

22 October 2024

Amended Annual Report

Articore Group Limited (Articore or the Group) refers to its Annual Report for FY2024 released to ASX on 2 October 2024 (Annual Report).

Articore advises that, as a result of a typographical error, the table displaying Directors' interests in shares and options on page 24 of the Annual Report as released to ASX incorrectly indicates that Mr Ben Heap holds 222,060 options and 2,656,693 share appreciation rights. Those securities are in fact held by Mr Martin Hosking; Mr Heap does not hold any options or share appreciation rights in the Group.

An amended version of the Annual Report including a corrected table on page 24 is attached to this announcement.

This announcement was authorised for release by the Articore Group Board Chair.

About Articore Group

Articore owns and operates the leading global online marketplaces, Redbubble.com and TeePublic.com. The Group's community of passionate creatives sell uncommon designs on high-quality, everyday products such as apparel, stationery, housewares, bags and wall art. Through the Redbubble and TeePublic marketplaces, independent artists are able to profit from their creativity and reach a new universe of adoring fans. For the artists' customers, it's the ultimate in self-expression. A simple but meaningful way to show the world who they are and what they care about.

Founded in 2006, Articore Group (ASX: ATG) was previously known as Redbubble Limited (ASX: RBL).

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FY24
annual
report



Contents

- 03 FY24 Group highlights
- 04 FY24 marketplace highlights
- 06 Chairman’s message
- 08 FY24 CEO review
- 10 Social Impact and Sustainability
- 14 Board of Directors
- 16 Group Leadership Team
- 18 Directors’ report
- 27 Auditor’s Independence Declaration
- 28 Letter from the People, Remuneration and Nomination Committee
- 29 Remuneration Report
- 40 Financial Report
- 74 Consolidated Entity Disclosure Statement
- 75 Directors’ Declaration
- 76 Independent Auditor’s Report
- 82 Shareholder Information
- 84 Corporate Information

Important Information

This report covers Articore Group Limited as a consolidated entity consisting of Articore Group Limited and its controlled entities (referred to in this report as Articore or the Group). Articore is a company limited by shares, incorporated and domiciled in Australia (ACN 119 200 592). This Report is a summary of the Group’s operations and activities for the 12-month period ended 30 June 2024 and financial position as at 30 June 2024. This report covers the Group’s global operations, including subsidiaries, unless otherwise noted. A reference to the Group, the Company, we, us and our and similar expressions refer collectively to Articore Group Limited and its related bodies corporate.

Forward-looking statements

This report contains forward-looking statements in relation to Articore, including statements regarding the Group’s intent, belief, goals, objectives, initiatives, commitments or current expectations with respect to the Group’s business and operations, market conditions, results of operations and financial conditions, products in research, and risk management practices. Forward-looking statements can generally be identified by the use of words such as “forecast”, “estimate”, “plan”, “will”, “anticipate”, “may”, “believe”, “should”, “expect”, “project,” “intend”, “outlook”, “target”, “assume” and “guidance” and other similar expressions. The forward-looking statements are based on the Group’s good faith assumptions as to the financial, market, risk, regulatory and other relevant environments that will exist and affect the Group’s business and operations in the future. The Group does not give any assurance that the assumptions will prove to be correct. The forward-looking statements involve known and unknown risks, uncertainties and assumptions and other important factors, many of which are beyond the control of the Group, that could cause the actual results, performances or achievements of the Group to be materially different to future results, performances or achievements expressed or implied by the statements. Factors that could cause actual results to differ materially include: changes in government and policy; actions of regulatory bodies and other governmental authorities such as changes in taxation or regulation (or approvals under regulation); the effect of economic conditions; technological developments; and geopolitical developments. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as at the date of the presentation. The Group disclaims any responsibility for the accuracy or completeness of any forward-looking statement. Except as required by applicable laws or regulations, the Group does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in assumptions on which any such statement is based. Any projections or forecasts included in this Report have not been audited, examined, or otherwise reviewed by the independent auditors of the Group.

Non-IFRS financial information

References to AASB refer to the Australian Accounting Standards Board, and IFRS refers to the International Financial Reporting Standards. There are references to IFRS and non-IFRS financial information in this Report. Non-IFRS financial measures are financial measures other than those defined or specified under any relevant accounting standard and may not be directly comparable with other companies’ information. Non-IFRS financial measures are used to enhance the comparability of information between reporting periods and enable further insight and a different perspective into the financial performance. Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, IFRS financial information and measures. Non-IFRS financial measures are not subject to audit or review.



Group employee numbers as at 30 June 2024

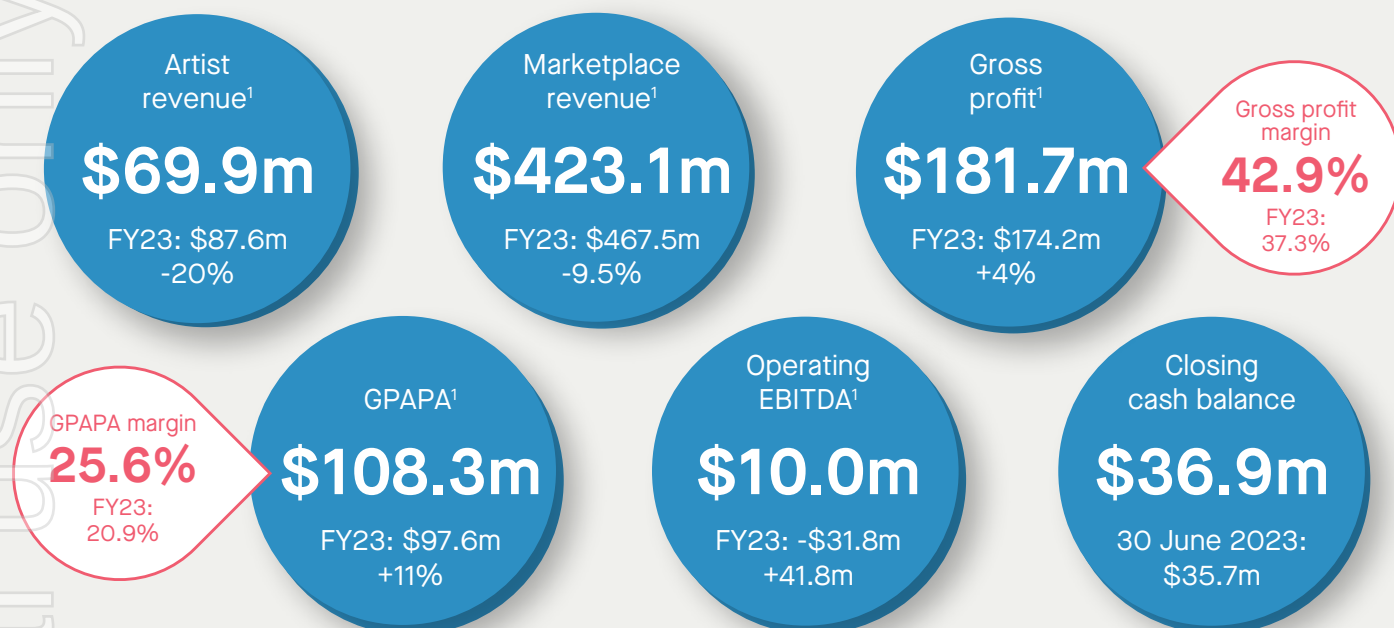
Australia 92

USA 135

Europe 10

FY24 Group highlights

Financial highlights



Operational highlights

Selling artists²

0.7m

FY23: 0.7m

Customers

6.7m

FY23: 7.5m

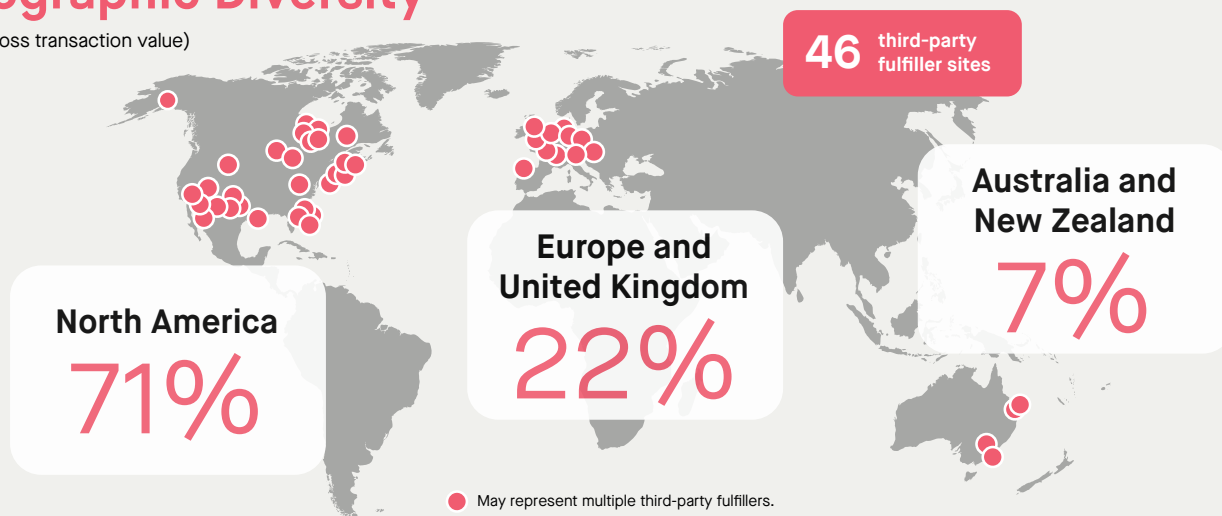
Designs sold³

5.5m

FY23: 6.2m

Geographic Diversity

(% of gross transaction value)



1. Non-IFRS measures are presented to provide readers a better understanding of Artcore's financial performance. The non-IFRS measures are unaudited, however, they have been derived from the audited financial statements. The non-IFRS measures are presented as "underlying", as the statutory results include a one-off release of an accrual that has been excluded for the non-IFRS measures in this report. This is for the purpose of assessing the Group's FY24 performance on a like-for-like basis. Please see Table 1 on page 19 for an explanation of how these numbers are calculated. All references in this Report to Gross Profit, GPAPA, Operating EBITDA and EBITDA are to the underlying version of these numbers, as calculated in Table 1 on page 19.

2. Number of artists who sold a product printed with their art during the reporting period

3. Number of artists' designs that have sold on at least one product during the reporting period.

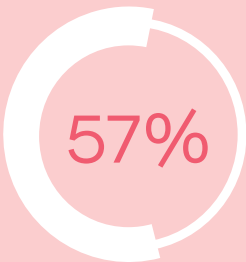
Our marketplaces

The Group owns and operates two independent global marketplaces.

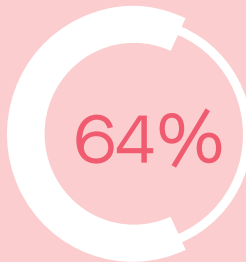


FY24

Marketplace
revenue
contribution
FY23: 62%



GPAPA
contribution
FY23: 67%



FY24 financial highlights

Marketplace
revenue
\$241.3m
FY23: \$290.7m
-17%

Gross profit
margin
42.8%
FY23: 36.1%

Gross
profit
\$103.3m
FY23: \$104.9m
-2%

GPAPA
\$69.0m
FY23: \$65.9m
+5%

GPAPA margin
28.6%
FY23: 22.7%

Operating
EBITDA
\$14.8m
FY23: -\$17.6m
+\$32.4m

FY24 operational metrics

Selling artists
575k
FY23: 569k

Artists' revenue
\$51.2m
FY23: \$65.0m

Customers
4.2m
FY23: 5.0m

Designs sold
4.1m
FY23: 4.8m

FY24

Marketplace
revenue
contribution

FY23: 38%

43%

GPAPA
contribution

FY23: 33%

36%

FY24 financial highlights

Marketplace
revenue

\$181.8m

FY23: \$176.8m
+3%

Gross profit
margin

43.1%

FY23: 39.1%

Gross
profit

\$78.4m

FY23: \$69.2m
+13%

GPAPA

\$39.3m

FY23: \$31.7m
+24%

GPAPA margin

21.6%

FY23: 18.0%

Operating
EBITDA

\$5.6m

FY23: -\$3.1m
+\$8.7m

FY24 operational metrics

Selling artists

136k

FY23: 96k

Artists' revenue

\$18.7m

FY23: \$22.6m

Customers

2.4m

FY23: 2.5m

Designs sold

1.5m

FY23: 1.4m



Chairman's message

FY24 has been a year of change for our Company with a new name, leadership team and operating structure. We have made significant progress under Martin's leadership, returning both marketplaces and the Articore Group to a positive underlying cash flow position.

At the start of FY24, our central objective was to restore positive underlying cash flow. It is a testament to the strength and commitment of our team that we were able to finish the year with underlying cash flow⁽¹⁾ of \$0.9 million, a \$47.8 million improvement on FY23. At the same time, we stabilised the business and returned to profitability with Gross Profit, GPAPA and operating EBITDA all above FY23.

The improvement in our performance has been achieved through a disciplined focus on unit economics, driving profitability across the Group. During the year, we also realised the full benefit of cost reduction initiatives implemented in FY23 while also maintaining strong cost discipline. Perhaps most impressively, this was accomplished against a backdrop of soft trading conditions as consumers continued to be impacted by cost of living pressures across our core markets.

Board Renewal

During the year, the renewal that we have seen across the business continued at Board level. In September 2023, we announced that long standing non-executive director, Jenny Macdonald, would step down following the 2023 Annual General Meeting. Jenny made an important contribution to the Group over almost six years, especially as Chair of the Audit and Risk Committee. We thank Jenny for her service and wish her well in her future endeavours.

Following an extensive search, Robin Low was appointed to the Board in March 2024. Robin is a highly experienced non-executive director and Audit and Risk Committee Chair. Robin's strong financial expertise and extensive ASX-listed experience are proving highly valuable and also complementing our existing director skillset.

On 1 July 2024, we announced that Robin Mendelson would also join the Board. Robin brings deep operational and e-commerce experience following a 20-year career with Amazon.com. 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. Robin is also a highly experienced non-executive director and we were delighted to welcome her to Articore.

(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).

Launch of on-market share buyback program

In May 2024, we launched an on-market share buyback program which has a maximum value of \$5 million over a period of up to 12 months. The Board believes the buyback represents an efficient use of capital given the Group's strengthened balance sheet and turnaround in profitability. At 30 June 2024, the Group had cash of \$36.9 million and no debt. The buyback program further reflects our confidence in the Group's future performance and our commitment to maximising shareholder returns.

Ongoing commitment to sustainability

Sustainability remains an integral part of our business and reflects the way in which we operate. Our sustainability goals are aligned with the expectations of our artists, their customers, our employees and our shareholders and drive commercial outcomes over the short and long term.

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 we launched nearly two decades ago.

This year, in connection with our transition to the Group operating model, we have taken the opportunity to further centre our environmental, social, and governance strategy around this founding purpose, which we now refer to as Social Impact & Sustainability.

Importantly, we continue to believe in the value of an open marketplace and freedom of expression within key policy guidelines. This is captured in Articore's mission: liberate human creativity. We will, of course, continue to meet a range of stakeholder expectations including the transition from voluntary to mandatory sustainability reporting most recently announced by the AASB.

Outlook

As we look ahead, there is much to be excited about. We have a leadership team and operating structure in place that provides us with a solid foundation and the capability to scale our business. We exit FY24 in a strong financial position and are sustainably cash flow positive. Our immediate priority will be to deliver profitable revenue growth across both of our existing marketplaces. Beyond that, we will explore growth opportunities in new geographies and products, as well as potential new lines of business that are closely aligned to our strategy, and leverage the significant strategic assets at the Group's disposal.

In closing, I would like to thank my fellow Directors, the Executive Leadership Team and the Group's employees for their hard work and commitment this year. And finally, to you, our shareholders, thank you for your ongoing support.

Anne Ward
Chairman





FY24 CEO review

I am delighted to present the CEO's review for the Artcore Group's FY24 annual report, the first under our new name. FY24 has been an important year as we returned to positive underlying cash flow and delivered a number of initiatives to drive profitability across our marketplaces, Redbubble and TeePublic.

New name and structure positions the Group for growth

In October 2023, shareholders approved changing the Company's name to Artcore Group Limited. This was an important development with the new name reflecting the new operating structure implemented at the end of FY23. It also clearly identifies the Group as a collective of branded marketplaces, highlighting our ambition to expand over time by adding new operating companies, in addition to growing the two existing marketplaces.

During the year, the new structure provided greater insights into the performance of each marketplace, facilitating the sharing of knowledge and expertise across the two businesses. It was accompanied by significant renewal at the leadership level which I believe has been central to our performance this year and gives us the capabilities to take advantage of strategic opportunities in the future.

As part of this change, we introduced segment reporting from the 1HFY24 providing our investors with more information on the individual performance of the Redbubble and TeePublic marketplaces than we have in the past.

Delivered a significant turnaround in FY24

When I returned to the CEO role in March 2023, my primary objective was to restore the Group to a positive underlying cash flow position. Although market conditions remained challenging in FY24, our 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 FY23. This was a pleasing result and a necessary first step as we work towards achieving profitable revenue growth.

In FY24, we achieved significant growth and margin expansion in Gross Profit, GPAPA and operating EBITDA due to a sustained improvement in unit economics and a restructuring of our cost base. We 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. We also implemented changes to our paid marketing strategy to drive effectiveness while maintaining a disciplined approach to being profitable on first order. As a result, both marketplaces delivered growth in GPAPA and positive underlying cash flow in FY24.

Our FY24 GPAPA margin of 25.6% for the Group was at the high end of guidance provided in February 2024 (24-26%) and operating expenditure of \$98.3m was towards the lower end of the guidance range provided (\$97m-\$100m). As a team, we have demonstrated considerable discipline in achieving this improvement in underlying profitability by focusing on fundamentals; ensuring we acquire customers in an economically viable manner and that our margins are strong and operating costs contained. At the same time, we have been careful to maintain adequate resources to allow us to continue to invest in areas that we expect will drive growth going forward.

Group MPR was 9.5% lower in FY24 on pcp with the rate of decline in MPR moderating as we moved through the second half in line with our guidance. This reflected the Group's continued focus on profitable revenue over volume as well as the short-term disruption to Redbubble's MPR as the marketplace adjusted its paid marketing strategy in 3QFY24. We are now seeing the intended benefits of these changes.

We exited FY24 in a strong financial position with closing cash of \$36.9m (FY23: \$35.7m) and no debt. Our confidence in the Group's future performance and focus on maximising shareholder returns was demonstrated in May 2024 when we announced the launch of an on-market buyback program.

Redbubble returns to profitability

In FY24, Redbubble reported \$14.8m in operating EBITDA, a \$32.4m turnaround on pcp. This was achieved by focusing on growth in absolute GPAPA which was up 5% on pcp to \$69.0m, 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) in 2HFY23 and adjustments to base prices.

It also reflected the reduction in paid marketing spend as the marketplace adopted a more disciplined approach of being profitable on first order. In 3QFY24, the Redbubble marketplace implemented significant changes to its paid marketing strategy to enable it to scale its paid marketing spend. Although the implementation of this strategy was initially disruptive, the anticipated benefits have started to take effect with the rate of MPR decline moderating to 14% on pcp in 4QFY24 compared to 17% for the full year.

Looking ahead to FY25, returning the Redbubble marketplace to profitable revenue growth will be a core focus.

TeePublic achieves revenue growth and margin expansion

In FY24, TeePublic drove margin expansion while also delivering marketplace revenue growth. TeePublic's MPR increased by 3% on pcp 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 pcp and its GPAPA margin of 21.6%, was up 370 basis points. The TeePublic marketplace delivered operating EBITDA of \$5.6m, representing 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.

As we move into a new financial year, TeePublic is in a strong position to explore opportunities to grow through expansion into new geographies and products.

Communities who share our Values

Articore operates marketplaces that are respectful, supportive, and encourage community. Our 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 do real harm. Creators must follow our guidelines and marketplace participants are encouraged to flag content they feel violates TeePublic or RedBubble policy guidelines.

In FY24, we launched two Centres of Excellence (CoEs) that demonstrate our commitment to innovation, knowledge sharing, and cross-team collaboration. At present, these centres are focused on two key themes: Artificial Intelligence (AI) and Social Impact. As with our Affinity Groups, these centres bring members from across the Group together, leveraging diverse expertise and perspectives.

During the year, the Group continued to embrace AI across all areas of the business to reduce cost and improve the consumer experience. For example, in customer acquisition, AI has enabled us to enhance marketing campaigns from a relevance and customer matching perspective. We are also using AI in vector search, analysing and matching images to search enquiries to build customer engagement. It is particularly useful across our content library, detecting duplication and defining and categorising content into a hierarchy of themes.

Outlook

Articore exited FY24 in a strong financial position and our immediate priority is to leverage the Group's assets to drive sustainable and profitable revenue growth.

In FY25, we expect to deliver GPAPA margin of 24-26%, operating expenditure of \$96m-\$100m and positive underlying cash flow.

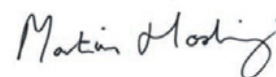
We will build on the solid foundation established in FY24 to deliver the next phase of growth which will focus on extracting maximum value from both marketplaces while maintaining cost discipline and maximising synergies across the Group.

This will enable us to invest in opportunities that leverage our distinctive assets including our well established and growing base of global creators and their content, global fulfillment network and superior unit economics.

By the end of FY25, we aim to have gone beyond the existing marketplaces in pursuit of our vision of being the global leader for connecting digital creators with their customers.

I would like to conclude by thanking the Board for their guidance and counsel during the year. I would also like to acknowledge the hard work and dedication of our incredible team.

FY24 marks the completion of my first financial year back in the business; I am proud of what we have achieved together and excited for the journey ahead. Finally, thank you to our shareholders for your ongoing support.



Martin Hosking

Co-Founder, CEO
and Managing Director

Social Impact & Sustainability

Social impact is a cornerstone of our business. 10 years ago, our founder and CEO commented “...we started with the simplest of all propositions - that there were a lot of people who see themselves as an artist, but lack access to markets and tools...” A decade later, providing spaces that allow artists and creatives to be globally seen, heard, and valued remains our focus.



You brought tears to my eyes. I have loved art from a young age. My family always told me to pursue other careers because they said I couldn't make a living from it... I had almost given up my dreams of being an artist, but TeePublic changed that.

The Mindful Maestra
(Artist on TeePublic)



FY24 Highlights

- Artists earned \$59m⁽¹⁾ on Articore marketplaces
- 6.7m customers in over 170 countries purchasing Gross Transaction Value (GTV)⁽²⁾ of \$535m of unique art on our marketplaces
- Continued engagement with artist-focused non-profits (ARTivism; Girl Child Art Foundation, Society of Illustrators)
- 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

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

(2) Gross Transaction Value (GTV) represents total receipts from customers less fraud, refunds and chargebacks.



Pick any subject you like, and I bet you'll be able to find art on that subject, created in a style that appeals to you. Not only that, but you can usually find the art you like on tee shirts, wall art, mugs, notebooks, magnets, and a bunch of other items.

Customer of an artist on Redbubble

Creating Value for Artists and Creatives

The free expression of art brings joy, explores meaning, opens hearts and minds, and sparks hope. This position is at the core of how our marketplaces operate. It's also where we note the direct relationship of our business model with the UN Universal Declaration of Human Rights (Article 19), which states, "Everyone has the right to freedom of opinion and expression..." This might seem simple or common sense, but putting this into practice as a part of a global business serving a diverse group of stakeholders is challenging and not without constant dialogue, learning, and improvement. Articore's Content Safety program is a foundational part of making this possible.

Content Safety

Articore operates marketplaces that are respectful, supportive, and encourage community. Our content safety policies, operational workflows, and technological tools are designed to help strike the right balance between freedom of expression and the potential for user-generated content to lead to real world harm. Artists must follow our User Agreement and Community Guidelines which aims to strike this balance. Any marketplace participant is empowered to flag content they feel violates TeePublic or Redbubble guidelines.

As an associate member of Australia-based Digital Industry Group (DIGI) and an original signatory of their Code of Practice on Disinformation and Misinformation, Redbubble - given its offices and operations are based in Australia - has proactively contributed to shaping industry standards and best practices around content safety. As a part of this voluntary initiative, Redbubble produces an annual transparency report summarising the approaches Redbubble takes to detect and remove misinformation and disinformation, which mitigates the risk of harmful content and accounts that consumers could be exposed to on its marketplace.

Product Quality

In addition to promoting safe and freely expressed art on our marketplaces, we also invest in preserving the integrity of each artists' work when it moves from digital to physical medium - such as when art sold on Redbubble or TeePublic is printed onto a greeting card or t-shirt by third-party fulfillers.

Art purchased from artists on Redbubble and TeePublic is made one item at a time by a community of independent printing businesses and only after each individual order is placed, which means consistently delivering to the high quality standards artists and their customers every individual customer expects.



Visually delicious!! Quality, pricing and delivery is consistently excellent. You can find just about anything you can imagine. T shirt options are limitless and suit all personalities. Overall a playful place to shop! Great site to find gifts as well!

Customer of an artist on Redbubble

Each physical product type is only made available for artists to sell on Redbubble and TeePublic after safety and compliance testing of relevant samples by a globally-recognised, third party laboratory. Beyond safety and compliance, third-party fulfillers are also expected to meet the quality expectations of artists and their customers. Each product type is routinely re-assessed for product quality and compliance. In the event a quality or compliance issue is detected, immediate action is taken to notify the third-party fulfiller that manufactured the product and to limit or terminate order volume to such fulfiller until they can verify that they have addressed the issue.



I love your company and your philosophy. Products are unmatched and great customer service.

Customer of an artist on Redbubble





Supporting Employees Engagement

In FY24, we undertook a Group-wide demographic survey along with our regular employee engagement survey. The surveys enable us to continuously support and promote workforce diversity and to ensure employees have the opportunity to regularly provide feedback.

Year on year, we set a high bar for employee engagement levels that we expect our leaders and people programs to develop and maintain. We have a long-standing engagement objective of 75% across our group, knowing that an engaged workforce drives a higher probability of delivering the organisation's objectives. We formally assess our engagement twice a year and are currently meeting our target in all parts of our business.

These positive results can be attributed to our commitment to transparent and honest communications, recruitment and development of strong leaders and a cadence of OKR setting across our teams. Our team members value knowing the contribution expected of them and receiving recognition for achievements they deliver.

Affinity Groups and Centres of Excellence

Several people-centred initiatives are in place to help our employees collaborate. Our Affinity Groups (LGBTQIA+, Parents, Carers, and Neurodiversity) - which include employees from across the Group - build community, offer support, and encourage dialogue.

These groups allow employees to connect in person and over Slack and share interests, identities, or goals: creating a more inclusive and supportive workplace.

In FY24, we proudly launched two Centers of Excellence (CoEs) that embody our commitment to innovation, knowledge sharing, and cross-team collaboration. The CoE's reflect specific future-state and purpose-led themes: Artificial Intelligence (AI) and Social Impact. As with our Affinity Groups, these CoEs bring together members from across the Group, leveraging diverse expertise and perspectives.



I love that the Neurodiversity Affinity Group creates a space to share resources on accessibility, accommodations, and advocacy to better support employees inside and outside of work.

Sarah Christian
Artist Support Manager



The Social Impact Center of Excellence keeps Artcore team members grounded in the mission that is honouring art and the artists who create it. Being a part of this CoE has helped me think more about how we can have a broader social impact and I am so excited to see what we accomplish.

Kaleigh Miller
Senior Director of Product Quality, Safety and Compliance



Redbubble team members reached out to us in late 2015 as they wanted to localise the fulfilment of apparel, as previously shirts were being sent from the States. We are now proudly Australia's largest print on demand fulfilment company, employing between 65 to 140 people (depending on the season)...Our strength is definitely our people, we work hard on recruiting, and we spend a lot of time on training and our company culture.

Sam Fraser (Owner of Fulfiller QTcO)

Extending Our Values through Supply Chains

As a digital marketplace, environmental impacts, such as waste, are different compared to traditional mass production and retail settings. Our marketplaces showcase products digitally and use third-party fulfillers for print-on-demand manufacturing. This means our model does not include waste via unsold stock of pre-printed merchandise. When customers buy art on Redbubble or TeePublic, their orders are printed only after the order is received, which means there are no warehouses filled with mass produced art.

Our marketplace model also reduces the physical distances finished products travel to reach customers. Redbubble and TeePublic route orders to fulfillers located closest to customers. Rather than shipping orders across oceans, digital art is transmitted to be fulfilled locally, avoiding the need for international air transportation. An additional win this model delivers is the support of businesses and jobs in regions where customers order from. As an example, 98.83% of Redbubble marketplace shipments in FY 2024 were fulfilled in the same region as the customer, an increase from 97.92% in FY 2023.

This is not to suggest our model is completely absent of waste, which can be generated during manufacturing, packaging, delivery, and end use by marketplace participants. Reprints and returns are the primary sources of waste, which is complicated by the uniqueness of each product. High-quality products help by lasting longer and reducing returns. As described in the Product Quality section, the Group sets clear expectations with third-party fulfillers around product and print quality, which delivers a variety of wins, including minimising waste. In FY2024, Redbubble reduced its return rate by 16.3% (FY2024 return rate 1.13% vs FY2023 return rate 1.35%).

Carbon Emissions Chart

Time period	Scope 1	Scope 2
FY24	19mT Co2e	106mT Co2e

Supply Chain Integrity

Liberating human creativity should uplift all people who take part in that process. The well-being of supply chain workers is another area we've continued to prioritise through policy, engagement, training, and independent, third-party auditing. All third-party fulfillers who participate in the Redbubble and TeePublic marketplaces open their facilities to independent audits according to international labour standards.

The primary way we share our expectations and then evaluate whether those expectations are being met is through engagement and independent, third party audits. These audits assess fair compensation, working hours, safety, worker protection, and other aspects of ethical business behaviour.

In 2024, we introduced amfori's Business Social Compliance Initiative (BSCI) as Artcore's global social audit standard. BSCI (launched in 2003) aligns with globally accepted standards, such as the International Labour Organization, Organisation for Economic Co-operation and Development, United Nations Guiding Principles on Business and Human Rights. BSCI also enables marketplace fulfillers to take more responsibility for their own performance through BSCI self-assessment tools.

Governance framework for Social Impact & Sustainability

Artcore Group values sustainable and responsible business activities as an important long-term driver of performance and stakeholder value. Governance of Social Impact & Sustainability within the Group sits with the following personnel:

Social Impact & Sustainability Timeline



- Artcore's Board has ultimate oversight of, and accountability for Social Impact & Sustainability within the Group, which includes strategy, reporting, materiality assessments, and action plans.
- The Group Vice President of Social Impact & Sustainability reports to the Group Chief People & Culture Officer and is responsible for both articulating the Group's Social Impact & Sustainability strategy and partnering across Artcore and its operating companies to execute Social Impact & Sustainability programs and initiatives.
- Group and operating company leaders are responsible for executing various Social Impact & Sustainability initiatives that ladder up to the Social Impact & Sustainability strategy.

Social Impact & Sustainability risks are assessed and managed in accordance with Artcore's enterprise risk management framework. More information is available in the Group's Corporate Governance Statement. Artcore's governance policies and statements, including on the topics of diversity and modern slavery, are available on our website.

Board of Directors



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



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



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



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



Robin Low

Independent Non-executive Director

Appointed: 18 March 2024

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

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 is currently a non-executive director and either Audit or Audit and Risk Committee Chair at 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 accomplished executive and non-executive director with a proven track record of building, scaling, and transforming complex technology businesses. Over her 20-year career at Amazon.com, she led high-performance teams across finance, product development, marketing, and pricing, driving success in diverse business models including direct-to-consumer, marketplace, SaaS, and B2B. As Head of Amazon's US Media Consumer Group, Robin delivered multi-year revenue and earnings growth across the multi-billion dollar division through customer-focused innovation, product development, supply chain optimization, and operational excellence.

Currently, Robin serves on the boards of Mynd.ai (NYSE:MYND), where she is a member of the Compensation and Audit Committees, as well as Mainstay, an EdTech SaaS platform, and Acadeum, a higher education course-sharing marketplace. She serves on the Board of Governors of the Yale Alumni Association and is an advisory board member at Yale's Broad Center. Robin holds an MBA from Yale University, a BA from Duke University, and is a National Association of Corporate Directors (NACD) Certified Director and a board member of NACD's Northwest Chapter.

Directorships of other listed entities in the last three years:

Mynd.ai Inc. (NYSE:MYND) – December 2023 to present



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.

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

Group Leadership Team



Martin Hosking

**Co-Founder/Group CEO/
Managing Director**

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.



Rob Doyle

Group Chief Financial Officer

Rob was appointed the Group's Chief Financial Officer (CFO) in March 2023. He was previously CFO of Domain Group, a S&P/ASX 200 company, which operates a leading property marketplace in Australia. Rob was appointed as Domain Group CFO prior to the separation of the business from Fairfax Media and the listing of Domain on the ASX.

Prior to this, Rob was Group General Manager, Finance at Fairfax Media where he led a Finance Transformation program as well as contributing to the broader Fairfax business transformation.

Earlier in his career, Rob held several senior finance positions at Vodafone Group in the UK and Vodafone Hutchison Australia, having qualified as a Chartered Accountant with audit firm Kingston Smith in London. Rob is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and is a member of the Australian Institute of Company Directors (AICD).



Adam Crouch

**Chief Executive Officer,
Redbubble**

Adam joined Articore in September 2023 as CEO, Redbubble. Adam has built highly-successful growth businesses in ecommerce, retail, fashion, healthcare, banking, travel, and auto. Most recently he was General Manager International at Poshmark, a leading social marketplace for new & secondhand clothing.

Adam has previously held ecommerce leadership roles at Volvo Cars, Walgreens, and Claire's Stores. He was a strategy consultant at The Boston Consulting Group, and studied Economics at Cornell University. Adam is based in the San Francisco Bay Area.





Vivek Kumar

Chief Executive Officer, TeePublic

Vivek joined Redbubble Group in June 2022 as CEO, TeePublic. Vivek has more than 20 years of ecommerce, direct to consumer, and digital marketing experience. Vivek has led ecommerce businesses across retail, consumer goods, digitally native, and marketplaces spanning companies including Barnes & Noble, Newell Brands, UrbanStems, and UPS.

In his early career, Vivek worked in technology consulting for several years. Vivek has an electrical engineering degree and an MBA from the University of North Carolina. He is based in New York.



Meahan Callaghan

Chief People and Culture Officer

Meahan joined Redbubble in October 2021 as Chief People and Culture Officer. Meahan was most recently Chief People Officer at Afterpay, before that MessageMedia and earlier she spent 10 years in the same role at SEEK Ltd.

Meahan has experience leading global P&C Functions supporting teams in the US, Canada, Europe, South America, Asia and Africa. Meahan holds a Bachelor of Business (HR Management) and a Post Graduate Diploma in Psychology.



James Toy

Chief Legal Officer

Jimmy leads the legal and policy teams at Artcore and advises across all of its global businesses and markets. Jimmy joined Artcore in 2014, serving as Assistant General Counsel and Deputy General Counsel before being appointed to Chief Legal Officer in 2022.

Prior to Artcore, Jimmy practised law in the San Francisco Bay Area offices of Covington & Burling LLP and Simpson Thacher & Bartlett LLP. There, he advised high-growth tech companies in numerous strategic partnerships, intellectual property licenses, M&A deals, and securities offerings with an aggregate deal value of over \$20 billion.

Jimmy holds a Bachelor of Arts in Economics from the University of Memphis, where he graduated magna cum laude, and a Juris Doctor from the Duke University School of Law, where he was an editor of the Duke Law Journal.



Directors' Report

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 following page 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 Artcore 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	FY2023
	\$'m ⁽²⁾	\$'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 Artcore'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.

Directors' Report (continued)

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 Artcore 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:

- Artcore Group's operations in future financial years;
- the results of those operations in future financial years; or
- Artcore 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

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.

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

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 Artcore Group Limited directors and the following members of the Artcore 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 Artcore, 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 Artcore 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 Artcore. 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

Directors' Report (continued)

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 an PRNC member	Attended whilst an 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

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-Dec-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 29 to 39 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.

Directors' Report (continued)

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 27. 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

Auditor's Independence Declaration



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

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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Ashley Butler'.

Ashley Butler
Partner
21 August 2024

A member firm of Ernst & Young Global Limited
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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-term 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.

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

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

Remuneration Report (Audited)

Introduction

This Remuneration Report (Report) sets out the Group's executive remuneration framework, as well as the remuneration arrangements for the Group's key management personnel (KMP) for the year ended 30 June 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	30
2. Remuneration Strategy	30
3. How Remuneration is Governed	30
4. Company Performance in FY24	32
5. Executive Remuneration	32
6. Non-Executive Director Remuneration	35
7. Statutory Reporting for FY24	36
8. Other information	37

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.



Remuneration Report (continued)

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 policies
- 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 GECF (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 19 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 attract 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).

Remuneration Report (continued)

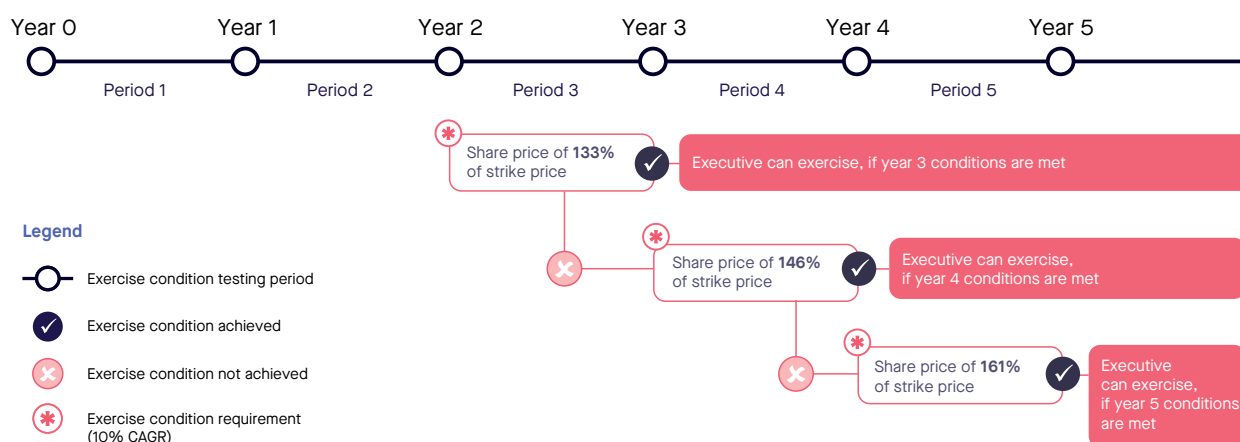
FY24 Long-Term Incentive (LTI)

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	Audit & Risk Committee	People, Remuneration & Nomination Committee
	\$ AUD	\$ AUD	\$ 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.

Remuneration Report (continued)

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			Total remuneration	Performance-related ^{(8) (9)}
		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⁾		
		\$	\$	\$	\$	\$	\$	\$	\$	%
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 (resigned as CEO on 27 Mar 23)	2024	-	-	-	-	-	-	-	-	NM
	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 Dec 22 to 24 Mar 23)	2024	-	-	-	-	-	-	-	-	NM
	2023	127,385	-	13,169	-	-	-	-	140,554	NM
Emma Clark (resigned as CFO on 23 Dec 22)	2024	-	-	-	-	-	-	-	-	NM
	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.

(10) 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	Total
		Director Fees ⁽¹⁾	Other Fees	Superannuation	
		\$	\$	\$	\$
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.

Remuneration Report (continued)

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.

	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
2024							
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.

	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
2024							
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

	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⁾
2024					
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 - Artcore 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 Artcore 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 Artcore 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.

Financial Report

Contents

- 41 Consolidated Statement of Comprehensive Income
- 42 Consolidated Statement of Financial Position
- 43 Consolidated Statement of Changes in Equity
- 45 Consolidated Statement of Cash Flows
- 46 Notes to the Consolidated Financial Statements
- 74 Consolidated Entity Disclosure Statement
- 75 Directors' Declaration
- 76 Independent Auditor's Report



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

	Notes	Contributed equity	Treasury reserve ⁽¹⁾	Share based payments reserve	Foreign exchange translation reserve	Accumulated losses	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'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 (continued)

For the year ended 30 June 2023

	Notes	Contributed equity	Treasury reserve ⁽¹⁾	Share based payments reserve	Foreign exchange translation reserve	Accumulated losses	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	2023
		\$'000	\$'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.

Notes to the Consolidated Financial Statements

Contents

1. Basis of preparation	47
2. Changes in material accounting policy information	48
Performance	
3. Revenue from contracts with customers	48
4. Employee and contractor costs	48
5. Marketing expenses	48
6. Operations, administration and technology expenses	49
7. Other expenses	49
8. Income tax	49
9. Earnings per share	52
Cash	
10. Cash and cash equivalents	53
11. Financial risk management	54
Assets	
12. Prepayments	57
13. Other assets	57
14. Property, plant and equipment	58
15. Intangible Assets	59
16. Leases	61
Liabilities	
16. Leases	61
17. Trade and other payables	62
18. Employee benefit liabilities	62
Equity	
19. Contributed equity and reserves	62
Group structure	
20. Interests in subsidiaries	64
21. Parent entity financial information	65
Unrecognised items	
22. Commitments and contingencies	66
Others	
23. Share-based payments	66
24. Related party transactions	68
25. Remuneration of auditors	69
26. Segment information	70
27. Events occurring after the balance sheet date	71
28. Other material accounting policy information	71

1. Basis of preparation

The consolidated financial statements of Artcore 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. Artcore 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 Artcore Group Limited and its controlled entities as the consolidated Group. Artcore 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.

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.

(1) Redbubble Limited changed its name to Artcore 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

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	2023
	\$'000	\$'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	2023
	\$'000	\$'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	2023
	\$'000	\$'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	2023
	\$'000	\$'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	2023
	\$'000	\$'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.

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.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2024

8. Income tax (continued)

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

Recorded in the Statement of Comprehensive Income	2024	2023
	\$'000	\$'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	2023
	\$'000	\$'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.

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

	2024	2023
	\$'000	\$'000
Profit / (loss) from ordinary activities before income tax expense / (benefit)	(7,421)	(51,610)
Income tax calculated @ 30%	(2,226)	(15,483)
Tax effect of amounts that are not deductible / (taxable) in calculating income tax:		
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	2023
	\$'000	\$'000
Deferred tax assets ⁽¹⁾	46	45
Deferred tax (liabilities)	(2,060)	(784)
Net deferred tax asset / (liability)	(2,014)	(739)

The balance comprises temporary differences attributable to:

	2024	2023
	\$'000	\$'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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

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	2023
	\$'000	\$'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	2023
	Number ⁽¹⁾	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	2023
	\$'000	\$'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	2023
		\$'000	\$'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

	Notes	2024	2023
		\$'000	\$'000
Lease liabilities			
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

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

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	2023
		\$'000	\$'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	2023
		\$'000	\$'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	USD	EUR	CAD	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2024	(1,305)	(1,365)	(231)	10,007	7,106
30 June 2023	(323)	(1,181)	(262)	7,502	5,736

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

	2024	2023
	\$'000	\$'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)

11. Financial risk management (continued)

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.

Year	Change in FX rate	Effect on profit before tax (amounts shown in AUD)				
		GBP	USD	EUR	CAD	Total
		\$'000	\$'000	\$'000	\$'000	\$'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 recognised 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.

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	2023
	\$'000	\$'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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

11. Financial risk management (continued)

(c) Liquidity risk

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

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

Maturities of financial liabilities

Financial liabilities owed by the Group at 30 June 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⁾	Lease liabilities	Total
	\$'000	\$'000	\$'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⁾	Lease liabilities	Total
	\$'000	\$'000	\$'000
1 to 3 months	50,006	941	50,947
3 to 12 months	-	2,576	2,576
1 to 3 years	-	3,433	3,433
> 3 years	-	335	335
Total	50,006	7,285	57,291

(1) Excludes sales taxes.

(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

Consolidated	Current		Non-current	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'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

Consolidated	Current		Non-current	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

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.

	Leasehold improvements	Furniture and equipment	Computer equipment	Total
	\$'000	\$'000	\$'000	\$'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

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.

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.

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2024

15. Intangible Assets (continued)

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.

	Brand name	Capitalised development costs	Goodwill	Total
	\$'000	\$'000	\$'000	\$'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	2023
	\$'000	\$'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	2023
	\$'000	\$'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	2023
	\$'000	\$'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	2023
	\$'000	\$'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)

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

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

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2024

17. Trade and other payables

	2024	2023
	\$'000	\$'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.

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	-	120
Transfer of the income tax benefit to accumulated losses for equity rights that were converted to shares in the current period	-	(767)
Balance at 30 June 2023	(1,065,066)	(2,104)
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)

(c) Dividends

No dividends were declared or paid during the year (2023: \$nil). The Group's franking account balance is \$nil (2023: \$nil).

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

19. Contributed equity and reserves (continued)

(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	2023
	\$'000	\$'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).

(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).

(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.

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.

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.

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.

23. Share-based payments (continued)

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.

(a) Movement

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

	2024		2023	
	Number	WAEP (\$) ⁽¹⁾	Number	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).

Notes to the Consolidated Financial Statements (continued)
For the year ended 30 June 2024

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	2023
	(years)	(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

	2024	2023
	\$	\$
Fees to Ernst & Young (Australia)		
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

Notes to the Consolidated Financial Statements (continued)

For the year ended 30 June 2024

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.

Year end 30 June 2024	Redbubble	TeePublic	Other	Consolidated
	\$'000	\$'000	\$'000	\$'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.

(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 2023
Restated

	Redbubble	TeePublic	Other	Consolidated
	\$'000	\$'000	\$'000	\$'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.

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.

28. Other material accounting policy information (continued)

(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.

(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.

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.

Consolidated Entity Disclosure Statement

For the year ended 30 June 2024

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.

Directors' Declaration

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

- (a) the financial statements and notes, as set out on pages 40 to 73 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 Artcore 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 74 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

Independent Auditor's Report



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Melbourne VIC 3000 Australia
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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:

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

Basis for opinion

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

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

Key audit matters

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

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

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Revenue Recognition

Why significant	How our audit addressed the key audit matter
As disclosed in Note 3 to the consolidated financial statements, revenue is recognised when control of the goods are transferred to the customer, which is considered to be when the product is delivered. However the billing system recognises revenue upon receipt of payment from customers which requires management to estimate the sale transactions not delivered at period end. Due to the volume of online transactions processed on a daily basis, and the arrangement in place with fulfillers whereby fulfillers dispatch goods directly to the Group's customers, the judgement involved in the timing of when revenue is recognised is considered to be a Key Audit Matter.	Our audit procedures included the following: ▶ a combined testing approach, including testing the operating effectiveness of controls and performing substantive procedures over the 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.

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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.

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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.

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- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 29 to 39 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.

A handwritten signature in black ink, appearing to read 'Ernst & Young', is positioned above the printed name.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Ashley Butler', is positioned above the printed name.

Ashley Butler
Partner
Melbourne
21 August 2024

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Shareholder Information

The shareholder information set out below was applicable as at 12 September 2024 (except as otherwise indicated).

A. Top 20 Shareholders

Rank	Shareholder Name	Number of Ordinary Shares	Issued Capital %
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	40,550,021	14.42
2	CITICORP NOMINEES PTY LIMITED	32,432,924	11.53
3	BNP PARIBAS NOMINEES PTY LTD	52,920,944	18.82
4	JELICOM PTY LTD	37,143,172	13.21
5	BLACKBIRD FOF PTY LTD	11,361,819	4.04
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,065,960	3.94
7	RADIATA INVESTMENTS PTY LTD	10,075,208	3.58
8	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	5,840,317	2.08
9	SOLIUM NOMINEES (AUSTRALIA) PTY LTD	5,611,072	2.00
10	PITON CAPITAL VENTURE FUND II LP	5,537,291	1.97
11	CAWSEY SUPERANNUATION FUND PTY LTD	4,033,980	1.43
12	OSBORNE TAS PTY LTD	2,016,542	0.72
13	DENALI VENTURE PARTNERS FUND 1 LP	1,840,240	0.65
14	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	1,740,486	0.62
15	GARRETT SMYTHE LTD	1,596,209	0.57
16	THREE SPRINGS FOUNDATION P/L	1,500,000	0.53
17	MR PAUL VANZELLA	1,340,042	0.48
18	TLFTC PTY LTD	1,308,640	0.47
19	JABBOUR HOLDINGS PTY LTD	1,300,000	0.46
20	NATIONAL NOMINEES LIMITED	1,229,108	0.44
Total		230,443,975	81.96
Balance of register		50,732,888	18.04
Grand total		281,176,863	100.00

B. Holding Distribution

Shares

Range	Shares	%	No. of holders	%
100,001 and Over	257,383,728	91.54	110	1.80
10,001 to 100,000	15,588,667	5.54	519	8.50
5,001 to 10,000	2,927,083	1.04	393	6.40
1,001 to 5,000	3,995,307	1.42	1,616	26.47
1 to 1,000	1,282,078	0.46	3,468	56.80
Total	281,176,863	100.00	6,106	100.00

Share Options

Range	Options	%	No. of holders	%
100,001 and Over	4,640,346	63.79	18	18.56
10,001 to 100,000	2,555,032	35.12	63	64.95
5,001 to 10,000	51,436	0.71	7	7.22
1,001 to 5,000	25,997	0.36	7	7.22
1 to 1,000	1,401	0.02	2	2.06
Total	7,274,212	100.00	97	100.00

Share Appreciation Rights

Range	Share Appreciation Rights	%	No. of holders	%
100,001 and Over	16,693,974	98.63	16	80.00
10,001 to 100,000	232,577	1.37	4	20.00
5,001 to 10,000	0	0	0	0
1,001 to 5,000	0	0	0	0
1 to 1,000	0	0	0	0
Total	16,926,551	100.00	20	100.00

Restricted Stock Units

Range	Restricted Stock Units	%	No. of holders	%
100,001 and Over	3,246,969	45.43	20	20.20
10,001 to 100,000	3,879,283	54.27	76	76.77
5,001 to 10,000	18,485	0.26	2	2.02
1,001 to 5,000	3,183	0.04	1	1.01
1 to 1,000	0	0	0	0
Total	7,147,920	100.00	99	100.00

C. Substantial Holders

The information displayed below has been obtained from each holder's most recent notice of substantial holding as submitted to the Company (except as indicated).

Name	Number of Shares	Issued Capital % ⁽¹⁾
Martin Hosking	40,000,000	14.23
Osmium Partners, LLC	25,764,473	9.16
Spheria Asset Management Pty Ltd	22,377,700	7.96
Pinnacle Investment Management Group Limited	14,170,656	5.04

D. Unquoted Equity Securities

The information displayed below has been obtained from each holder's most recent notice of substantial holding as submitted to the Company.

Type of Equity Security	Number of Holders	Number
Share Options	97	7,274,212
Share Appreciation Rights	20	16,926,551
Restricted Stock Units	99	7,147,920
Total	216	31,348,683

E. Securities subject to escrow arrangements

There are no shares on issue that are subject to voluntary escrow.

F. Voting Rights

Ordinary Shares

At a general meeting of shareholders, each shareholder is entitled to one vote on a show of hands and one vote per fully paid ordinary share on a poll.

Options, Share Appreciation Rights and Performance Rights

No voting rights.

G. On-market Buy-back

There is a current on-market buy-back of shares, which commenced on 5 June 2024. The proposed buy-back end date is 5 June 2025. The Company will buy back shares up to a value of \$5 million. The number of shares bought back will not exceed 10% of the smallest number of shares on issue in the Company at any time during the preceding 12 months.

(1) The issued capital percentages are based on the total issued capital as at 12 September 2024.

Corporate Information

Directors

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

Group Chief Executive Officer

Martin Hosking

Company Secretary

- Carlie Hodges
- Harry Pratt (appointed effective 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
1300 554 474

Auditors

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia

Bankers

Citibank, N.A.

Stock Exchange Listing

Articore shares are listed on the Australian Securities Exchange (ASX listing code: ATG)

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