. In FY21 a limited recourse loan was provided to the former Chief Executive Officer (CEO). The former CEO does not have a beneficial interest in the shares until the loan is repaid. The repayment of the loan principal plus accrued interest represents the exercise of the option, and returning the shares as settlement of the loan is the expiry of an unexercised option. The resignation of the former CEO in FY23 resulted in the in-substance option grant being forfeited. All previously recognised expense relating to the in-substance option grant is reversed. At 30 June 2023, a receivable was recorded for the settlement of the loan.

Restricted Stock Units (RSUs)

Restricted Stock Units are granted under the Restricted Share and Performance Rights Plan to certain employees including senior executives and consultants. Once granted, the rights have a predetermined time-based vesting schedule. All the restricted stock units are subject to service conditions.

Share Appreciation Rights (SARs)

Share appreciation rights have been granted to the Group Chief Executive Officer and the Executive team.

23. Share-based payments (continued)

(a) Movement

The table below summarises the movement in the number of options, restricted stock units and share appreciation rights during the year:

	2023 Number	2023 WAEP ($) [1]	2022 Number	2022 WAEP ($) [1]
Options over ordinary shares				
Outstanding at 1 July	**3,805,508**	**3.17**	6,771,996	0.90
Granted during the year [2]	**8,512,891**	**-**	1,004,450	-
Exercised during the year	**(941,470)**	**0.00**	(2,161,917)	0.67
Forfeited during the year	**(4,318,269)**	**0.00**	(1,126,450)	0.79
Expired during the year	**(965,567)**	**1.15**	(682,571)	1.54
Outstanding at 30 June	**6,093,093**	**0.25**	3,805,508	0.70
Exercisable at 30 June	**2,265,147**	**0.68**	2,631,587	0.94
Restricted stock units				
Outstanding at 1 July	**1,403,913**	-	1,465,053	-
Granted during the year	**8,208,154**	-	1,266,984	-
Settled during the year	**(1,178,137)**	-	(868,480)	-
Forfeited during the year	**(2,179,400)**	-	(459,644)	-
Outstanding at 30 June	**6,254,530**	-	1,403,913	-
Share appreciation rights (SARs) [3]				
Outstanding at 1 July	**5,658,416**	-	4,523,698	-
Granted during the year	**8,204,276**	-	1,490,626	-
Exercised during the year	**-**	-	(127,662)	-
Forfeited during the year	**(6,115,029)**	-	(178,246)	-
Expired during the year	**(1,805,452)**	-	(50,000)	-
Outstanding at 30 June	**5,942,211**	-	5,658,416	-
Exercisable at 30 June	**-**	-	1,805,452	-

(1) WAEP stands for Weighted Average Exercise Price.

(2) 8,512,891 options granted during the year have a zero exercise price (2022:1,004,450). The expiry period for options and RSU grants made during the current and prior year is 6 years.

(3) SARs do not have an exercise price, however they do have a base share price from which any share appreciation is measured. The weighted average base share price of all outstanding SARs is $1.17.

23. Share-based payments (continued)

(b) Modifications to the awards

The table below details modifications to a number of options / restricted stock units (RSUs) / share appreciation rights (SARs) during the year.

	2023 Number	2022 Number
Accelerated vesting of unvested options / RSUs / SARs over ordinary shares upon cessation of employment	-	310,147
Total	-	310,147

(c) Additional disclosures

Weighted average fair value of	2023 $	2022 $
Share price at the date of exercise of options / settlement of restricted stock units during the year	**0.60**	3.49
Share options granted during the year	**1.07**	3.83
Share appreciation rights granted during the year	**0.74**	2.21
Restricted stock units granted during the year	**1.36**	3.54

Weighted average remaining contractual life of	2023 (years)	2022 (years)
Share options outstanding at the end of the year	**5.06**	5.82

Inputs to pricing models for options and SARs granted during the year (weighted average)	2023	2022
Expected volatility (%) [1]	**75.52**	70.91
Risk-free interest rate (%)	**3.60**	1.30
Expected life (years)	**4.46**	4.47
Expected dividend yield (%)	-	-
Fair market value of share price ($) [2]	**0.64**	3.95

(1) The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. The range of exercise prices for options outstanding at the end of the year is $nil to $1.56 (2022: $nil to $1.56).

(2) The fair market value of a share has been calculated using the closing price on grant date.

24. Related party transactions

(a) Compensation of the key management personnel of the Group

	2023 $	2021 $
Short-term employee benefits	**1,770,754**	1,804,449
Post-employment benefits	**136,544**	107,440
Share-based employee benefits [(1)]	**(663,155)**	1,455,526
Other long-term benefits	**(8,094)**	5,154
Total transactions with key management personnel	**1,236,049**	3,372,569

(1) Includes the reversal of former CEO and CFO forfeited share-based employee benefits of $1m due to their resignations during the year.

(b) Transactions with key management personnel

During the year Bob Sherwin (Non-executive Director) was paid $29,528 as remuneration for additional services provided to the Group.

Michael Ilczynski (former CEO) had a limited recourse loan arrangement with the Group. Please refer to note 23 for further details.

There were no other transactions with key management personnel in the current year and prior year.

(c) Transactions with related parties

There were no other related party transactions in the current and prior year.

25. Remuneration of auditors

Fees to Ernst & Young (Australia)	2023 $	2022 $
Category 1: Fees for Audit services		
Fees for auditing the statutory financial report of the parent covering the group	**411,687**	331,791
Category 3: Fees for Other Assurance services and Agreed Upon Procedures:		
Other assurance services and agreed upon procedures	**64,480**	-
Category 4: Fees for Non-Audit services		
Taxation services	**6,000**	68,150
Assistance in developing the Group's ESG strategy	**113,300**	197,944
Remuneration of Ernst & Young Australia	**595,467**	597,885
Fees to other overseas member firms of Ernst & Young (Australia)		
Category 4: Fees for other services:		
Taxation services	-	21,505
Remuneration of other overseas member firms of Ernst & Young Australia	-	21,505
Total auditor's remuneration	**595,467**	619,390

26. Segment information

AASB 8 *Operating Segments* allows for the aggregation of operating segments where they exhibit similar economic characteristics. The Group considers the Redbubble and TeePublic marketplaces to have similar economic characteristics and therefore have been aggregated to form a single reportable operating segment.

Geographical information required per AASB 8 and disaggregated revenue reporting is detailed below:

	2023		2022	
	Revenue $'000	**Non-current assets [1] $'000**	Revenue $'000	Non-current assets [1] $'000
Australia	**34,161**	**19,296**	38,202	16,601
United States	**395,967**	**63,710**	396,856	64,828
United Kingdom	**47,245**	**-**	56,013	-
Rest of the world	**77,749**	**216**	82,322	471
Total	**555,122**	**83,222**	573,393	81,900

[1] Non-current assets for this purpose consist of property, plant and equipment, intangible assets and right of use assets.

27. Events occurring after the balance sheet date

In July 2023, the Group's subsidiary, Redbubble Inc., received two favourable decisions from the United States Court of Appeals for the Ninth Circuit in ongoing litigation commenced by Brandy Melville and Atari Interactive, Inc., relating to alleged intellectual property infringement. In the Atari Interactive case, the Ninth Circuit upheld the district court's judgement in Redbubble Inc.'s favour. In the Brandy Melville case, the Ninth Circuit agreed that Redbubble Inc. cannot be held contributorily liable when third parties misuse its services to infringe without its knowledge, and remanded the case to the district court to decide any remaining issues under that legal standard. These rulings reflect the significant investment that Group continues to make in its processes to protect the interests of artists and rights holders on its marketplaces.

In August 2023, the Group renegotiated its current San Francisco office lease and signed a new lease agreement for a term of four years and six months. As a result of this lease modification, the Group will recognise a right of use asset of $3.2m and a lease liability of $3.2m subsequent to year end.

The financial report was authorised for issue on 22 August 2023 by the Board of Directors.

Other than the above, there have been no further significant events after the balance sheet date that require disclosure.

28. Other significant accounting policies

(a) Principles of consolidation

Subsidiaries are all entities over which the Group has control. Control is established 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 relevant activities of the entity. Subsidiaries are fully consolidated from the date on which the Group gains control. They would be deconsolidated from the date that control ceases. A list of the subsidiaries is provided in note 20 to the financial statements.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been aligned where necessary to ensure consistency with the policies adopted by the Group.

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in operations and administration expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with AASB 9.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

28. Other significant accounting policies (continued)

(b) Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a single cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(c) Foreign currency transactions

Functional and presentation currency

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing exchange rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the exchange rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at exchange rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through the profit or loss, except where they relate to an item of other comprehensive income.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency (none of which has the currency of a hyperinflationary economy) as follows:

28. Other significant accounting policies (continued)

(c) Foreign currency transactions (continued)

- Assets and liabilities for each balance sheet are translated at the closing exchange rate at the date of that balance sheet;
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

(d) Other income

Finance income

Finance income is recognised on an accruals basis using the effective interest method.

(e) Financial assets

Trade and other receivables and other financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and trade and other receivables are measured at amortised cost using the effective interest method. Any change in their value is recognised in the statement of comprehensive income.

The Group applies a simplified approach in calculating Expected Credit Losses (ECLs) in trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date, where appropriate, based on historical credit loss experience and adjusted for forward-looking factors specific to the receivables and the economic environment.

The Group applies the general approach in calculating ECLs in other receivables. The Group tracks changes in credit risk and recognises a loss allowance for lifetime expected credit losses if there has been a significant increase in credit risk (measured using the lifetime probability of default, based on historical credit loss experience and adjusted for forward-looking factors specific to the receivables and the economic environment) since initial recognition of the receivable. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, a loss allowance for 12-month expected credit losses is recognised.

(f) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but

28. Other significant accounting policies (continued)

(f) Provisions (continued)

only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement.

(g) Sales Tax (includes Goods and Services Tax (GST) and Value Added Tax (VAT))

Revenue, expenses and assets are recognised net of the amount of sales tax, except where the amount incurred is not recoverable from the Australian Taxation Office (ATO) or other similar international bodies. Receivables and payables are stated inclusive of sales tax, where applicable. The net amount of sales tax recoverable from, or payable to, the ATO or other similar international bodies, is included as part of receivables or payables in the statement of financial position.

The statement of cash flows includes cash on a gross basis and the sales tax component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(h) Leases

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

Group as a lessee

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 of the lease 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 in accordance with AASB 136 Impairment of Assets.

Lease liabilities

The Group recognises lease liabilities at the commencement date of the lease (i.e., the date the underlying asset is available for use), measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance 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 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.

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28. Other significant accounting policies (continued)

(h) Leases (continued)

Significant judgement in estimating the incremental borrowing rate

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The rate is determined using a government bond (risk free) rate adjusted for a risk premium commensurate with each lessee's profile. The bond rates used are for a bond with a term and security similar to each lease and are country specific.

After the commencement date, the amount of the lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities are adjusted if there is a modification, a change in the lease terms or a change in the in-substance fixed lease payments.

Short-term leases and leases of low-value assets

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.

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 extend the term of the original lease. 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 the Group to exercise the renewal option. After the commencement date, the Group reassesses the lease term when 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.
The Group has determined that no lease extension options will be exercised as they are not reasonably certain that those options will be exercised and therefore, the extended periods have not been included in calculations.

(i) Accounting standards issued but not yet effective

A number of new accounting standards, amendments to standards and interpretations, have also been issued and will be applicable in future periods. While these remain subject to ongoing assessment, no significant impacts on the financial statements of the Group have been identified to date. These standards have not been applied in the preparation of these Financial Statements.

Directors' Declaration

In accordance with a resolution of the Directors of Redbubble Limited, we state that in the Directors' opinion:

(a) the financial statements and notes, as set out on pages 48 to 89 are in accordance with the Corporations Act 2001 including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that Redbubble Limited will be able to pay its debts as and when they become due and payable.

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Group Chief Executive Officer and Group Chief Financial Officer required by Section 295A of the Corporations Act 2001.

Anne Ward
Board Chair
Melbourne
22 August 2023

Martin Hosking
Group Chief Executive Officer and Managing Director
Melbourne
22 August 2023

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent auditor's report to the members of Redbubble Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Redbubble Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of 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 a summary of significant accounting policies, 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 2023 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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Revenue Recognition

Why significant	How our audit addressed the key audit matter
As disclosed in Note 3 to the consolidated financial statements, revenue is recognised when control of the goods are transferred to the customer, which is considered to be when the product is delivered. However the billing system recognises revenue upon receipt of payment from customers which requires management to estimate the sale transactions not delivered at period end. Due to the volume of online transactions processed on a daily basis, and the arrangement in place with fulfillers whereby fulfillers dispatch goods directly to the Group's customers, the judgement involved in the timing of when revenue is recognised is considered to be a Key Audit Matter.	Our audit procedures included the following: ▸ a combined testing approach, including testing the operating effectiveness of controls and performing substantive procedures over the capture, timing of revenue recognition and measurement of revenue transactions; ▸ for a sample of revenue transactions, testing whether the revenue was recorded in the appropriate period and whether management's estimate of sale transactions not delivered to the customer at 30 June 2023 were appropriately recorded as Unearned Revenue and Goods in Transit for items shipped but not yet delivered, as at that date; ▸ testing the assumptions used in management's estimate based on the average delivery days between payment, shipment and delivery; ▸ assessing whether the revenue recognition policy applied to the terms and conditions of sale was in accordance with Australian Accounting Standards; and ▸ considered the adequacy of the revenue recognition policy disclosure contained in Note 3.

Capitalised development costs, including derecognition

Why significant	How our audit addressed the key audit matter
As disclosed in Note 15 to the consolidated financial statements, the Group capitalises costs related to the development and engineering activities of website and mobile applications as intangible assets. The carrying value of capitalised development costs as at 30 June 2023, after derecognition of $2.9m during the year, totalled $14.3m. The accounting for capitalised development costs involves judgment, including: considering technical and commercial feasibility, the Group's intention and ability to complete the intangible asset, future economic benefits to be generated by the asset, the ability of the Group to measure the costs reliably, determining when the asset is ready for use, the useful lives for capitalised development costs and the amortisation recognised. In addition, determining whether there is any indication of impairment of the carrying value of assets requires judgment in making assumptions which are affected by future market or economic developments. This was considered a key audit matter given the judgement required in accounting for internal capitalised development costs, the value of capitalised development cost assets relative to total assets, the rapid technological and economic change in the industry, and the specific Australian Accounting Standards criteria that have to be met to enable costs incurred to be capitalised.	Our audit procedures included the following: ▸ assessing the eligibility of the development costs for capitalisation as an intangible asset in accordance with Australian Accounting Standards; ▸ selecting a sample of capitalised development costs by project and assessing whether the nature of projects and costs incurred were supported by underlying evidence such as employee time sheets, employee contracts and supplier invoices; ▸ checked the clerical accuracy of the movements in the capitalised development cost balances, including amortisation and disposals; ▸ assessing whether the amortisation rates used are appropriate; ▸ tested a sample of projects on the feasibility and benefits expected from each based on the current status, forecast performance and related assumptions. This included discussions with project managers and developers and reviewing project plan approvals and reporting; ▸ considering whether there were any indicators of impairment or derecognition and ▸ evaluated the completeness of the listing of impacted assets as well as calculation of amount derecognised; and ▸ evaluation of the disclosures in Note 15 of the consolidated financial statements.

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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 Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do 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.

If, based on the work we have performed, 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 the 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 financial report that gives a true and fair view and is free from material 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.

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- 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.

- 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.

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Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 47 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Redbubble Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

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

Ernst & Young

Ashley Butler
Partner
Melbourne
22 August 2023

Corporate Information

Directors	Anne Ward (Chair, Independent Non-Executive Director) Martin Hosking (appointed as Group Chief Executive Officer/Managing Director 27 March 2023) Jennifer (Jenny) Macdonald (Independent Non-Executive Director) Greg Lockwood (Independent Non-Executive Director) Ben Heap (Independent Non-Executive Director) Bob Sherwin (Independent Non-Executive Director, appointed effective 1 November 2022)
Group Chief Executive Officer	Martin Hosking (appointed as Group Chief Executive Officer/Managing Director 27 March 2023)
Company Secretaries	Carlie Hodges (appointed effective 31 October 2022)
Registered Office	Level 12, 697 Collins Street Docklands VIC 3008 Australia
Share Register	Link Market Services Tower 4, 727 Collins Street Melbourne VIC 3008 Australia
Auditors	Ernst & Young 8 Exhibition Street Melbourne VIC 3000 Australia
Bankers	Citibank, N.A.
Stock Exchange Listing	Redbubble shares are listed in the Australian Securities Exchange (ASX listing code: RBL)
Website	Redbubble.com and TeePublic.com
Investor Centre	Shareholders.redbubble.com