Articore Group Limited (formerly Redbubble Limited)

ABN: 11 119 200 592
Year ended 30 June 2024
(Previous corresponding period: Year ended 30 June 2023)
Results for announcement to the market

	Year ended 30 June 2024 $'m	Year ended 30 June 2023 $'m	Movement	Change $'m	Change % [1]
Marketplace revenue	**423.1**	467.5	Down	(44.4)	(9.5%)
Artist revenue	**69.9**	87.6	Down	(17.7)	(20.2%)
Total revenue from ordinary activities	**493.0**	555.1	Down	(62.1)	(11.2%)
Loss from ordinary activities before tax attributable to members [2]	**(7.4)**	(51.6)	Down	44.2	85.7%
Loss from ordinary activities after tax attributable to members [2]	**(8.8)**	(54.2)	Down	45.4	83.8%
Net Loss for the year attributable to members [2]	**(8.8)**	(54.2)	Down	45.4	83.8%

(1) Change % calculations are based on numbers to the nearest thousand dollars ($000).
(2) FY23 loss results include redundancy costs of $4.2m for cost saving initiatives that were enacted in the prior year.

Dividends

Articore Group Limited has not paid and does not propose to pay dividends for the year ended 30 June 2024 (2023: Nil). There are no dividend or distribution reinvestment plans in operation.

Share buy-back

On 22 May 2024, the Group announced an on-market share buy back up to a value of $5 million. The buy back commenced on 19 June 2024. A total of 811,145 ordinary shares were bought back for a total cost of $0.3 million during the year. Out of the total ordinary shares bought back, 611,145 shares were cancelled in late June 2024 and 200,000 shares were cancelled upon settlement in early July 2024.

Net tangible assets per security

	30 June 2024 cents	30 June 2023 cents
Net tangible assets per security [1]	**(6.3)**	(6.5)

(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 2024 is contained in the Articore Group 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 2024.

This report is based on the Consolidated Financial Statements for the year ended 30 June 2024 which has been audited by Ernst & Young with the Independent Auditor's Report included in the Consolidated Financial Statements.

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Your Directors present their report on the consolidated entity, consisting of Articore Group Limited (the Company or Articore) and the entities it controlled during the financial year ended 30 June 2024 (referred to hereafter as the Articore Group or Group).

Directors

The following persons were Directors of the Company during the 2024 financial year and to the date of this Report:

Martin Hosking	Group CEO and Managing Director
Anne Ward	Chair, Independent Non-executive Director
Ben Heap	Independent Non-executive Director
Greg Lockwood	Independent Non-executive Director
Bob Sherwin	Independent Non-executive Director
Robin Low	Independent Non-executive Director (appointed 18 March 2024)
Robin Mendelson	Independent Non-executive Director (appointed 1 July 2024)
Jennifer (Jenny) Macdonald	Independent Non-executive Director (resigned effective 24 October 2023

Principal activities

The Articore 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 Articore Group's activities during the year.

Review of operations

A summary of financial results [(1)] (with year on year (YoY) growth rates, where applicable) is set out below:

- Marketplace Revenue of $423.1 million, down 9.5% from FY23
- Underlying Gross Profit of $181.7 million, up 4% from FY23
- Underlying Gross Profit after Paid Acquisition (GPAPA) of $108.3 million, up 11% from FY23
- An underlying Operating EBITDA profit of $10.0 million, compared to a loss of $31.8 million in FY23
- A net loss after tax (NPAT) of $8.8 million, compared to a loss of $54.2 million in FY23
- An underlying positive cash flow [(2)] of $0.9m, compared to an underlying cash outflow of $46.9m in FY23
- A closing cash balance as at 30 June 2024 of $36.9 million

(1) Please see Table 1 on page 4 of the Directors' Report for explanation of underlying Gross Profit, underlying Gross Profit after Paid Acquisition and underlying Operating EBITDA.
(2) Underlying cash flow defined as operating EBITDA plus net interest earned, less lease related expenses, payments for capitalised development costs and property, plant and equipment (PPE).

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 Articore 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	FY2024 $'m [2]	FY2023 $'m [2]
Marketplace revenue	423.1	467.5
Artists' revenue	69.9	87.6
Total reported revenue from contracts with customers	**493.0**	**555.1**
Artists' expenses [3]	(56.2)	(85.9)
Fulfiller expenses	(252.4)	(295.0)
Underlying adjustment [4]	(2.7)	-
Underlying Gross profit [4]	**181.7**	**174.2**
Gross profit margin on Marketplace revenue	42.9%	37.3%
Paid acquisition costs	(73.4)	(76.6)
Underlying Gross Profit After Paid Acquisition costs (GPAPA) [4]	**108.3**	**97.6**
Underlying GPAPA% (on Marketplace revenue) [4]	**25.6%**	**20.9%**
Employee and contractor costs (excluding share-based payments expense)	(63.7)	(82.4)
Marketing expenses (excluding paid acquisition costs shown above)	(1.5)	(9.3)
Operations, administration and technology expenses	(33.1)	(37.8)
Underlying Operating Earnings Before Interest, Tax, Depreciation and Amortisation (Operating EBITDA) [4]	**10.0**	**(31.8)**
Share-based payments expense	(6.0)	(5.6)
Other expenses (excluding interest expenses)	(0.5)	(3.3)
Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) [4]	**3.5**	**(40.7)**
Depreciation and amortisation	(13.8)	(10.7)
Underlying Earnings before interest and tax (EBIT) [4]	**(10.3)**	**(51.4)**
Interest expenses	(0.6)	(0.3)
Interest income	0.8	0.2
Underlying Total underlying profit/(loss) before income tax [4]	**(10.1)**	**(51.6)**
Income tax benefit/(expense)	(1.4)	(2.6)
Underlying Total underlying profit/(loss) after income tax [4]	**(11.6)**	**(54.2)**
Add back underlying adjustment to reconcile to statutory results [4]	2.7	-
Reported total profit/(loss) for the year in Statutory Financial Statements	**(8.8)**	**(54.2)**

[1] Non-IFRS measures are presented to provide readers a better understanding of Articore's financial performance. Non-IFRS measures include underlying gross profit, underlying GPAPA, underlying Operating EBITDA, underlying EBITDA, underlying EBIT, underlying profit/(loss) before income tax and underlying profit/(loss) after income tax. 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.

[4] The statutory results include a one-off release of an accrual that has been excluded for the non-IFRS measures in this Directors Report. This is for the purpose of assessing the Group's FY24 performance on a like-for-like basis. This table shows the impact this has on underlying gross profit, underlying GPAPA, underlying Operating EBITDA, underlying EBITDA, underlying EBIT, underlying profit/(loss) before income tax and underlying profit/(loss) after income tax. All references in this Directors' Report to Gross Profit, GPAPA, Operating EBITDA and EBITDA are to the underlying version of these numbers shown in the table above.

FY24 has been an important year for the Group with a new name, leadership team and operating structure delivering a significant turnaround in the business. At the start of the year, the Group's central objective was to return to a positive underlying cash flow position. Although market conditions were challenging, the Group's focus on maximising Gross Profit After Paid Acquisition (GPAPA) combined with ongoing cost discipline delivered positive underlying cash flow of $0.9m, which was a $47.8m turnaround on the prior year. This was a pleasing result and a necessary first step as the company works towards achieving profitable revenue growth.

Across FY24, significant growth and margin expansion was achieved in Gross Profit, GPAPA and Operating EBITDA due to a sustained improvement in unit economics and a restructuring of the cost base. The Group focused on a narrow set of priorities across the two marketplaces which included the adjustment of base prices, introduction of artists tiers and optimisation of their supply chains. Changes were also implemented to paid marketing strategy to drive effectiveness while maintaining a disciplined approach to being profitable on first order. With a GPAPA margin of 25.6% (FY23: 20.9%) and operating expenditure of $98.3m (FY23: $129.4m) the Group has demonstrated considerable discipline in achieving the improvement in underlying profitability by focusing on fundamentals; ensuring customers are acquired in an economically viable manner and that margins are strong and operating costs contained. At the same time, the Group has been careful to maintain adequate resources to allow continued investment in areas that are expected to drive growth going forward.

Group Marketplace Revenue (MPR) was 9.5% lower in FY24 than FY23, with the rate of decline in MPR moderating through the second half of the year. This reflected the Group's continued focus on profitable revenue rather than volume as well as the short-term disruption to Redbubble's MPR as the marketplace adjusted its paid marketing strategy in the third quarter. It is now seeing the benefits of these changes.

The Group has exited FY24 in a strong financial position with closing cash of $36.9m (FY23: $35.7m) and no debt. In May, the Company announced the launch of an on-market buyback program which has a maximum value of $5 million over a period of up to 12 months. The buyback program further reflects management and the Board's confidence in the Group's future performance and its commitment to maximising shareholder returns.

Further information on the performance of the two marketplace is provided below.

Redbubble

In FY24, the Redbubble marketplace reported $14.8m in operating EBITDA, a $32.4m turnaround on the prior year. This was achieved by focusing on growth in absolute GPAPA which was up 5% on the prior year to $69m, and a $29.3m (35.1%) reduction in operating expenses. Redbubble's FY24 GPAPA margin increased by 590 basis points to 28.6% driven primarily by the introduction of artist account categories and associated fees for some accounts, ongoing benefits from the implementation of a dynamic order routing system (DORS) that was first implemented in the second half of FY23, and adjustments to base prices.

It also reflected a reduction in paid marketing spend as the marketplace adopted a more disciplined approach of being profitable on first order. In the third quarter, the Redbubble marketplace implemented significant changes to its paid marketing strategy to enable it to scale its paid marketing spend. These changes took time to settle and contributed to MPR decreasing by 17% in FY24 compared to the prior period, although the rate of decline in MPR moderated to 14% in the fourth quarter of FY24 as the anticipated benefits started to take effect.

TeePublic

In FY24, TeePublic drove margin expansion while also delivering marketplace revenue growth. TeePublic's MPR increased by 3% to $181.8m, representing 43% of Group MPR compared to 38% in the prior year. Gross profit increased by 13% to $78.4m and its gross profit margin was 400 basis points higher at 43.1%. This improvement was driven by the optimisation of its service fees, the introduction of artist fees for apprentice accounts and increased allocation of volume to more cost-effective third party fulfillers.

TeePublic's GPAPA was $39.3m in FY24, up 24% on FY23 and its GPAPA margin of 21.6%, was up 370 basis points. The TeePublic marketplace delivered operating EBITDA of $5.6m, a $8.7m turnaround on FY23.

TeePublic also rolled out several initiatives to improve customer experience which included adding content categories to assist customers to initiate and narrow search results, launching a gifting model and expanding its product range.

Business strategies and future developments

In FY24, the Group achieved a significant improvement in the business with an important first step being to return the Group to positive underlying cash flow. As we continue this turnaround process, the task in FY25 is to leverage the Group's assets to achieve sustainable, profitable revenue growth.

The Group has a leadership team and operating structure in place that provides a solid foundation and the capability to scale the business. The Group exits FY24 in a strong financial position and is sustainably cash flow positive. The Group has distinctive assets in its established and growing base of global creators and their content, its scaled and growing fulfilment network and its superior unit economics.

In FY25 the Group is expected to remain cash flow positive while extracting maximum value from both marketplaces by profitably scaling paid marketing, geographic expansion and the introduction of new products and line extensions. This combined with continued cost discipline and the maximisation of synergies across the Group will enable us to invest in opportunities to serve new and existing creators outside the two marketplaces. By the end of FY25, we aim to have gone beyond the existing marketplaces in the pursuit of our vision of being the global leader for connecting digital creators with their customers.

Significant changes in the state of affairs

In the Directors' opinion, there have been no significant changes in the state of affairs of Articore Group during the 2024 financial year.

Significant events after end of the 2024 financial year

In the Directors' opinion there have been no matters or circumstances arising since the end of the 2024 financial year that has significantly affected, or may significantly affect:

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

Dividends

No dividends were paid or declared since the start of the 2024 financial year. The Board does not expect to pay a dividend in the short to medium term.

Environmental Regulations and Performance

Articore 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.

Social Impact and Sustainability

Articore's marketplaces economically empower artists and offer platforms for free expression resulting in two visible social impacts that directly connect to the United Nations' Sustainable Development Goals and the Universal Declaration of Human Rights. These outcomes are an inherent part of our business and are as important in 2024 as when the company launched nearly two decades ago. This year, in connection with the transition to the Group operating model, the Group has taken the opportunity to further centre our environmental, social, and governance strategy around this founding purpose, which is now referred to as Social Impact & Sustainability.

Importantly, the Group continues to believe in the value of an open marketplace and freedom of expression within key content guidelines. This is captured in Articore's mission: liberate human creativity.

The Group's global art marketplaces impact millions of people and our content safety policies, operational workflows, and technological tools are designed to achieve the right balance between freedom of expression and the potential for user-generated content to lead to real world harm. Creators must follow our guidelines and marketplace participants are encouraged to flag content they feel violates TeePublic or Redbubble guidelines.

Highlights

- Artists earned $59m[(1)] on Articore marketplaces
- 100% of third-party fulfillers independently audited to human rights standards
- Four Employee Affinity Groups (LGBTQIA+ Affinity Group, Neurodiversity Affinity Group, Parents Affinity Group, Carers Affinity Group)
- Social Impact and Artificial Intelligence Centres of Excellence
- Support for art-focused non-profits

(1) Artist Earnings is shown net of any fees charged to Artists

Risk Management

The Articore 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 and manage risk in ways that will generate and protect shareholder value.

The Group's risk appetite is intended to foster a culture of action and commercial experimentation. The Board is aware that an overly cautious approach to risk may have a harmful impact on the achievement of strategic objectives. For this reason, the Board directs management to embrace strategic risk and actively innovate for the future while maintaining tight operational controls.

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 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:

- Strategic and 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, such as artificial intelligence, or new 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 may also be unable to find economies of scale and capitalise on strategic synergies among its business units that create efficiency and reduce operating expenses. 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 pandemics, 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 by artists, routing of orders to third-party fulfillers, and processing of sales transactions. The technology underlying the Group's marketplaces is 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, the Australian Privacy Act 1988, and privacy laws in the United States, such as the California Consumer Privacy Act. 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 talent aligned to the current and evolving capability needs. There is substantial competition for talent in our industry and so the Group may incur increasing costs to attract and retain them. The Group manages these risks in various ways, including by reviewing the strategy and investment in employee engagement, compensation management and career development.

- 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 obscene, 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, inability to implement and administer policies that foster trust, or inability to meet the Group's social impact and sustainability obligations and commitments. 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, securities, social impact and sustainability, artificial intelligence, 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's financial performance 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 strong natural hedge, and converting foreign currency cash balances where needed to match expected funding requirements.

Key management personnel during the 2024 financial year and since the end of that financial year

The "Key Management Personnel" for the purposes of the 2024 Remuneration Report have been determined to be the current Articore Group Limited directors and the following members of the Articore Executive Team:

- Martin Hosking - Group CEO and Managing Director
- Rob Doyle - Group Chief Financial Officer

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.

Directors' qualifications and experience

Ms Anne Ward
Independent Non-Executive Chairman

Appointed: Non-Executive Director from 22 March 2018, Chair from 31 March 2020
Board Committees: Audit and Risk; People, Remuneration, Nomination and Culture; Disclosure (Chair)

Anne 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 Articore, Anne is independent Chairman of The Star Entertainment Group Ltd (ASX:SGR) and a Director of the Foundation for Imaging Research. Anne was formerly independent Chairman of Symbio Holdings Ltd (ASX:SYM), Chairman of Colonial First State Investments Ltd, Chairman of Qantas Superannuation Ltd, Chairman of Zoos Victoria and a director of MYOB Group Ltd (ASX:MYO), 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 February 2024
Crown Resorts Ltd (ASX:CWN) – January 2022 to June 2022

Martin Hosking
Co-Founder, Group CEO and Managing Director

Appointed: 10 April 2006
Board Committees: Disclosure

Martin co-founded the creative marketplace, Redbubble, in 2006. It is now part of the Articore Group of which he is the Group CEO and Managing Director. He is Chair of the Management Board of the Melbourne Theatre Company and is involved with Melbourne and Monash Universities through his charitable organisation, Three Springs Foundation.

Martin has had a distinguished career in technology spanning three decades. He was the lead investor and Chair of Aconex, a SaaS provider to construction firms acquired by Oracle in 2019 after listing on the ASX. He was part of the founding team of NASDAQ-listed search company, LookSmart.

Martin started his career with the Department of Foreign Affairs and Trade, where he served in Egypt and Syria, before joining McKinsey. He has a BA (Hons) from Melbourne University and an MBA from Melbourne Business School, where he has also lectured. He is a graduate of the AICD.

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

Ben Heap
Independent Non-Executive Director

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

Ben is a Sydney-based non-executive director. He has served on the boards of a range of public and private companies. 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.

Ben holds bachelor 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

Greg Lockwood
Independent Non-Executive Director

Appointed: 1 June 2015
Board Committees: Audit and Risk; Disclosure

Greg was appointed as a Non-executive Director with effect from June 2015. Greg is a partner of Piton Capital, which is a shareholder in Articore. 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: People, Remuneration, Nomination and Culture; Disclosure

Bob was appointed a Director in November 2022. Bob is a highly accomplished executive with significant experience in online marketing, ecommerce and scaling marketplace businesses. Bob was the Chief Marketing Officer of Wayfair and its full family of brands globally. Wayfair is one of the world's largest destinations for home furnishings, housewares and home improvement goods. Bob spent over a decade at Wayfair building the full-funnel marketing capabilities, establishing Wayfair as a household name, and increasing sales more than 20 times during his tenure. Bob led global marketing strategy and execution, physical retail, sales, consumer financing, and home services, while also managing over USD1 billion in advertising spend.

After leaving Wayfair in 2023, Bob joined ZOE as the first Chief Marketing Officer and Head of US Market. Headquartered in Boston and London, ZOE is a leader in the health and wellness category, with the mission of leveraging its world-leading science to help improve the health of millions through its at-home testing and personalized nutrition membership platform.

Previously, Bob was a strategy consultant at McKinsey & Co. Bob received his MBA from Northwestern's Kellogg School of Management, his Masters in Engineering Management from the McCormick School of Engineering, and his Bachelor's degree in Finance and Economics from The College of William and Mary.

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

Robin Low
Independent Non-Executive Director

Appointed: 18 March 2024
Board Committees: Audit and Risk (Chair); People, Remuneration, Nomination and Culture; Disclosure

Robin Low was appointed as a non-executive Director and Chair of the Audit and Risk Committee in March 2024.

Robin is an experienced non-executive director and ASX audit and risk committee chair and has worked across a broad range of industries including technology, retail, insurance and financial services and has experience in data collection and analysis, artificial intelligence (AI) and customer experience.

Robin has been a non-executive director for a number of ASX-listed companies with significant international operations and is currently a non-executive director and either Audit or Audit and Risk Committee Chair at each of Appen Limited (ASX:APX), Guide Dogs NSW/ACT and the Sax Institute. She was formerly a non-executive director and Audit and Risk Committee Chair of IPH Limited (ASX: IPH), AUB Group Limited (ASX:AUB), Marley Spoon SE (ASX:MMM), CSG Limited (ASX:CSV) and Australian Reinsurance Pool Corporation. She is a Fellow of the Institute of Chartered Accountants and a Fellow of the Australian Institute of Company Directors. Prior to becoming a non-executive director, Ms Low was a partner at PwC for more than 17 years. She is a former Deputy Chair of the Auditing and Assurance Standards Board.

Directorships of other listed entities in the last three years:
Appen Limited (ASX:APX) – October 2014 to present
IPH Limited (ASX: IPH) – October 2014 to April 2024
AUB Group Limited (ASX:AUB) – January 2014 to November 2023
Marley Spoon SE (ASX:MMM) – January 2020 to September 2023

Robin Mendelson
Independent Non-Executive Director

Appointed: 1 July 2024 (subsequent to year end)
Board Committees: Nil

Robin is a highly experienced senior executive, and non-executive director with a proven track record of building, scaling and transforming complex technology businesses. In a 20-year career with global e-commerce leader Amazon.com, she led high-performance teams in finance, product development, marketing, pricing and other essential functions spanning diverse business models such as direct-to-consumer, marketplace, software-as-a-service (SaaS) and business-to-business.

As Head of Amazon's US Media Consumer Group, Robin delivered multi-year revenue and earnings growth across the US multi-billion dollar division through customer-focused innovation, product development, supply chain optimisation and continuous operational improvements.

Currently, Robin serves as a Director of Mynd.ai (NYSE:MYND), where she is a member of the Compensation and Audit Committees. She also holds directorships at Mainstay, an EdTech SaaS platform; Acadeum, an EdTech higher education course-sharing marketplace; and co-chairs TeachUNITED, an organisation dedicated to enhancing educator capabilities in rural communities in the US and internationally.

Robin is also a member of the Advisory Board of the Broad Center at the Yale University School of Management and the Board of Governors of the Yale University Alumni Association. She is a National Association of Corporate Directors (NACD) Certified Director and a board member of NACD's Northwest Chapter.

Robin holds an MBA from Yale University and a Bachelor of Arts from Duke University. She was also a Senior Fellow at the Advanced Leadership Initiative at Harvard University where she co-authored Harvard Business Review case studies and served as a Senior Editor and Writer at the Harvard Social Impact Review.

Directorships of other listed entities in the last three years:
Mynd.ai Inc. (NYSE:MYND) – December 2023 to present

Board and Committee Meetings - attendance during FY24

The Board met 12 times during the year ended 30 June 2024. 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)]	12	11[(2)]	6	6	5	5
Martin Hosking	12	12	-	-	-	-
Greg Lockwood	12	12	6	6	-	-
Jenny Macdonald[(3)]	5	4	2	2	2	2
Bob Sherwin	12	11[(4)]	-	-	4	3
Ben Heap	12	12	6	6	6	6
Robin Low[(5)]	3	3	2	2	2	2

(1) Anne Ward is a member of the PRNC ex-officio by virtue of her position as Board Chair.
(2) Anne Ward was granted a leave of absence for the Board meeting she did not attend.
(3) Jenny Macdonald resigned as a Director effective 24 October 2023.
(4) Bob Sherwin was granted a leave of absence for the Board meeting he did not attend.
(5) Robin Low was appointed as a Director effective 18 March 2024.

Directors' interests in shares and options

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Name	Shareholdings	Options outstanding	Share appreciation rights outstanding
Anne Ward	320,714	-	-
Martin Hosking	40,000,000	222,060	2,656,693
Ben Heap	500,000	-	-
Greg Lockwood	6,465,131	-	-
Bob Sherwin	200,000	-	-
Robin Low	-	-	-
Robin Mendelson	-	-	-
Total interests	**47,485,845**	**222,060**	**2,656,693**

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

Articore Group's Company Secretaries are Ms Carlie Hodges (appointed 31 October 2022) and Mr Harry Pratt (appointed 15 February 2024).

Carlie Hodges is an Executive Director at cdPlus Corporate Services (cdPlus), 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.

Harry Pratt is an Associate at cdPlus, as well as a Senior Associate at Coghlan Duffy Lawyers. Harry is also the Company Secretary of Top Shelf International Holdings Limited. Harry holds a Bachelor of Arts and Bachelor of Laws from Deakin University, a Graduate Diploma of Legal Practice from the College of Law and is admitted as a solicitor in the state of Victoria.

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	7,521,912	01-December-2030
Share Appreciation Rights [1]	16,926,551	01-May-2030
Restricted Stock Units [2]	7,147,920	
Total	**31,596,383**	

[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 2024 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 2024 financial year, to the date of this Report:

	Number	Exercise price paid $
Settlement of vested restricted stock units	-	-
Exercise of options	11,000	-
Total	**11,000**	**-**

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. The Company has paid a premium to insure the Directors, Officers and Managers of Articore 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 23 to 44 and forms part of the Directors' Report for the financial year ended 30 June 2024.

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.

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 2024 financial year.

Non-audit services
During the year Ernst & Young has not performed any other services in addition to its audit responsibilities. The Directors are satisfied that the provision of non-audit services by Ernst & Young in the prior year 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 2024 and 2023 financial years are set out below.

Non-audit services	2024 $	2023 $
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
Taxation services	-	6,000
Fees to overseas member firms of Ernst & Young (Australia)	-	
Taxation services		-
Total	**-**	**183,780**

Fees for Audit services
Details of the amounts paid to the auditor for audit services provided throughout the 2024 and 2023 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
21 August 2024

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Building a better
working world

Auditor's independence declaration to the directors of Articore Group Limited

As lead auditor for the audit of the financial report of Articore Group Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

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

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

This declaration is in respect of Articore Group Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Ashley Butler
Partner
21 August 2024

Letter from the People, Remuneration and Nomination Committee[1]

Dear Shareholder,

On behalf of the Board, I am pleased to present our FY24 Remuneration Report.

Ongoing alignment of structure, strategy and remuneration

Articore Group's new operating structure was formalised in FY24. In step with these overarching changes, the People, Remuneration and Nomination Committee has continued to refine the Group's remuneration framework during the year, implementing the changes highlighted in our FY23 report.

In FY24, the Group introduced a new short-time incentive, to replace the base equity component of the Group Executive Compensation Program. The new short-term incentive is an at-risk cash based award, tied to financial targets to drive individual and collective performance. The change was effective 1 October 2023.

In line with this change, the Group CEO and Group CFO were awarded 50% of their possible short-term incentive, reflecting the Group's return to positive underlying cash flow but not the additional financial hurdles relating to underlying cash flow at budget level.

Non-executive Director's fees

In FY23, the Committee reviewed fees paid to non-executive Directors and the Board resolved to reduce these by 20% temporarily, to align with the significant cost-reduction initiatives implemented across the Group and to reflect the Group's smaller market capitalisation. In FY24, the Board resolved to set this as the new fee level for Directors.

A return to high-levels of employee engagement

Over the last 18 months, we had to make some difficult decisions to rightsize our employee base to reflect changing economic conditions and to align with our new operating structure. This was challenging for our teams and had a significant impact on the Group's employee engagement scores.

Pleasingly, in our most recent all-employee survey, conducted in May 2024, employee engagement was 77% as a weighted average across the Group,16 percentage points above our November 2023 result, and above historical levels. This is a strong indication that our employees understand the rationale for change and support the Group's strategic direction.

[1] Please note that the letter from the People and Nomination Committee is unaudited. The audited remuneration report follows this letter.

Our continued commitment to diversity and inclusion

Ensuring the Group's diversity, across all levels, remained a focus in FY24. In FY24, we continued to achieve gender diversity across our employee group and to meet our target of 40% or greater representation of women in senior leadership.

We undertook our annual gender pay gap review during the year and were pleased to see that we maintained our strong track record of pay parity. At Articore Group, we annually test where there are employees in the same roles, that there are no differences based on gender. This year we can again report a zero pay gap from that test.

We remain committed to our publicly communicated goals regarding gender representation in the Articore Group and are actively taking steps to work towards them.

Ben Heap
Chair of the People, Remuneration and Nomination Committee

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 2024.

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

Contents

1. Remuneration Report Overview
2. Remuneration Strategy
3. How Remuneration is Governed
4. Company Performance in FY24
5. Executive Remuneration
6. Non-Executive Director Remuneration
7. Statutory Reporting for FY24
8. Other Information

In this Remuneration Report the following definitions are used:

- Articore Group or the Group means Articore Group Limited (ACN 119 200 592) and, where relevant, its controlled entities;
- Board means the Board of Directors of Articore Group;
- Committee means the People, Remuneration and Nomination Committee of the Board of Articore Group;
- Executives means the members of the Group Leadership Team;
- NED means the Non-executive Directors of the Group; and
- GECP means the Group Executive Compensation Program.

1. Remuneration Report Overview

The Directors present the Remuneration Report (Report) for the Group for the financial year ended 30 June 2024 (FY24). 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 the Group.

The table below outlines the KMP of Group during FY24:

Classification	Name	Position
NED	Anne Ward	Independent Non-executive Chair
	Ben Heap	Independent Non-executive Director
	Greg Lockwood	Independent Non-executive Director
	Jennifer (Jenny) Macdonald	Independent Non-executive Director until 24 October 2023
	Robert (Bob) Sherwin	Independent Non-executive Director
	Robin Low	Independent Non-executive Director from 18 March 2024
Executive KMP	Martin Hosking	Group CEO and Managing Director
	Rob Doyle	Group CFO

Robin Mendelson was appointed as an Independent Non-executive Director on 1 July 2024 (following the end of the financial year) and will be a KMP as of this date.

2. Remuneration Strategy Overview

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 GECP applies to members of the Group's Executives, and other invited senior leaders, and provides a strong foundation to attract and retain talent and align them with building long-term value for shareholders. The GECP structure is positioned to be competitive when looking to attract and retain key talent, domestically and internationally.

The objectives of the GECP 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) consistent with the Group's corporate strategy.

Shareholder alignment is continually demonstrated through the GECP 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.

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 FY24 were:

- Ben Heap Independent Non-Executive Chair;
- Anne Ward Independent Non-Executive Member;
- Bob Sherwin Independent Non-Executive Member;
- Jenny Macdonald Independent Non-Executive Member (until 24 October 2023);
- Robin Low Independent Non-Executive Member (from 18 March 2024)

Articore 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)

- The Committee makes recommendations to the Board on remuneration strategy, governance and policy.
- The Committee is 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 for Board members and the process for the selection of the CEO
- The remuneration for Directors, the CEO, CFO 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 FY24

3.2 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.

3.3 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.

3.4 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 appropriate notice periods, in the case of the Group CEO (three month) and CFO (six-month) notice periods (to manage business continuity risk during any executive transition);
- 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 GECP (or other transitional compensation plans).

4. Company Performance in FY24

4.1 Performance against Financial Metrics

Key indicators [1]	FY24	FY23	FY22	FY21	FY20	CAGR [2]
Total Revenue ($'m)	493.0	555.1	573.4	657.3	416.3	4%
Marketplace Revenue ($'m)	423.1	467.5	482.6	553.3	348.9	5%
Artist Revenue ($'m)	69.9	87.6	90.8	104.0	67.4	1%
Gross profit (GP) ($'m)	181.7	174.2	183.1	222.7	134.4	8%
Gross profit after paid acquisition (GPAPA) ($'m)	108.3	97.6	106.7	151.5	94.5	3%
Earnings before Interest, taxes, depreciation and amortisation (EBITDA) ($'m)	3.5	(40.7)	(11.2)	52.7	5.1	(9%)
Cash balance ($'m)	36.9	35.7	89.1	98.7	58.1	(84%)
Share price at year end ($)	0.42	0.37	0.90	3.61	2.06	(33%)

(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. The non-IFRS measures are unaudited, however, they have been derived from the audited financial statements.

(2) Compound Annual Growth Rates (CAGR) are shown for the period since FY20.

5. Executive Remuneration

5.1 Remuneration Objectives and Strategy

The Group's vision is to grow the business and deliver long-term value for shareholders. 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 GECP 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 GECP 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.

Link
executive performance with Articore Group's financial goals

Motivate
executives to create sustainable, long-term value for shareholders

Align
the leadership team by providing consistent goals which encourage a long-term focus

Attract & Retain
exceptional talent in globally competitive, highly mobile markets

5.2 Elements of Remuneration

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

Martin Hosking (Group CEO & Managing Director)	Commencement contract date 17 April 2023
Fixed Salary	$400,000 inclusive of superannuation
Short Term Incentive (STI)	$200,000 (50% of fixed salary)
Long-Term Incentive (LTI)	$600,000 (150% of fixed salary)

Rob Doyle (Group CFO) Commencement contract date 13 December 2022	
Fixed Salary	$600,000 base salary, plus superannuation calculated on base salary
Short Term Incentive (STI)	$300,000 (50% of base salary)
Long-Term Incentive (LTI)	$600,000 (100% of base salary)

Fixed Salary

Fixed compensation including allowances, retirement benefits and other benefits, unless otherwise specified.

FY24 Short Term Incentive (STI)

An annual at-risk cash incentive linked to both Group and Operating Company financial performance. This STI replaced the previous Base Equity grant that was in effect until 30 September 2023 and as such it was pro-rate in FY24, from 1 October 2023 to end June 2024. From FY25 this will be a full year annual cash incentive.

The STI component of the GECP operates as outlined below:

STI instrument	Cash incentive.
Amount	The amount of the STI granted to Executives is calculated as a percentage of base salary.
Grant date	For FY24, the grant was made on 1 October following the setting of total compensation for the year.
Performance hurdles & conditions	The first half of the STI will pay if Group underlying cash flow[(1)] is positive, net of the STI payment. The second half of the STI will pay as follows: • for Redbubble Marketplace Executives: if budgeted underlying cash flow for the Redbubble Operating Company is achieved. • for TeePublic Executives: if budgeted underlying cash flow[(1)] for the TeePublic Operating Company is achieved. • for Group Executives (including Executive KMP), if budgeted underlying cash flow [(1)] for the Group is achieved. The Board will maintain discretion in respect of any STI payment and may use its discretion to allocate a partial payment in the event STI performance at a level that is at least 80% of the relevant targets. Importantly, the STI will only be payable to the extent Group actual underlying cash flow is positive, after the allocation of any STI (referred to as a “Group Gate"). The STI for FY24 will be paid following the release of audited results, expected to be in September 2024, and will be paid in cash.
Termination	Should a participant exit during the STI performance period their STI will lapse. The Board retains complete discretion in these matters.

(1) Underlying cash flow defined as operating EBITDA plus net interest earned, less lease related expenses, payments for capitalised development costs and property, plant and equipment (PPE).

FY24 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.

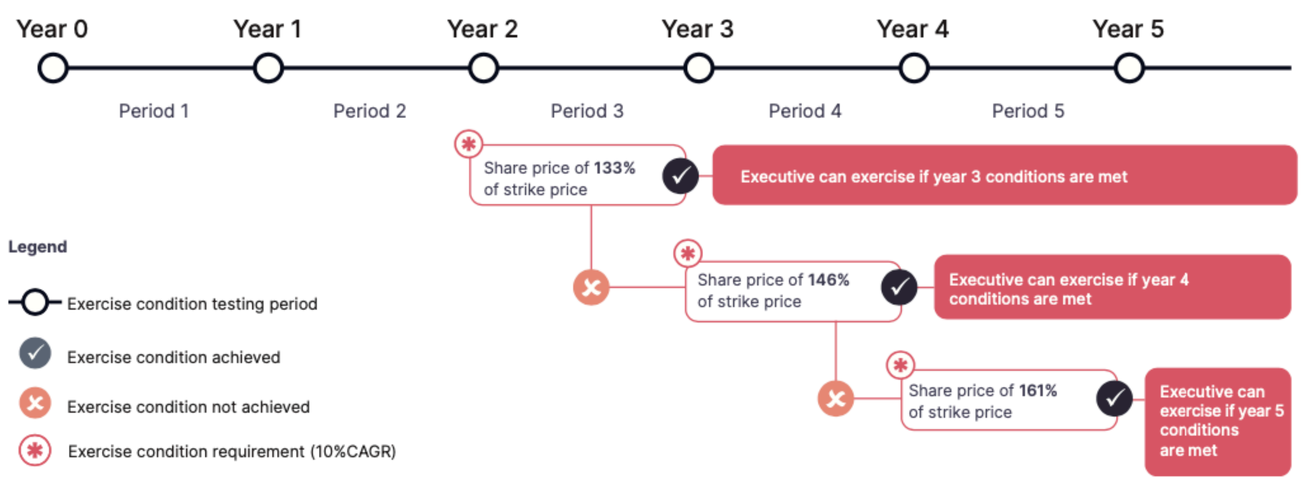
The LTI component of the GECP operates as outlined below:

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 vests on the earlier of either the third, fourth, or fifth anniversaries following the grant date subject to: • The Executive remaining employed with the Group (referred to as time vesting); and • 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 GECP 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; and ● 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 FY24 the strike price was $0.5066
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 Articore Group. 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 STI and LTI Outcomes

The STI award for Executive KMP was 50% of their short-term incentive noting the STI award for FY24 was for the pro-rata period from 1 October 2023 to 30 June 2024. No LTI awards for Executive KMP have vested during the year (the grants have a minimum 3-year vesting period).

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 Board resolved to reduce fees by 20% temporarily, effective 1 June 2023. This level of fees was subsequently affirmed by the Board as the new fee level, and has been in effect throughout the financial year). The table below shows the annual remuneration amounts in respect to Non-Executive Directors.

Position	**Board $ AUD**	**Audit & Risk Committee $ AUD**	**People, Remuneration & Nomination Committee $ AUD**
Chair (1)	$212,000	$24,000	$24,000
Member (2)	$96,000	$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 and committee member fees of USD $12,000.

All Board fees are paid entirely in cash (and therefore, no deferred equity grants were made to NEDs in FY24).

The above fees apply to all of the Group's NEDs, except for Mr Lockwood. 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 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 NEDs 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 FY24 is set out in detail in section 7.2.

7. Statutory Reporting for FY24

7.1 Executive KMP remuneration for the year ended 30 June 2024

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]	Cash bonus [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] [9]
		$	$	$	$	$	$	$	$	%
Executive Director										
Martin Hosking	**2024**	**351,112**	**83,250**	**27,500**	**7,523**	**-**	**107,244**	**297,949**	**874,578**	**44%**
	2023	104,260	-	10,233	135	-	21,551	27,462	163,641	17%
Former Chief Executive Officer										
Michael Ilczynski	**2024**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**NM**
(resigned as CEO on 27 March 2023)	2023	585,311	-	27,500	(1,814)	(212,067)	104,712	(459,955)	43,687	NM
Other Executive KMP										
Robert Doyle	**2024**	**660,877**	**124,875**	**27,500**	**12,611**	**-**	**261,265**	**222,510**	**1,309,638**	**27%**
	2023	90,503	-	8,844	81	-	86,514	27,462	213,404	13%
Mark Hall (appointed as interim CFO from 5 December	**2024**	**-**		**-**	**-**	**-**	**-**	**-**	**-**	**NM**
2022 to 24 March 2023)	2023	127,385		13,169	-	-	-	-	140,554	NM
Emma Clark	**2024**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**NM**
(resigned as CFO on 23 December 2022)	2023	189,087	-	21,203	(6,496)	-	60,667	(319,501)	(55,040)	NM
Total	**2024**	**1,011,989**	**208,125**	**55,000**	**20,134**	**-**	**368,509**	**520,459**	**2,184,216**	
	2023	1,096,546	-	80,949	(8,094)	(212,067)	273,444	(724,532)	506,246	

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

[2] Represents cash bonus accrued for the year plus any relevant superannuation payable on such bonus.

[3] Staff can elect to have their superannuation capped at $27,500 (2023: $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 Articore shares. 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 was 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] NM refers to not measurable. Performance related remuneration for former CEO and CFO is not measurable due to their resignations in FY23.

[9] In FY23, Martin Hosking was appointed as Group CEO and Managing Director. Martin Hosking was allocated share options and share appreciation rights which were subject to shareholder approval. In FY23, for accounting purposes the instruments were accounted for under AASB 2: *Share based payments* using the 30 June 2023 share price as a value proxy until shareholder approval was received. Shareholder approval was received at the Annual General Meeting in FY24 and the allocated share options and share appreciation rights accounting values were updated to reflect their fair values.

7.2 NED Remuneration for the year ended 30 June 2024

		Short term benefits		Post-employment benefits	
		Director Fees [1] $	Other Fees $	Superannuation $	Total $
Non-Executive Directors					
Ben Heap [2]	**2024**	**123,673**	**-**	**13,604**	**137,277**
	2023	146,833	-	15,417	162,250
Greg Lockwood [3]	**2024**	**-**	**-**	**-**	**-**
	2023	-	-	-	-
Jenny Macdonald [4]	**2024**	**37,505**	**-**	**4,126**	**41,631**
	2023	146,833	-	15,417	162,250
Anne Ward	**2024**	**190,991**	**-**	**21,009**	**212,000**
	2023	235,822	-	24,761	260,583
Bob Sherwin [5]	**2024**	**157,171**	**42,726**	**-**	**199,897**
	2023	115,192	29,528	-	144,720
Robin Low [6]	**2024**	**36,133**	**-**	**3,975**	**40,108**
	2023	-	-	-	-
Total	**2024**	**545,473**	**42,726**	**42,714**	**630,913**
	2023	644,680	29,528	55,595	729,803

[1] All Board fees are paid in cash.
[2] Ben Heap also received fees for chairing the Audit and Risk Committee during the period 25 October 2023 to 17 March 2024.
[3] Greg Lockwood is a partner with Piton Capital, a private equity firm with a shareholding in Articore Group 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] Jenny Macdonald resigned on 24 October 2023.
[5] Bob Sherwin also receives remuneration for additional services provided to the Group. Refer to section 6 for further details.
[6] Robin Low was appointed effective 18 March 2024.

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 GECP ensures that all Executives progressively acquire shares or other equity instruments, so that they are aligned in building long-term value for shareholders. The GECP 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, they are expected to progressively acquire shares, over a three-year period from the date of their appointment. Within this timeframe, each NED is expected to hold shares equal in cost (being the cost to acquire the shares at the time they were acquired) to the annual base fee for that NED at the time of their appointment.

Direct and indirect shares and equity instruments (such as Restricted Stock Units, Zero Priced Options and Share Appreciation Rights) count towards this minimum shareholding target.

Share purchases are only permitted in accordance with the company's Share Trading Policy.

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.

2024	Balance at the start of the year	Granted during the year as compensation	Exercised 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 [(1)]	-	-	-	-	-	-	-
Anne Ward	50,714	-	(50,714)	-	-	-	-
Ben Heap	-	-	-	-	-	-	-
Bob Sherwin	-	-	-	-	-	-	-
Robin Low [(2)]	-	-	-	-	-	-	-
Executive Director							
Martin Hosking	-	222,060	-	222,060	222,060	-	222,060
Other Executive KMP							
Robert Doyle	871,999	-	-	871,999	602,544	269,455	602,544
Total	**922,713**	**222,060**	**(50,714)**	**1,094,059**	**824,604**	**269,455**	**824,604**

[(1)] Jennifer Macdonald resigned on 24 October 2023.

[(2)] Robin Low was appointed effective 18 March 2024.

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.

2024	Balance at the start of the year	Granted during the year as compensation	Exercised 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	-	2,656,693	-	2,656,693	-	2,656,693	-
Other Executive KMP							
Robert Doyle	973,664	1,683,029	-	2,656,693	-	2,656,693	-
Total	**973,664**	**4,339,722**	**-**	**5,313,386**	**-**	**5,313,386**	**-**

8.3 Shares issued on exercise of options/rights

2024	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)]
Non-Executive Director					
Anne Ward	Options	50,714	$0.00	$0.60	$30,175
Total		**50,714**			**$30,175**

[(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 exercised.

8.4 Shareholdings of Directors and Executive KMP

2024 - Articore Group Ltd 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] [8]	500,000	-	-	-	500,000
Greg Lockwood [3] [8]	6,465,131	-	-	-	6,465,131
Jennifer Macdonald [4]	278,048	-	-	-	278,048
Anne Ward [5] [8]	270,000	50,714	-	-	320,714
Bob Sherwin [9]	-	-	200,000	-	200,000
Robin Low [6] [9]	-	-	-	-	-
Executive Director					
Martin Hosking [7] [8]	40,000,000	-	-	-	40,000,000
Other Executive KMP					
Robert Doyle [9]	-	-	-	-	-
Total	**47,513,179**	**50,714**	**200,000**	**-**	**47,763,893**

[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.

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

[4] Jennifer Macdonald resigned on 24 October 2023. The total balance represents her shareholding at the date she ceased to be a KMP.

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

[6] Robin Low was appointed effective 18 March 2024.

[7] 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.

[8] The number of shares held by the Director/KMP has met the minimum shareholding expectation as set out in Section 8.1.

[9] Directors and KMPs have three years from the date of their appointment to progressively acquire shares and meet the Group's minimum shareholding expectation (as set out in section 8.1). This Director/KMP has not yet reached three years of employment with the Group.

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]
Executive Director								
Martin Hosking	24-Oct-23	222,060 [4]	Options	01-Apr-24	01-Apr-29	$0.00	$0.58	$128,795
	24-Oct-23	973,664 [4]	SARs	01-Oct-25	01-Apr-29	$0.46	$0.34	$331,046
	24-Oct-23	1,683,029	SARs	01-Oct-26	01-Oct-29	$0.51	$0.38	$639,551
Other Executive KMP								
Robert Doyle	01-Oct-23	1,683,029	SARs	01-Oct-26	01-Oct-29	$0.51	$0.28	$471,248
Total		**4,561,782**						**$1,570,640**

(1) The vesting of equity is subject to the KMP remaining in service with Articore Group Ltd 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 Articore Group Ltd 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) In FY23 Martin Hosking was appointed as Group CEO and Managing Director and allocated 222,060 share options as Base Equity and 973,664 share appreciation rights as a Long Term Incentive which were subject to shareholder approval. Shareholder approval was subsequently obtained at the Group's AGM in October 2023 and the equity granted at this time. Base Equity was phased out and not awarded in FY24.

Consolidated statement of comprehensive income
for the year ended 30 June 2024

	Notes	2024 $'000	2023 $'000
Revenue from contracts with customers			
Marketplace revenue		**423,056**	467,516
Artists' revenue		**69,934**	87,606
Total revenue from contracts with customers	3	**492,990**	555,122
Operating expenses			
Artists' expenses [(1)]		**(56,207)**	(85,917)
Fulfiller expenses [(2)]		**(252,399)**	(295,049)
Employee and contractor costs	4	**(69,658)**	(87,984)
Marketing expenses	5	**(74,857)**	(85,818)
Operations, administration and technology expenses	6	**(33,132)**	(37,762)
Depreciation and amortisation	14, 15 & 16	**(13,801)**	(10,748)
Total operating expenses		**(500,054)**	(603,278)
Other income [(3)]		**774**	159
Other expenses [(4)]	7	**(1,131)**	(3,613)
Profit / (loss) before income tax		**(7,421)**	(51,610)
Income tax (expense) / benefit [(5)]	8	**(1,416)**	(2,570)
Total profit / (loss) for the year attributable to owners		**(8,837)**	(54,180)
Other comprehensive income / (loss)			
Items that will be reclassified subsequently to profit or loss			
Gain / (loss) on foreign currency translation		**(268)**	1,877
Total other comprehensive income / (loss) attributable to owners		**(268)**	1,877
Total comprehensive income / (loss) for the year attributable to owners		**(9,105)**	(52,303)
Profit / (loss) per share attributable to the ordinary equity holders of the company		**Cents**	Cents
Basic profit / (loss) per share	9	**(3.14)**	(19.59)
Diluted profit / (loss) per share	9	**(3.14)**	(19.59)

(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, losses on disposal 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 2024

	Notes	2024 $'000	2023 $'000
Current assets			
Cash and cash equivalents	10	**36,897**	35,721
Other receivables	11(b)	**5,196**	3,396
Prepayments	12	**4,420**	7,417
Current tax assets	8(b)	**214**	571
Other assets	13	**3,112**	4,173
Total current assets		**49,839**	51,278
Non-current assets			
Property, plant and equipment	14	**1,234**	2,288
Intangible assets	15	**70,902**	75,170
Right of use assets	16	**8,108**	5,764
Prepayments	12	**237**	29
Deferred tax assets	8(d)	**46**	45
Other assets	13	**140**	144
Total non-current assets		**80,667**	83,440
Total assets		**130,506**	134,718
Current liabilities			
Trade and other payables	17	**51,733**	53,341
Unearned revenue [1]	3	**10,508**	12,286
Employee benefit liabilities	18	**2,248**	1,822
Provisions		**1,212**	2,095
Lease liabilities	16	**3,032**	3,215
Total current liabilities		**68,733**	72,759
Non-current liabilities			
Lease liabilities	16	**6,442**	3,791
Employee benefit liabilities	18	**89**	92
Provisions		**130**	56
Deferred tax liabilities	8(d)	**2,060**	784
Total non-current liabilities		**8,721**	4,723
Total liabilities		**77,454**	77,482
Net assets		**53,052**	57,236
Equity			
Contributed equity	19(b)	**169,496**	164,458
Treasury reserve	19(b)	**(2,352)**	(2,104)
Share based payments reserve		**14,460**	14,329
Foreign currency translation reserve		**1,655**	1,923
Accumulated losses		**(130,207)**	(121,370)
Total equity		**53,052**	57,236

(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 2024

for the year ended 30 June 2024	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 2023		**164,458**	**(2,104)**	**14,329**	**1,923**	**(121,370)**	**57,236**
Profit / (loss) for the year		-	-	-	-	(8,837)	(8,837)
Other comprehensive income / (loss)		-	-	-	(268)	-	(268)
Total comprehensive loss / (loss) for the year		**-**	**-**	**-**	**(268)**	**(8,837)**	**(9,105)**
Exercise of share options	19(b)	-	-	-	-	-	-
Transfer to issued capital [2]	19(b)	5,857	-	(5,857)	-	-	-
Share based payments expense	4	-	-	5,975	-	-	5,975
Shares issued to Employee Share Trust	19(b)	2,750	(2,750)	-	-	-	-
Shares issued / allocated to participants [3]	19(b)	(2,585)	2,585	-	-	-	-
On-market share buy-back [4]	19(b)	(254)	(83)	-	-	-	(337)
Receivable for limited recourse loan settlement[5]	19(b)	-	-	13	-	-	13
Payment of withholding taxes [6]	19(b)	(730)	-	-	-	-	(730)
Income tax benefit recognised directly in equity for Employee Share Trust deductions [7]	19(b)	-	-	-	-	-	-
Transfer to accumulated losses [8]	19(b)	-	-	-	-	-	-
Balance as at 30 June 2024		**169,496**	**(2,352)**	**14,460**	**1,655**	**(130,207)**	**53,052**

(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) In FY24, the Group commenced an on-market share buy back. The share buy-back amount represents the total cost of 811,145 ordinary shares bought back. Out of the total ordinary shares bought back, 611,145 shares were cancelled during the year and 200,000 shares were cancelled upon settlement subsequent to year end. For more details refer to note 19(b).

(5) The receivable amount represents the addition to the receivable balance based on the share price at 30 June 2024.

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

(7) 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.

(8) 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 2024

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[4]	19(b)	-	-	107	-	-	107
Payment of withholding taxes [5]	19(b)	(256)	-	-	-	-	(256)
Income tax benefit recognised directly in equity for Employee Share Trust deductions [6]	19(b)	-	120	-	-	-	120
Transfer to accumulated losses [7]	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) The receivable amount represents the addition to the receivable balance based on the share price at 30 June 2023.
(5) Payment of withholding taxes to US tax authorities on issuance of restricted stock units funded by shares withheld.
(6) 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.
(7) 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 2024

	Notes	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers		**537,822**	613,311
Payments to artists		**(56,897)**	(81,387)
Payments to fulfillers		**(251,630)**	(294,892)
Payments to other suppliers and employees		**(217,312)**	(275,410)
Payments of interest		**(482)**	(343)
Receipts of interest		**769**	163
Income taxes received / (paid)		**219**	1,465
Net cash provided by / (used in) operating activities		**12,489**	(37,093)
Cash flows from investing activities			
Payments for property, plant and equipment	14	**(86)**	(402)
Payments for development of intangible assets		**(5,987)**	(12,223)
Net cash provided by / (used in) investing activities		**(6,073)**	(12,625)
Cash flows from financing activities			
Payments for lease liabilities	16	**(2,949)**	(3,425)
Proceeds from exercise of share options	19(b)	**-**	4
Payments of withholding taxes to US tax authorities on settlement of restricted stock units funded by shares withheld	19(b)	**(730)**	(256)
Payments for share buy-back	19(b)	**(253)**	-
Net cash provided by / (used in) financing activities		**(3,932)**	(3,677)
Net increase / (decrease) in cash and cash equivalents held		**2,484**	(53,395)
Cash and cash equivalents at beginning of year		**35,721**	89,133
Effect of exchange rate changes on cash and cash equivalents		**(1,308)**	(17)
Cash and cash equivalents at the end of the financial year		**36,897**	35,721

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

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1. Basis of preparation

The consolidated financial statements of Articore Group Limited[1] and its controlled entities (the Group) for the year ended 30 June 2024 were authorised for issue by a resolution of the Directors on 21 August 2024. Articore Group 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 Articore Group Limited and its controlled entities as the consolidated Group. Articore Group 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 material accounting policy information 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.

[1] Redbubble Limited changed its name to Articore Group Limited during the year. A shareholder resolution that gave effect to the name change was passed at the Annual General Meeting on 24 October 2023.

1. Basis of presentation (continued)

Going concern

The 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 2024, the Group had total net assets of $53.1m (2023: $57.2m) and a net current asset deficiency of $18.9m (2023: $21.5m). In assessing the going concern basis, the Group considered the following:

- The Group enacted cost-reduction measures in FY23 to substantially reduce operating expenditure. These measures were realised to full benefit in FY24 with the Group's Consolidated Statement of Cash Flows showing positive operating cash flows of $12.5m (FY23: an operating outflow of $37.1m)
- 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 payment 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:
    - $10.5m 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.
    - $3.0m of lease liabilities disclosed in current liabilities. The Group is required to report the corresponding right of use asset as a non-current asset.
    - $2.2m 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 $19.3m 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 forecast show the Group will continue to be able to fully pay its debts as and when they become due.

2. Changes in material accounting policy information

There are no new or amended accounting standards that required the Group to change its accounting policies for the 2024 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 $12.3m as at 30 June 2023 was recognised as revenue during the FY24. Of the $10.5m unearned revenue balance at 30 June 2024, $7.4m is expected to be recognised as revenue within the following month with the remaining balance expected to be recognised across the rest of FY25. 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.

	2024 $'000	2023 $'000
Australia	**35,452**	34,161
United States	**347,578**	395,967
United Kingdom	**46,458**	47,245
Rest of the world	**63,502**	77,749
Total revenue from contracts with customers	**492,990**	555,122

4. Employee and contractor costs

	2024 $'000	2023 $'000
Salary costs	**50,974**	59,352
Contractor costs	**9,659**	14,703
Share-based payments expense (1)	**5,975**	5,607
Superannuation and other pension related costs (2)	**3,050**	4,166
Redundancy costs	**-**	4,156
Total employee and contractor costs	**69,658**	87,984

(1) Includes reversal of share based payments expense of $1.3m (2023: $4.9m) due to forfeiture of awards of employees who departed the Group 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

	2024 $'000	2023 $'000
Paid marketing (1)	**73,401**	76,565
Other marketing expenses (2)	**1,456**	9,253
Total marketing expenses	**74,857**	85,818

(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

	2024 $'000	2023 $'000
Technology infrastructure and software costs	**23,079**	27,849
Other operations and administration expenses	**10,053**	9,913
Total operations, administration and technology expenses	**33,132**	37,762

7. Other expenses

	2024 $'000	2023 $'000
Interest expense (1)	**641**	343
Loss on disposal/derecognition of assets (2)	**137**	2,833
Net foreign exchange loss	**353**	437
Total other expenses	**1,131**	3,613

(1) Includes interest expenses on lease liabilities.
(2) Refer to Note 15 for further details on the capitalised development costs that were derecognised in FY23 and FY24.

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.

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.

8. Income tax (continued)

Deferred tax (continued)

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 $179.2m (2023: $173.9m) of unrecognised losses, $12.8m (2023: $12.6m) of unrecognised R&D tax offsets and $3.8m (2023: $1.5m) of unrecognised timing differences. All of these items relate to the Australian tax jurisdiction. An unrecognised deferred tax asset of $67.8m exists as at 30 June 2024 (2023: $65.2m), in relation to these items. These losses will be recognised at a future point in time when sustainable taxable income can be reliably estimated.

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

Recorded in the Statement of Comprehensive Income	**2024 $'000**	2023 $'000
Current tax		
Current tax expense / (benefit)	**209**	390
Under / (over) provision in prior years	**(79)**	23
Deferred tax		
Deferred tax expense / (benefit)	**1,166**	2,113
Under / (over) provision in prior years	**120**	44
Total income tax expense / (benefit) recorded in the Statement of Comprehensive Income	**1,416**	2,570

(b) Current tax assets / (liabilities)

The current tax asset is comprised of the following	**2024 $'000**	2023 $'000
Current tax expense recorded in the Statement of Comprehensive Income	**(209)**	(390)
Tax benefit recorded in equity [1]	**-**	120
Tax instalments made and refunds due for prior years	**423**	841
Total current tax asset	**214**	571

[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.

8. Income tax (continued)

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

	2024 $'000	2023 $'000
Profit / (loss) from ordinary activities before income tax expense / (benefit)	**(7,421)**	(51,610)
Income tax calculated @ 30%	**(2,226)**	(15,483)
<u>Tax effect of amounts that are not deductible / (taxable) in calculating income tax:</u>		
Tax effect of foreign jurisdictions' different tax rates	**(118)**	(488)
US income tax benefit due to exercise / disposition of employee stock options	**413**	457
Net Australian income tax benefit from funding the employee share trust	**46**	10
Tax effect of share based payment deduction recognised in equity	**-**	120
Research and development	**(45)**	(339)
Other non-deductible / non-assessable items	**528**	136
Effect of movements in foreign exchange	**157**	1,496
Under / (over) provision in prior year	**41**	67
Unrecognised tax losses and R&D tax offsets	**2,620**	16,594
Income tax expense / (benefit) attributable to loss from ordinary activities	**1,416**	2,570

8. Income tax (continued)

(d) Deferred tax asset / (liability)

Classification of deferred tax assets / (liabilities)	2024 $'000	2023 $'000
Deferred tax assets	**46**	45
Deferred tax (liabilities)	**(2,060)**	(784)
Net deferred tax asset / (liability)	**(2,014)**	(739)

The balance comprises temporary differences attributable to:

	2024 $'000	2023 $'000
Amounts recognised in profit or loss:		
Employee benefits	**178**	741
Property, plant and equipment	**(41)**	(122)
Lease assets and liabilities	**252**	203
Unrealised FX	**2,979**	2,902
Intangible assets	**(5,133)**	(4,228)
US Carried Forward Tax Losses	**-**	137
Other items	**(249)**	(372)
Net deferred tax (liability) / assets	**(2,014)**	(739)
Movements:		
Opening balance at 1 July	**(739)**	1,401
Credited / (debited) to the consolidated statement of comprehensive income	**(1,326)**	(2,157)
Exchange differences	**51**	17
Closing balance at 30 June	**(2,014)**	(739)

[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:

	2024 $'000	2023 $'000
Profit / (loss) attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	**(8,837)**	(54,180)

Weighted average number of shares used as the denominator

	2024 Number [1]	2023 Number [1]
Weighted average number of shares used as denominator in calculating basic earnings per share	**281,817,257**	276,619,241
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	**281,817,257**	276,619,241

(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

	2024 $'000	2023 $'000
Cash at bank and on hand	**36,897**	35,721
Total cash and cash equivalents	**36,897**	35,721

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

	Notes	2024 $'000	2023 $'000
Profit/(Loss) for the year		**(8,837)**	(54,180)
Non-cash items			
(Recognition) / derecognition of net deferred tax asset	8(a)	**1,286**	2,157
Depreciation and amortisation	14,15 & 16	**13,801**	10,748
Amortisation of share-based payments	4	**5,975**	5,607
Net exchange differences		**1,488**	512
Net loss on the disposal / derecognition of property, plant and equipment and intangible assets	7	**137**	2,833
Income tax benefit recognised directly in equity for Employee Share Trust deductions	8(b)	**-**	120
Change in operating assets and liabilities			
Net decrease / (increase) in trade and other receivables, prepayments and other assets		**2,054**	801
Net increase / (decrease) in current tax liabilities		**357**	1,655
Net increase / (decrease) in trade and other payables, employee benefit and other liabilities and provisions		**(1,994)**	(6,609)
Net increase / (decrease) in unearned revenue		**(1,778)**	(737)
Net cash provided by / (used in) operating activities		**12,489**	(37,093)

(b) Changes in liabilities arising from financing activities

Lease liabilities	Notes	2024 $'000	2023 $'000
Opening balance at 1 July		**7,006**	9,625
Cashflow from principal repayments	16	**(2,949)**	(3,425)
New leases	16	**5,316**	649
Interest expense incurred over rent free period		**157**	-
Foreign exchange movement	16	**(56)**	157
Closing balance 30 June 2024		**9,474**	7,006

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	2024 $'000	2023 $'000
Cash and cash equivalents	10	**36,897**	35,721
Other receivables	11(b)	**5,196**	3,396
Security bonds	13	**373**	402
Total financial assets		**42,466**	39,519

Financial liabilities	Notes	2024 $'000	2023 $'000
Fulfiller payables	17	**19,949**	19,795
Artist payables	17	**19,339**	20,187
Staff payables	17	**2,458**	2,622
Other payables	17	**6,704**	7,402
Lease liabilities	16	**9,474**	7,006
Total financial liabilities		**57,924**	57,012

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 Articore Group 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 2024	**(1,305)**	**(1,365)**	**(231)**	**10,007**	**7,106**
30 June 2023	(323)	(1,181)	(262)	7,502	5,736

11. Financial risk management (continued)

(a) Market risk (continued)

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

	2024 $'000	2023 $'000
Net foreign exchange loss included in other expenses	**(353)**	(437)
Total net foreign exchange losses recognised in profit / (loss) before income tax for the year	**(353)**	(437)

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 2024	**+ 10%**	**(131)**	**(137)**	**(23)**	**1,001**	**711**
	- 10%	**131**	**137**	**23**	**(1,001)**	**(711)**
30 June 2023	+ 10%	(32)	(118)	(26)	750	574
	- 10%	32	118	26	(750)	(574)

(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 2024, the Group holds $26.1m (2023: $20.3m) of cash in interest bearing bank accounts that attract interest at normal rates and $10.8m (2023: $15.4m) in non-interest bearing bank 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)

(b) Credit risk (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 2024 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.

	2024 $'000	2023 $'000
Receivables from payment service providers	**3,990**	1,934
Other non-trade receivables	**1,206**	1,462
Total other receivables (1)	**5,196**	3,396

(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% (2023: 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.

11. Financial risk management (continued)

Maturities of financial liabilities

Financial liabilities owed by the Group at 30 June 2024 are $59.1m (2023: $57.3m). 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 2024	Trade and other payables [1] $'000	Lease liabilities $'000	Total $'000
1 to 3 months	**48,450**	**886**	**49,336**
3 to 12 months	**-**	**2,736**	**2,736**
1 to 3 years	**-**	**6,098**	**6,098**
> 3 years	**-**	**978**	**978**
Total	**48,450**	**10,698**	**59,148**

(1) Excludes sales taxes.

Year ended 30 June 2023	Trade and other payables [1] $'000	Lease liabilities $'000	Total $'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.

(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	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000
Admin/Corporate/Operating	**2,967**	5,932	**237**	29
Licenses, dues and subscriptions	**1,453**	1,485	**-**	-
Total prepayments	**4,420**	7,417	**237**	29

13. Other assets

	Current		Non-current	
Consolidated	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000
Security bonds	**233**	258	**140**	144
Goods in transit [(1)]	**2,879**	3,915	**-**	-
Total other assets	**3,112**	4,173	**140**	144

(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 2023	3,330	886	3,163	7,379
Additions	-	-	86	86
Disposals	(55)	-	(592)	(647)
Exchange differences	(62)	(18)	(16)	(96)
Balance at 30 June 2024	**3,213**	**868**	**2,641**	**6,722**
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
Accumulated depreciation				
Balance at 1 July 2023	(2,178)	(547)	(2,366)	(5,091)
Charge for the year	(525)	(68)	(535)	(1,128)
Disposals	55	-	592	647
Exchange differences	62	12	10	84
Balance at 30 June 2024	**(2,586)**	**(603)**	**(2,299)**	**(5,488)**
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)
Net book value				
As at 30 June 2024	**627**	**265**	**342**	**1,234**
As at 30 June 2023	1,152	339	797	2,288

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 2024 (2023: $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
The Group assesses at the end of each reporting period whether there is any indication that capitalised development costs may be impaired. If any such indication exists, the Group estimates the recoverable amount of those assets. There were no indicators of impairment in capitalised development costs in FY24.

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:

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

(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 3.4% (2023: 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 11.4% (2023: 10.1%). 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 2024. 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.

15. Intangible Assets (continued)

	Brand name $'000	Capitalised development costs $'000	Goodwill $'000	Total $'000
Cost				
Balance at 1 July 2023	7,168	71,940	53,662	132,770
Additions	-	6,033	-	6,033
Derecognition	-	(137)	-	(137)
Exchange differences	(74)	-	(558)	(632)
Balance at 30 June 2024	**7,094**	**77,836**	**53,104**	**138,034**
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
Accumulated amortisation				
Balance at 1 July 2023	-	(57,600)	-	(57,600)
Charge for the year	-	(9,532)	-	(9,532)
Exchange differences	-	-	-	-
Balance at 30 June 2024	**-**	**(67,132)**	**-**	**(67,132)**
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)
Net book value				
As at 30 June 2024	**7,094**	**10,704**	**53,104**	**70,902**
As at 30 June 2023	7,168	14,340	53,662	75,170

(1) As part of the cost saving initiatives enacted in FY23 the Group refocused its capitalised development work and derecognised projects to the value of $2.8m in the prior year.

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 (2023: 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	2024 $'000	2023 $'000
Balance at 1 July	**5,764**	8,085
Additions	**5,582**	649
Depreciation and amortisation expense	**(3,141)**	(3,084)
Exchange differences	**(97)**	114
Balance as at 30 June	**8,108**	5,764

Lease liabilities	2024 $'000	2023 $'000
Balance at 1 July	**7,006**	9,625
Additions	**5,316**	649
Interest expense	**639**	341
Lease liability repayment	**(3,431)**	(3,766)
Exchange differences	**(56)**	157
Balance as at 30 June	**9,474**	7,006

Classification of lease liabilities	2024 $'000	2023 $'000
Current	**3,032**	3,215
Non-current	**6,442**	3,791
Total lease liabilities	**9,474**	7,006

Amounts recognised in the statement of cashflow	2024 $'000	2023 $'000
Operating – payments of interest	**(482)**	(341)
Financing – payments of principal	**(2,949)**	(3,425)
Total cash (outflow) relating to leases	**(3,431)**	(3,766)

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 $'000	More than five years $'000	Total $'000
Extension options not reasonably certain to be exercised	**4,822**	**9,877**	**14,699**

17. Trade and other payables

	2024 $'000	2023 $'000
Fulfiller payables	**19,949**	19,795
Artist payables	**19,339**	20,187
Staff payables	**2,458**	2,622
Sales tax payables	**3,283**	3,335
Other payables (1)	**6,704**	7,402
Total trade and other payables	**51,733**	53,341

(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.

18. Employee benefit liabilities (continued)

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	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Annual leave	**1,765**	1,545	**-**	-
Long service leave	**331**	277	**89**	92
Termination benefits	**152**	-	**-**	-
Total employee benefit liabilities	**2,248**	1,822	**89**	92

19. Contributed equity and reserves

(a) Share capital

	Consolidated and parent entity			
	2024	2023	**2024**	2023
	Shares	Shares	**$'000**	$'000
Ordinary shares (1) (2)				
Issued and fully paid	**282,172,143**	277,720,223	**169,413**	164,458
Total share capital	**282,172,143**	277,720,223	**169,413**	164,458

(1) In FY24, the Group commenced an on-market share buy-back. A total of 811,145 ordinary shares were bought back for a total cost of $0.3m during the year. Out of the total ordinary shares bought back, 611,145 shares were cancelled in late June 2024 and 200,000 shares were cancelled upon settlement subsequent to year end.

(2) 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 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**
Exercise of options	**-**	**-**
Settlement of restricted stock units (RSUs)	**-**	**-**
Transferred from share based payments reserve	**-**	**5,857**
Shares issued to Employee Share Trust	**5,000,000**	**2,750**
Other shares issued	**63,065**	**-**
Shares bought back on-market and cancelled during the year	**(611,145)**	**(254)**
Shares allocated to participants from the Employee Share Trust	**-**	**(2,585)**
Payment of withholding taxes to US tax authorities (1)	**-**	**(730)**
Balance at 30 June 2024	**282,172,143**	**169,496**

(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 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	-	120f
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)**
Shares issued to Employee Share Trust and held in Treasury Reserve	**(5,000,000)**	**(2,750)**
Shares allocated to participants from the Employee Share Trust and released from treasury reserve	**4,559,146**	**2,585**
Share buybacks that were not yet settled at June 2024. These shares were cancelled upon settlement subsequent to year end	**(200,000)**	**(83)**
Income tax benefit for contributions to the Employee Share Trust in excess of the associated cumulative remuneration expense	**-**	**-**
Transfer of the income tax benefit to accumulated losses for equity rights that were converted to shares in the current period	**-**	**-**
Balance at 30 June 2024	**(1,705,920)**	**(2,352)**

19. Contributed equity and reserves (continued)

(c) Dividends
No dividends were declared or paid during the year (2023: $nil). The Group's franking account balance is $nil (2023: $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 Articore Group Ltd 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 2024 %**	Equity holding 2023 %
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	Canada	Payment processing facilitation services relating to Canadian dollar transactions	**100**	100
TP Apparel LLC	USA	Provider of global sales, marketing and distribution facilitation services in respect of the TeePublic marketplace	**100**	100

21. Parent entity financial information

The financial information for the parent entity, Articore Group Limited[1] 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	2024 $'000	2023 $'000
Assets		
Current assets	**8,502**	8,448
Non-current assets	**43,763**	48,943
Total assets	**52,265**	57,391
Liabilities		
Current liabilities	**19,300**	18,853
Non-current liabilities	**1,764**	2,969
Total liabilities	**21,064**	21,822
Equity		
Contributed equity	**169,503**	164,465
Share based payment reserve	**14,541**	14,410
Treasury reserve	**(2,352)**	(2,104)
Accumulated losses	**(150,491)**	(141,202)
Total equity	**31,201**	35,569
Profit / (loss) and other comprehensive income		
Profit / (loss) for the year	**(9,290)**	(57,921)
Total comprehensive profit / (loss)	**(9,290)**	(57,921)

(b) Commitments

At 30 June 2024, the parent entity had contractual commitments of $14.2m (2023: $17.2m) that are not recognised as liabilities.

(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 2024 (2023: $0.9m).

[1] Redbubble Limited changed its name to Articore Group Limited during the year. A shareholder resolution that gave effect to the name change was passed at the Annual General Meeting on 24 October 2023.

21. Parent entity financial information (continued)

(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 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).

22. Commitments and contingencies

(a) Commitments

Other than the commitments mentioned in note 21 (b), the Group has contractual commitments of $6.7m (2023: $3.5m) over the next 3 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 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).

(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 (2023: $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. In FY24, the Group's expense was $6.0m (2023: $5.6m) which includes reversal of $1.3m (2023: $4.9m) due to forfeiture of awards of employees who departed the Group during the year.

23. Share-based payments (continued)

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 Articore Group 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 Articore Group 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

Articore Group Equity Incentive Plan for Australian and German employees
The “Articore Group Equity Incentive Plan” has been established to grant options over ordinary shares to Articore Group Limited employees (including senior executives under the Articore 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.

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 Articore Group Equity Incentive Plan

23. Share-based payments (continued)

Options over ordinary shares (continued)

Limited recourse loans for the purchase of shares

The granting of limited recourse loans to purchase Articore Group Ltd 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 was reversed. A receivable has been recorded for the settlement of the loan based on the share price at the end of each reporting period.

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:

	2024 Number	2024 WAEP ($) (1)	2023 Number	2023 WAEP ($) (1)
Options over ordinary shares				
Outstanding at 1 July	**6,093,093**	**0.25**	3,805,508	3.17
Granted during the year (2)	**3,990,312**	**-**	8,512,891	-
Exercised during the year	**(1,652,009)**	**-**	(941,470)	0.00
Forfeited during the year	**(369,147)**	**-**	(4,318,269)	0.00
Expired during the year	**(416,973)**	**1.00**	(965,567)	1.15
Outstanding at 30 June	**7,645,276**	**0.15**	6,093,093	0.25
Exercisable at 30 June	**3,873,595**	**0.29**	2,265,147	0.68
Restricted stock units				
Outstanding at 1 July	**6,254,530**	**-**	1,403,913	-
Granted during the year	**6,488,420**	**-**	8,208,154	-
Settled during the year	**(4,552,583)**	**-**	(1,178,137)	-
Forfeited during the year	**(1,042,447)**	**-**	(2,179,400)	-
Outstanding at 30 June	**7,147,920**	**-**	6,254,530	-
Share appreciation rights (SARs) (3)				
Outstanding at 1 July	**5,942,211**	**-**	5,658,416	-
Granted during the year	**13,971,417**	**-**	8,204,276	-
Exercised during the year	**-**	**-**	-	-
Forfeited during the year	**(2,957,914)**	**-**	(6,115,029)	-
Expired during the year	**(29,163)**	**-**	(1,805,452)	-
Outstanding at 30 June	**16,926,551**	**-**	5,942,211	-
Exercisable at 30 June	**-**	**-**	-	-

(1) WAEP stands for Weighted Average Exercise Price.
(2) 3,990,312 options granted during the year have a zero exercise price (2023: 8,512,891). 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 $1.49 (2023: $1.17).

23. Share-based payments (continued)

(b) Additional disclosures

Weighted average fair value of	2024 $	2023 $
Share price at the date of exercise of options / settlement of restricted stock units during the year	**0.48**	0.60
Share options granted during the year	**0.98**	1.07
Share appreciation rights granted during the year	**0.54**	0.74
Restricted stock units granted during the year	**1.07**	1.36

Weighted average remaining contractual life of	2024 (years)	2023 (years)
Share options outstanding at the end of the year	**4.63**	5.06

Inputs to pricing models for options and SARs granted during the year (weighted average)	2024	2023
Expected volatility (%) (1)	**78.26**	75.52
Risk-free interest rate (%)	**4.19**	3.60
Expected life (years)	**4.67**	4.46
Expected dividend yield (%)	**-**	-
Fair market value of share price ($) (2)	**0.47**	0.64

(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 (2023: $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

	2024 $	2023 $
Short-term employee benefits	**1,808,313**	1,770,754
Post-employment benefits	**97,714**	136,544
Share-based employee benefits (1)	**888,968**	(663,155)
Other long-term benefits	**20,134**	(8,094)
Total transactions with key management personnel	**2,815,129**	1,236,049

(1) FY23 includes the reversal of former CEO and CFO forfeited share-based employee benefits of $1m due to their resignations.

(b) Transactions with key management personnel

Bob Sherwin (Non-executive Director) was paid $42,726 (FY23: $29,528) as remuneration for additional services provided to the Group.

In FY23, Michael Ilczynski (former CEO) had a limited recourse loan arrangement with the Group that was provided to him upon appointment in FY21. The limited recourse loan arrangement ended in FY23 as a result of the former CEO's resignation in that year, please refer to note 23 for further details.

There were no other transactions with key management personnel in the current 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)	2024 $	2023 $
Category 1: Fees for Audit services		
Fees for auditing the statutory financial report of the parent covering the group	**492,127**	411,687
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
Assistance in developing the Group's ESG strategy	-	113,300
Remuneration of Ernst & Young Australia	**492,127**	595,467
Fees to other overseas member firms of Ernst & Young (Australia)		
Category 4: Fees for other services:		
Taxation services	-	-
Remuneration of other overseas member firms of Ernst & Young Australia	-	-
Total auditor's remuneration	**492,127**	595,467

26. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Group CEO[1]. The Group CEO is responsible for the strategic direction and oversight of the Group through the monitoring of results and approval of strategic plans for the business. The Group has identified its operating segments based on how its operations are internally managed.

Segment EBITDA is the measure utilised by the Group CEO to measure profitability. This is earnings before interest, tax, depreciation and amortisation.

Changes to operating segments

In the prior year, the Group aggregated the Redbubble and TeePublic online marketplaces to form a single reportable segment. Effective 1 July 2023, the Group has restructured to more clearly define the Group function and the two operating companies, Redbubble and TeePublic. Following this restructure, the internal reporting of the Group that is provided to the Group CEO has changed.

The Group has two reportable segments as follows:

Reportable segment	Nature of operations
Redbubble	Online marketplace for print on demand products
TeePublic	Online marketplace for print on demand products

Some head office costs are excluded from the two operating companies as they are not considered appropriate to be allocated to either Redbubble or TeePublic. In our segment results, the 'Other' category includes such costs or functions that do not qualify as operating segments.

Due to changes in, and disaggregation of, internal reporting to the Group CEO arising from an organisational restructure in the current period more aligned to the Group's refreshed strategy, separate segment information is now provided for each of the operating segments.

The 2023 comparative segment information has been restated in accordance with the amended basis of reporting.

[1] In accordance with AASB 8 *Operating Segments*, the Group CEO has been identified as the Chief Operating Decision Maker (CODM) who allocates resources and assesses performance of the operating segments.

26. Segment information (continued)

Year end 30 June 2024	Redbubble $'000	TeePublic $'000	Other $'000	Consolidated $'000
Marketplace revenue	241,277	181,779	-	423,056
Artists' revenue	51,222	18,712	-	69,934
Total revenue from contracts with customers	**292,499**	**200,491**	**-**	**492,990**
Underlying EBITDA (1)	**12,770**	**3,573**	**(12,814)**	**3,529**
Depreciation and amortisation	10,449	2,468	884	13,801
Interest income	680	88	-	768
Interest expense	479	25	137	641
Underlying Profit/(loss) before income tax	**2,522**	**1,168**	**(13,835)**	**(10,145)**
Income tax expense/(benefit) (2)	-	-	-	1,416
Underlying Profit/(loss) after income tax attributable to owners	**2,522**	**1,168**	**(13,835)**	**(11,561)**
Add back underlying adjustment to reconcile to statutory accounts	2,724	-	-	2,724
Reported total profit/(loss) for the year in statutory financial statements	**5,246**	**1,168**	**(13,835)**	**(8,837)**

(1) Underlying EBITDA excludes a one-off release of an accrual during the year. This is for the purpose of assessing the Group's FY24 performance on a like-for-like basis and to ensure that the amounts disclosed in the segment note are consistent with any non-IFRS profit measures disclosed in documents that accompany the consolidated financial statements.
(2) Income tax expense/(benefit) is assessed at an entity level.

Year end 30 June 2023 Restated	Redbubble $'000	TeePublic $'000	Other $'000	Consolidated $'000
Marketplace revenue	290,726	176,790	-	467,516
Artists' revenue	64,979	22,627	-	87,606
Total revenue from contracts with customers	**355,705**	**199,417**	**-**	**555,122**
EBITDA	**(24,164)**	**(5,177)**	**(11,341)**	**(40,682)**
Depreciation and amortisation	7,863	2,247	638	10,748
Interest income	160	3	-	163
Interest expense	243	43	57	343
Profit/(loss) before income tax	**(32,110)**	**(7,464)**	**(12,036)**	**(51,610)**
Income tax expense/(benefit) (1)	-	-	-	2,570
Profit/(loss) after income tax attributable to owners	**(32,110)**	**(7,464)**	**(12,036)**	**(54,180)**

(1) Income tax expense/(benefit) is assessed at an entity level.

27. Events occurring after the balance sheet date

There have been no significant events after the balance sheet date that require disclosure.

28. Other material accounting policy information

(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 material accounting policy information (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:

- 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.

28. Other material accounting policy information (continued)

(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
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.

28. Other material accounting policy information (continued)

(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.

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.

28. Other material accounting policy information (continued)

(h) Leases (continued)

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.

Name of entity	Type of entity	Trustee, partner or participant in joint ventures	% of share capital	Country of incorporation	Australian resident or foreign resident	Foreign jurisdiction (s) of foreign residents
Articore Group Limited	Body corporate	-	N/A	Australia	Australian	N/A
Redbubble Incorporated	Body corporate	-	100	USA	Foreign	USA
Redbubble UK Limited	Body corporate	-	100	UK	Foreign	UK
Redbubble Europe GmbH	Body corporate	-	100	Germany	Foreign	Germany
Redbubble Canada Processing Ltd	Body corporate	-	100	Canada	Foreign	Canada
TP Apparel LLC	Body corporate	-	100	USA	Foreign	USA

Key assumptions and judgements

Determination of tax residency
Section 295 (3A) of the *Corporations Act 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency
  The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5*.

- Foreign tax residency
  The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency.

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

(a) the financial statements and notes, as set out on pages 45 to 88 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 2024 and of its performance for the financial year ended on that date; and

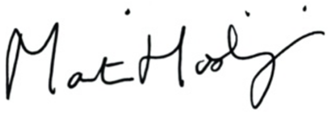
(b) there are reasonable grounds to believe that Articore Group Limited will be able to pay its debts as and when they become due and payable.

(c) the consolidated entity disclosure statement on page 89 is true and correct.

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
21 August 2024



Martin Hosking
Group Chief Executive Officer/Managing Director
Melbourne
21 August 2024

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Independent auditor's report to the members of Articore Group Limited

Report on the audit of the financial report

Opinion

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

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

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

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

Building a better working world

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 occurrence, timing of revenue recognition and measurement of revenue transactions; ▸ using data analytic tools to test the full population of revenue transactions, including performing: • correlation analysis between revenue, receivables and cash; • targeted audit procedures over material items that did not correlate as expected; and • testing to verify that the cash recorded represents real cash from third party customer. ▸ 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 2024 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; ▸ using data analytic tools to identify revenue-related manual journals posted to the general ledger and traced these back to underlying source documentation, to evaluate the validity, completeness and accuracy of the postings. ▸ assessing whether the revenue recognition policy applied to the terms and conditions of sale was in accordance with Australian Accounting Standards; and ▸ evaluating the adequacy of the revenue recognition policy disclosure contained in Note 3.

Capitalised development costs

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 2024, after derecognition of $0.1m during the year, totalled $10.7m. 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, where relevant; ▶ checking the clerical accuracy of the movements in the capitalised development cost balances, including amortisation and disposals; ▶ assessing whether the amortisation rates used are appropriate; ▶ testing 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; ▶ evaluating the completeness of the listing of impacted assets as well as calculation of amount derecognised; and ▶ evaluating the adequacy of disclosures in Note 15 of the consolidated financial statements.

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

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

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

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

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

Building a better working world

Responsibilities of the directors for the financial report

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

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001;* and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001;* and

for such internal control as the directors determine is necessary to enable the preparation of:

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

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

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

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

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

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

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 44 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Articore Group Limited for the year ended 30 June 2024, 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

Ashley Butler
Partner
Melbourne
21 August 2024

Corporate Information

Directors	Anne Ward (Chair, Independent Non-Executive Director) Jennifer (Jenny) Macdonald (Independent Non-Executive Director), resigned 24 October 2023 Greg Lockwood (Independent Non-Executive Director) Ben Heap (Independent Non-Executive Director) Bob Sherwin (Independent Non-Executive Director) Robin Low (Independent Non-Executive Director), appointed 18 March 2024 Robin Mendelson (Independent Non-Executive Director), appointed 1 July 2024
Group Chief Executive Officer/Managing Director	Martin Hosking
Company Secretaries	Carlie Hodges Harry Pratt (appointed 15 February 2024)
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	Articore shares are listed in the Australian Securities Exchange (ASX listing code: ATG)
Marketplaces	Redbubble.com and TeePublic.com
Investor Centre	https://www.articore.com/investor-centre/