

Appendix 4E

Redbubble Limited

ABN: 11 119 200 592

Year ended 30 June 2022

(Previous corresponding period: Year ended 30 June 2021)

Results for announcement to the market

	Year ended 30 June 2022 \$'m	Year ended 30 June 2021 \$'m	Movement	Change \$'m	Change % ⁽¹⁾⁽²⁾
Marketplace revenue	482.6	553.3	Down	(70.7)	(12.8%)
Artist revenue	90.8	104.0	Down	(13.2)	(12.7%)
Total revenue from ordinary activities	573.4	657.3	Down	(83.9)	(12.8%)
Profit / (loss) from ordinary activities before tax attributable to members	(22.3)	39.1	Down	(61.4)	N/A
Profit / (loss) from ordinary activities after tax attributable to members	(24.6)	31.2	Down	(55.8)	N/A
Net profit / (loss) for the year attributable to members	(24.6)	31.2	Down	(55.8)	N/A

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

⁽²⁾ Meaningful growth rates cannot be provided for metrics that have moved from a negative to a positive amount.

Dividends

Redbubble Limited has not paid and does not propose to pay dividends for the year ended 30 June 2022 (2021: Nil). There are no dividend or distribution reinvestment plans in operation.

Net tangible assets per security

	30 June 2022 cents	30 June 2021 cents
Net tangible assets per security ⁽¹⁾	11.5	18.5

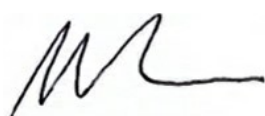
⁽¹⁾ Net tangible assets include right-of-use assets recognised under AASB 16 Leases.

Other information

Detailed analysis of the results for the year ended 30 June 2022 is contained in the Redbubble ASX release and Investor Presentation announcing the full year financial results, and the review of operations in the Directors' Report accompanying the attached Annual Report.

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in and should be read in conjunction with, the Consolidated Financial Statements for the year ended 30 June 2022 which can be found in the Annual Report.

This report is based on the Consolidated Financial Statements for the year ended 30 June 2022 which has been audited by Ernst & Young with the Independent Auditor's Report included in the Annual Report.



Martin Bede
Company Secretary
17 August 2022

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Where
creativity
meets
commerce



Annual Report
2022

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This Report covers Redbubble Limited as a consolidated entity consisting of Redbubble Limited (referred to in this report as Redbubble or the Company) and its controlled entities. Redbubble is a company limited by shares, incorporated and domiciled in Australia (ACN 1192002592). Its registered office is at Level 12, 697 Collins Street Docklands VIC 3008 Australia. Redbubble is listed on the Australian Securities Exchange (ASX:RBL). Through the use of the internet, the Company ensures that our corporate reporting is timely, complete and available globally. All press releases, financial reports and other information are available on the Redbubble Investor Centre at shareholders.redbubble.com

Across the Redbubble Group, we are proud of our purpose to create and inspire new ways of experiencing connection and a sense of belonging for every person.

Our vision is to be the most loved place at the intersection of expression, empowerment, and commerce – bringing every person the very thing that gives them joy.

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Rosie Sayers

Featured artist

For as long as I can remember, I have always been making and creating things. Finding and testing out different mediums. My mother and grandmother are both full time artists, so they have always encouraged me to create since I was very young. However, I found collage as a medium when studying my Bachelor of Graphic Design in 2014.

I find my inspiration in my dreams, the places my mind visits when I'm asleep. I also find inspiration from photographs found in vintage magazines in op shops. Sometimes I build an entire collage based around a single image that inspires me.

My work is a psychedelic exploration of colour and textures with a soft and feminine colour palette. My art varies in subject matter and themes. However my most popular works of my otherworldly landscapes, aim to transport the viewer to a realm of their dreams or another dimension.

I have sold my artwork exclusively on Redbubble since 2017 because Redbubble takes the stress out of owning a shop for me. It saves me hours of time and money as I don't have to pack and ship orders myself, or pre order stock. The marketplace is easy to navigate for sellers and buyers and the quality and range of the products is outstanding.

Redbubble Group's marketplaces enable artists such as Rosie to quickly upload an artwork to their marketplace of choice. Consumers are then able to find that unique piece of art and purchase it on up to 107 products, ranging from t-shirts and caps to wall art, phone cases and the new range of pet products.

Once purchased, the product is printed and shipped directly to the customer. The reach of the global fulfillment network that services the marketplaces means that in most cases the product purchased is fulfilled in the same geographic region as the customer.



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FY2022 Snapshot

Gross Transaction Value

\$630m

Marketplace Revenue

\$483m

Artist Revenue

\$91m

Gross Profit

\$183m

EBITDA

(\$11m)

Cash Balance

\$89m

Selling artists

809k

Unique customers

8.3m

Active Members

14.4m

Fulfiller locations

44

Sales on mobile devices

60%

Marketplace Revenue from repeat purchases

46%



Third party fulfiller locations

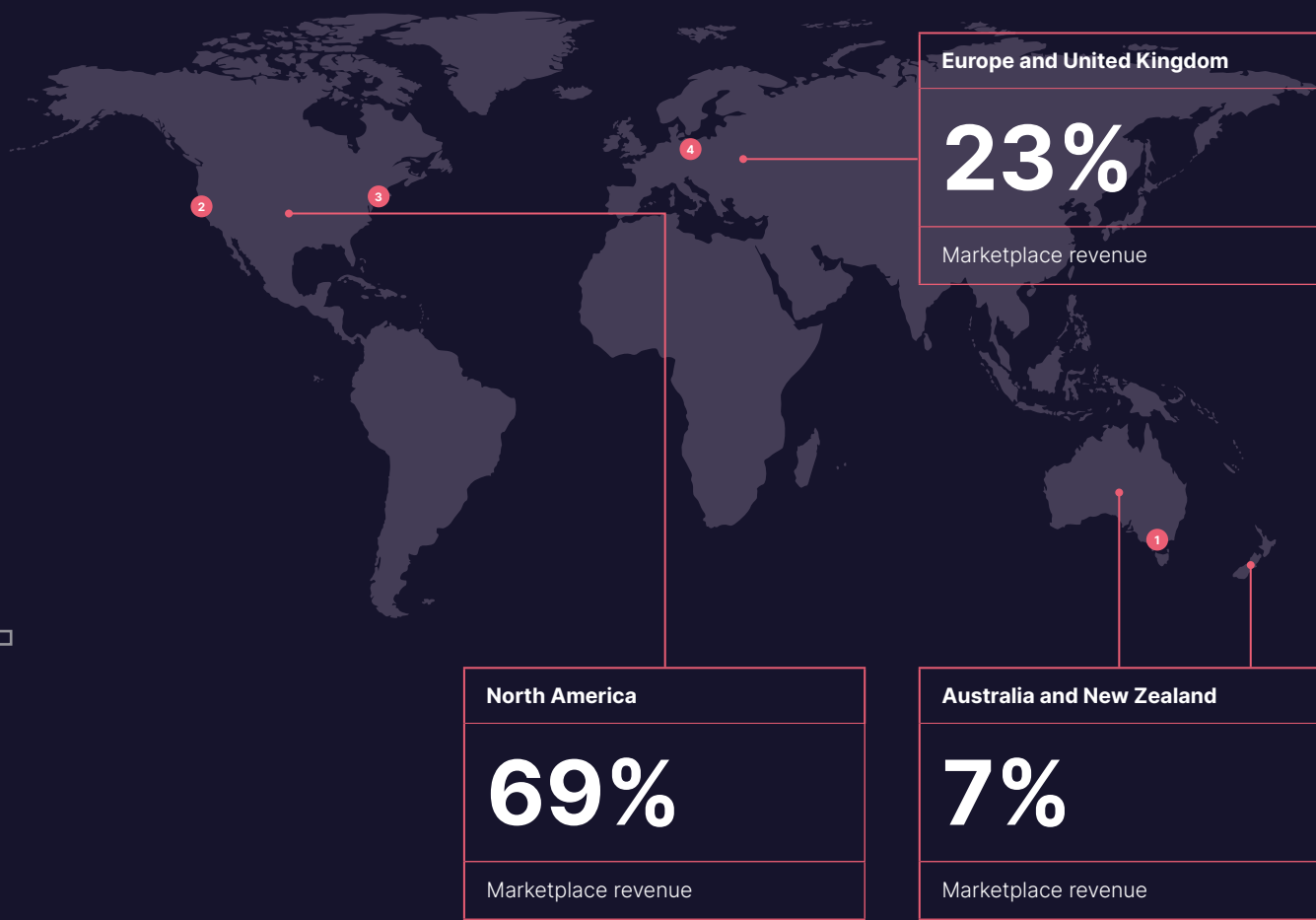


Group Employees



Redbubble Group Offices

- 1 Melbourne
- 2 San Francisco
- 3 New York
- 4 Berlin



Chairman's Message

On behalf of the Redbubble Board of Directors, I am pleased to present the 2022 Annual Report.

After a year of record financial results in FY2021, the past year has been a year of consolidation for the Redbubble Group during which we have undertaken important measures to provide a solid foundation for the next step up in the business while still achieving sound financial and operating results.

As I noted in last year's report, the pandemic had a profound impact on consumer behaviour and accelerated the shift to online e-commerce platforms. However, while there were clear indicators that this shift would be

enduring, the extent to which the shift would be ongoing was less clear.

I am pleased to report that in FY2022 our business retained many of the customers introduced to our marketplaces during the pandemic. This is reflected in our financial results for the year and other metrics such as volume of packages shipped, repeat purchasers and number of artists.

Our business is now substantially larger than pre-COVID and this step-up is consistent with historical growth patterns which have often not been linear. The past year has been a period of consolidating gains and building resilience in the business which

we see as critically important to securing the next phase of future growth.

The investment in our marketplace and staff over the past year, together with a stable and talented executive team and Board means the Group is well positioned to achieve our medium-term growth aspirations.

Notwithstanding these positive indicators for the Group, it is clear that there has been a cyclical shift in sentiment away from the broader technology sector, in part due to the reduction in the rapid growth experienced by the sector during the first two years of the pandemic. This change in sentiment has affected Redbubble also.



“At its heart Redbubble is a company with a purpose beyond financial results and our purpose of bringing more creativity into the world remains central to everything we do.”

This has not distracted the Board or the management team from our roles and we continue to actively investigate value enhancing options on behalf of all stakeholders. Our priority for FY2023 remains to invest organically, recognising that inorganic opportunities that could assist in the acceleration of shareholder value will also be considered.

At its heart Redbubble is a company with a purpose beyond financial results and our purpose of bringing more creativity into the world remains central to everything we do. As the world continued to endure COVID outbreaks with health impacts and intermittent lockdowns, our staff continued to show extraordinary care for each other and the artist community and consumers that the marketplaces service.

Given the strong commitment to purpose, it was no surprise that our management and staff wanted to take action to assist the victims of the tragic events in Ukraine in 2022 and almost immediately arrangements were made to donate Redbubble's profits on it's service fees from sales of products by over 16,000 artists supportive of Ukraine. This showed the ability to respond quickly to an important world event and harness the marketplace for good when needed with \$170,000 being donated by Redbubble to charities supporting victims of the conflict.

In last year's annual report, we provided information in relation to the Group's approach to environmental, social and governance (ESG) issues. While a small environmental footprint is an intrinsic element of our business model, we thought it important for the Group to more clearly integrate ESG into our strategy and decision making in the future. This year we provide some further detail in this report in relation to our approach to ESG and the metrics we consider important to measuring our progress. We look forward to publishing our inaugural Sustainability Report ahead of our Annual General Meeting in October 2022.

As part of ongoing Board renewal, in the latter part of FY2022, the Board commenced a process for selection and appointment of an additional director with experience in scaling e-commerce marketplaces and brand building. It is expected that this additional director will be appointed before the end of 2022.

In closing, I would like to thank the talented artists who choose Redbubble to bring more creativity into the world, our network of third party fulfillers and content licensing partners and the customers who continue to use our marketplaces in increasing numbers.

Thank you also to my fellow Directors, Michael and the Executive Leadership Team and the many committed

employees of the Group for their ongoing contribution. I would also like to welcome all new employees who have joined us over the past year.

Finally, thank you to our shareholders for your continued support as we realise our ambition of creating the world's largest marketplace for independent artists



Anne Ward
Chairman

CEO's Review

I am delighted to be presenting my second annual review as CEO of Redbubble Limited.

The Redbubble and TeePublic businesses are unique 3-sided marketplaces operating at a remarkable level of scale. The marketplaces produce a genuine "flywheel" effect, where improvements to one side generates value to the other two. The marketplaces start with the Artists, their content and the products they choose to sell. Tens of millions of Artists' designs create billions of Individual Product Listings on our marketplaces, attracting millions of customers. As customers make purchases, this creates fulfilment

efficiencies, lowering costs and attracting more customers. More customers incentivises Artists to add even more designs, and the flywheel starts over.

As you will be aware, the COVID-19 pandemic continued to challenge us all in FY2022. However, the easing of COVID restrictions meant that our employees were able to return to our offices enabling greater in person communication on a regular basis. In March, I was pleased to be able to travel and meet our US-based executives and other staff in person for the first time. I came away from those meetings even more impressed by the skill and resilience of our team and their commitment to the Redbubble purpose.

The easing of COVID restrictions meant that the Board was able to meet in person with the full Executive team in Melbourne in May. This was a very valuable session that helped to further align the Board and executive team on our vision and strategy.

During the year, the macro environment in which our marketplaces operate was one of uncertainty and volatility exacerbated by supply chain disruptions, increased inflationary pressures impacting consumer spending and exogenous shocks such as the war in Ukraine.

Notwithstanding the operating environmental challenges, the Group



delivered financial results largely in line with expectations, demonstrating that the business has continued to operate at a much larger scale than pre COVID-19.

In summary, at the Group level, Gross Transaction Value across the marketplaces was \$630 million for the year, down 10% year on year and 12% on a constant currency basis, Marketplace Revenue was \$483 million, down 13% year on year and 14% on a constant currency basis and NPAT was (\$25 million) compared to \$31 million in FY2021.

We are particularly proud that Artist revenue of \$91 million was earned by a record high 809,000 selling artists across the two marketplaces, demonstrating the significant impact the Group is delivering for the community of creative Artists who use our platforms to design and sell products and connect with their customers.

It should be noted that the Group's year on year growth rates were materially impacted by the \$55 million of mask sales that occurred in FY2021. Mask sales in FY2022 were \$10 million. On an underlying basis (excluding both mask sales and statutory delivery date adjustments to revenue), underlying Marketplace Revenue for FY2022 was down 2.6% from the prior year.

Viewed across the longer term, Marketplace Revenue has grown at 38% since FY2020.

In FY2022, the Group continued its focus on 4 key strategic themes and 2 key enablers:

1. Artist acquisition and engagement
2. User acquisition and transaction optimisation
3. Customer understanding, loyalty and brand building
4. Product range and third party fulfilment network
5. Business enablement
6. Risk mitigation

This reflects our disciplined approach to investing to drive sustainable growth for the medium and long term.

During the year, we invested significantly in additional people to boost our internal capacity and capability. Our employee base is geographically distributed (Primarily San Francisco, Melbourne, New York and Berlin) and subject to talent markets within those geographies. Ongoing COVID-19 impacts have resulted in talent pools being constrained and competition for individuals has been high. This has meant a slower build up of capacity than initially forecast, however we enter FY2023 with a large proportion of hiring complete. In FY2022, we have hired more than 100 new staff and contractors into the Redbubble business which has significantly boosted our capacity, particularly within the product and engineering teams. This is especially important as these teams are focused on improving our technical foundations.

A key strategic priority for the Group was to ensure we extended the market leadership we had established through the significant increase in both artists and customers in FY2021. To this end, the Group invested substantially in both the artist and customer experiences to improve loyalty and retention and to ensure long-term growth.

I am pleased to report that in FY2022 artist uploads continued to grow from the prior year baseline. In addition, customers who made their first transaction during FY2020 or FY2021 have demonstrated the same repeat behaviour as cohorts that made their first transaction in FY2019.

This was reflected in strong overall customer retention across both marketplaces in FY2022 with 46% of Marketplace Revenue from repeat purchases.

Investments into the physical product experience continued, with caps, desk mats and mouse pads added to the Redbubble marketplace. In addition, Redbubble introduced a Pets category in May 2022, the first new category launched in over 6 years. This is an important step, as new physical products open up new customer segments for artists as well as provide additional annuity income streams for artists over time.

The third party fulfilment network continued to perform strongly even with the headwinds of continued COVID-19 restrictions, sourcing constraints and inflationary pressures. Both marketplaces were able to extend last order by delivery dates in the 2021 holiday season by 4-6 days, and work with the third party fulfilment network to reduce production (order to ship) times.

Given the uncertain macroeconomic environment, it is important to have a sound balance sheet that is capable of both weathering near term headwinds and taking advantage of opportunities as they arise. The Group held \$89 million in cash as at 30 June 2022, and has no debt on the balance sheet. A portion of these cash reserves are being used to fund our internal investments, with the remaining cash balance both providing a working capital buffer and important operational flexibility.

Overall, the Group's outcomes demonstrate continued resilience across all three sides of the marketplaces.

Longer term shareholders will recall that in April 2021, I shared our medium-term aspirations. We remain committed to these aspirations that represent a step-change in business scale and artist impact through growth of our key topline metrics of Gross Transaction Value to \$1.5 billion p.a., Marketplace Revenue to \$1.25 billion p.a. and Artist Revenue to \$250 million p.a. I look forward to reporting on progress in the coming years.

I would like to close by thanking the staff at Redbubble and TeePublic for their commitment and dedication and Anne and the Board for their ongoing support.



Michael Ilczynski
Chief Executive Officer

Steve Leadbeater

Featured artist

I've exhibited my work since the early 1990s, but I've been drawing my whole life. It's what kept me out of trouble while growing up in the suburbs.

My style is something that I'm forever trying to break and recreate, but others have described my work as art brut, outsider art and neo-expressionist. For me, the work is not complete until it has been viewed by other people.

I draw inspiration from my suburban life of contrasts and also from a broad spectrum of cultural and artistic influences from Bacon, Warhol and Basquiat to Patti Smith and the Clash.

I've been selling my work on the Redbubble marketplace since its early days in 2008. The supportive community of independent artists really gives me a sense of comradery. The marketplace also provides the opportunity to reach a wider audience and not have to worry about production or delivery.







Steve is one of over 800,000 artists who sold products through the marketplaces in FY2022. Artists have earned almost \$200 million in the past 2 years through the marketplaces and it is our aspiration to grow this to \$250 million per year over the medium term.

Operating Environment

The macro environment in which our marketplaces operate has been characterised by high levels of uncertainty and volatility. Redbubble is truly global in nature, with 69% of marketplace revenue coming from North America, 23% from Europe and 7% from Australia and New Zealand. Whilst this provides strong resilience and diversity, it does mean that events occurring in other regions have more of an impact upon strategy and performance than local events here in Australia.

Artists on Redbubble design and sell products printed with their artwork to individual consumers, and these consumers have not only had to adapt to the ongoing nature of COVID-19, they have also been impacted by other events. In particular, the Ukraine conflict, supply chain disruptions and more recently, a sustained increase in non discretionary costs. These events are resulting in material and sometimes unpredictable changes in current consumer spending patterns.

Outcomes

In FY2022, the business has continued to operate at a much larger scale than pre COVID-19.

Redbubble's FY2022 financial metrics are:

- Gross Transaction Value (GTV) of \$630 million
- Marketplace Revenue of \$483 million
- Gross Profit of \$183 million
- An EBITDA loss of \$11 million
- An EBIT loss of \$22 million
- A net loss after tax (NPAT) of \$25 million
- An operating cash inflow of \$3 million
- A closing cash balance as at 30 June 2022 of \$89 million

Gross Transaction Value (GTV) of

\$630 million

down 10% (12% on a constant currency basis)

Marketplace Revenue of

\$483 million

down 13% (14% on a constant currency basis)



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Company Overview

Business Model

Redbubble Group operates two digital marketplaces – Redbubble and TeePublic.

Marketplaces are especially difficult to create as without buyers there are no sellers and without sellers no buyers, but once established they have considerable resilience. They typically also have a second inflection point as the offering is accepted by more mainstream consumers with even more rapid uptake by the sellers. The Group is now moving through this point as in the last year:

- we had 809,000 selling artists;
- they earned a total of \$91 million;
- they attracted 8.3 million customers;
- who bought \$630 million from these artists; and

- with the products created from 44 fulfilment locations all over the world.

Redbubble operates a unique three-sided marketplace with genuine flywheel effects where improving one side creates a positive reinforcing impact on the other side.

It is a flywheel because the greater number of artists in the marketplace, the higher the volume of relevant content which creates more reasons for customers to come to the marketplace. More customers enables the fulfilment network to scale, lowering costs and improving services, thus attracting additional customers. With more customers, comes more artist revenue, encouraging new artists to the platform adding more content and the cycle continues.

The third arm of the marketplace is the fulfilment network. It is this network which enables an artist in South Africa to sell wall art to someone in Italy. The network has taken over a decade to build and is without parallel in any other marketplace. With 44 fulfilment locations at 30 June 2022, the majority of products sold are fulfilled by a third party fulfilment local to the same geographic region as the customer who bought them.

There are 107 products available in the marketplaces and 7 new products that were added last year.

The RB Group Flywheel



Our Strategy

The Group's mission is to create the world's largest marketplace for independent artists, to enable our vision of being the most loved place at the intersection of expression, empowerment, and commerce - bringing every person the very thing that gives them joy.

To achieve this mission we have a very clear set of mid term aspirational outcomes:

	FY22	FY26-FY27	Implications for next 4-5 years
Artist Revenue	\$90.8m	\$250m+	Step change in value for Artists
Marketplace Revenue	\$482.6m	\$1.25b+	Grow MPR at historical CAGR of 20-30%
GP (% of MPR)	38.0%	40-42%	Improving margin structure through scale and efficiencies
Marketing (%)	15.8%	12-15%	Improve paid marketing efficiency to enable brand investment
Operating expenses (%)	22.9%	12-15%	Realise scale efficiencies in core systems and processes
EBITDA (%)	(2.32)%	13-18%	In the short-term EBITDA as a percent of MPR will reflect ongoing investments across the business



Key Strategic Themes

To enable these outcomes we are investing in four key strategic theme areas, which contain the high potential levers to drive value over the medium and long term:

1	Artist activation and engagement	Acquisition and engagement of artists to support growth and improvement of the library of unique content
2	User acquisition and transaction optimisation	Ongoing optimisation of user acquisition and transaction flows to drive uplift in overall user value
3	Customer understanding, loyalty and brand building	Deeper understanding of customers and their behaviour to create more compelling experiences and increased customer loyalty
4	Product range and 3rd party fulfilment network	Addition and changes to available product range from 3rd party fulfilment network to reinforce user acquisition and customer loyalty

Environment, Sustainability and Governance

The Redbubble marketplace was created to be a platform for social good and our stakeholders are passionate about our mission. We believe we have a responsibility to the artists and customers that use the Redbubble and TeePublic marketplaces to ensure that our platforms are a place for environmentally and socially responsible products.

Redbubble's marketplace business model, since its inception, has always emphasised a small environmental footprint together with a strong focus on social good. Still, we recognize the responsibility every company, including Redbubble, has to shine as bright a light as possible upon the environmental and social impacts that are front of mind for ourselves and our stakeholders.

We also recognise the immediate value a well-articulated ESG Strategy can have for shareholders and our business. For our business, formalizing our ESG strategy enables us to ensure we devote resources to areas of greatest impact and ensure ESG related investments relate to our core business strategy. For shareholders, this translates to better business outcomes and demonstrates that our success is sustainable; not further depleting material resources, accelerating environmental tragedies, or occurring at the expense of people.

In our FY21 report, we foreshadowed our commitment to further evolve our ESG strategy, including baselining key metrics, and setting specific goals. This year, we're proud to introduce specific, measurable, time-bound targets, which tie directly back to our ESG areas of ambition and maintain continuity with Redbubble's long-standing emphasis on environmental and social good. Further details about our ESG Strategy will be shared in a dedicated ESG report to be released later this year.

ESG Strategy

Redbubble Group is proud to launch our inaugural ESG Strategy, which connects our vision, ambitions and targets. Our ESG vision - first outlined in our FY21 Annual Report - remains the same today: *build an enduring marketplace that connects people through creativity and empowers our community without compromising the planet.*

We directed our vision toward three areas of ambition: People, Planet, and Prosperity. We also conducted a materiality assessment to set targets on the most impactful areas through benchmarking, research on industry trends and interviews with employees, customers, fulfillers, and marketplace users.

Our 2025 ESG targets, described in further detail below, were approved by the Board in June 2022. We intend to track our progress towards the targets set out below and to report on our performance annually. We expect to refine our targets over time based on learnings and new developments within our business, external signals, and stakeholder feedback.

Governance of ESG within the Group sits with the following personnel:

- The **Board** has ultimate oversight of, and accountability for ESG within the Group, which includes approving the ESG Strategy, reporting, materiality assessments, and action plans.
- In FY22, the Group hired a **Vice President of ESG** who is responsible for developing and executing the Group's ESG Strategy.
- **Executive Team members** reporting to the **CEO** are accountable for the Group's 2025 ESG targets.
- **Senior Leaders** reporting into the Executive team are responsible for executing initiatives that ladder up to the 2025 targets.



People

At Redbubble Group, we strive to create a workforce where all employees feel a strong sense of belonging. We care deeply about diversity and inclusion, and proudly embrace the opportunity we have to use our platform to celebrate the unique work of artists and positively impact our local communities. We aim to enable our people to positively impact our culture and community. Employees want to work for companies they trust and have purpose, so they feel proud about the work they are doing knowing they are contributing to environmental and social good.

ESG Strategy Targets

zero

salary discrepancy
between genders

40%

Continued 40% or greater
representation of women
in senior leadership positions

100%

of employees feel safe and
a sense of belonging

Key Employee Metrics:

- 349 “Bubblers” are employed by Redbubble Group globally
- 40% of Directors and 60% of Executives are women
- 43% in Australia, 48% in the United States and 9% in Europe
- 94% work full time; 6% are part time
- 140 new joined Redbubble in FY22
- 15 employees took parental leave
- 4 average training hours per employee
- 3 active, executive-sponsored affinity groups (LGBTQI+, All Gender, Neurodiversity)
- 2 Engagement Surveys (84% Participation; 69% Engagement, 85% Belonging)

Community Impact

Our mission to create the world's largest marketplace for independent artists is rooted in community impact as we create opportunities for artists to generate income from their work. Beyond this, we support our employee-led and executive sponsored initiatives that give back to communities.

FY2022 community initiatives included:

- **Conflict in Ukraine** – Almost immediately following the commencement of the conflict in Ukraine, Redbubble and TeePublic aligned to donate 100% of its service fee profits \$170,000 from

sales by artists supportive of the Ukrainian people to two non-profits: International Rescue Committee (IRC) and Global Giving.

- **Pride and IDAHOBIT*** – we support LGBTQIA+ events and dates both globally and locally every year. This year, we supported the San Francisco Pride organisation in reviving the in-person celebration and fundraising efforts. Redbubble also made a donation of USD\$5,000 and employees celebrated through our Pride Fundraiser and Pride VIP party.
- **Product donations** – We donated apparel, face masks and homewares to Launch Housing that were returned to the Redbubble marketplace.

- **Museum of Comic and Cartoon Arts (MoCCA) Festival** – TeePublic sponsored the MoCCA Arts Festival, which is the largest comics and cartoon festival. Participating artists can connect with peers, publishers and editors and reach potential customers.
- **Pillar Project** – We partnered with Just Another Agency to launch the Pillar Program: an initiative designed to keep employees connected to the local arts community. Work by local street artists is transformed into large-scale works that appear on 12 concrete columns. To provide exposure to more artists, the columns are updated monthly with new artists chosen through Instagram competition.

* International Day Against Homophobia, Biphobia, Intersexism & Transphobia.

Planet

Every company, Redbubble included, has an imperative to identify ways - whether through direct control or influence - to positively impact the planet. We recognise - even with the smaller footprint of a print-on-demand marketplace - that third parties who participate in our marketplace create waste and emissions. Even though Redbubble does not own or control the independent businesses who produce or ship products sold through our marketplace, we feel we have a responsibility - emboldened by our stakeholders - to minimize the overall impact of our marketplace on the environment. It's what led us to offset the emissions created by third party carriers for over four years.

Key metrics

- Total number of independent third party fulfillers: 33
- Emissions and offsets from marketplace shipping: 6,949 Metric Tons
- Product return rate: 1.3% (CY22)

ESG Strategy Targets

✓ 15%

Reduce waste across our marketplace, with a focus on reducing product return rate by 15% from 2021 baseline

Net zero Scope 1 and 2 emissions

and net zero marketplace shipping emissions

Waste management

The Redbubble Group business model has been designed to minimise waste and we are holding ourselves accountable by signing up for measureable waste and emissions reducing targets. As a digital marketplace, customers view products online rather than driving to a physical store, and third party fulfillers manufacture products on-demand, which keeps waste to a minimum by eliminating pre-printed, unsold stock.

Carbon emissions

The delivery of products from third party fulfillers to customers by third party shippers produces emissions. Fortunately, on our marketplace, the majority of third party fulfillers are located in the same regions to which they ship.

For the fourth consecutive year, Redbubble Group has offset the emissions from marketplace shipments through 3Degrees. This initiative has been positively received by artists and their customers. The details of the 2021 purchases are listed on the Redbubble Social Responsibility pages. We track the emissions offset by calendar year.

Product quality

High quality products last longer, reduce waste, and result in fewer emissions from product returns. We set clear expectations with third-party fulfillers to continually improve their product quality with the aim of reducing returns and reprints to minimise waste. In FY2023, we will continue to emphasize product quality in pursuit of our 2025 target to reduce product returns by 15% to the marketplace.



Prosperity

Redbubble Group aims to empower and protect people who design, sell, make and use products from our marketplace. Our business unlocks opportunities for artists by connecting them with their customers on a global scale. In doing so, we support artists to raise their profile and grow their businesses. These economic benefits extend to third-party fulfillers that manufacture and deliver products to the artists' customers. Artists and their customers care about the work that we do and choose our marketplaces because they believe in our mission and the opportunities we create for artists. This business model enables our work to support SDG 8 Decent Work and Economic Growth by providing meaningful work opportunities to small independently-operated businesses.

Our mission to bring more creativity into the world would not be possible without the highest standards of integrity. All marketplace users are expected to behave in a fair and ethical way, and we extend these expectations to the third-party fulfillers who participate in our marketplace. We expect high standards of sustainability, quality and integrity through the entire community of marketplace participants.

Key metrics

- Total number of selling artists: 809,000
- Total artist revenue: \$91 million
- 100% of third party fulfillers signed the Social Responsibility Acknowledgement Form

ESG Strategy Targets

100%

of third-party fulfillers aligned to our Social Responsibility Manual

100%

increase in total artist revenue

Artist empowerment

The Redbubble and TeePublic marketplaces empower artists by providing them with a reputable platform to design and sell products printed with their art. Our global artist marketplace is open to all and celebrates work from every voice.

We have dedicated services to support artists on both Redbubble and TeePublic, including account support, early access to new product choices for their shops, and access to online trend reports.

To increase the value of our platform to artists, we provide artists with online tools so they can advertise their products on third-party ad platforms and their social media accounts. We pay close attention to cultural moments (such as Black Lives Matter) and causes (such as the conflict in Ukraine) to

identify opportunities to showcase artists whose work aligns with these moments.

We are proud of the work we do to support artists; however, we recognise that there are opportunities for improvement. We want to support our artists to earn more, and we have set the ambitious target to increase artist sales on our marketplace by 100% by 2025.

To support our artist community, we work continuously to ensure that our marketplace only hosts original and high-quality work. We have extensive proactive measures in place and collaborations with many global brands worldwide to remove fraudulent, infringing, and low-quality content, and this is an area that we will continue to invest in and scale as the marketplace grows.

Supply Chain Sustainability

Redbubble Group does not own or control the third party fulfillers who produce the products sold on the marketplaces. They are independently-operated businesses located around the world, the vast majority of which are small businesses. However, we set clear expectations with fulfillers that only businesses who comply with the law, respect human rights and provide safe and inclusive workplaces may participate in our marketplace.

Intertek, an independent auditor conducts social responsibility audits for the marketplace as a part of the approval process to participate in our marketplace. The audits are focused on assessing workplace conditions. At July 2022, 42% of third party fulfillers have completed their audits with Intertek, with an expected completion rate of 100% later this year.

Governance

Corporate Governance

The Redbubble Board is committed to promoting a culture of integrity, ethical behaviour and respect. The Board strives for the highest governance and

risk management standards. To succeed in the Group's mission and purpose – to bring more creativity into the world in a fair and ethical way, the Group relies on strong governance practices to help it navigate rapidly evolving regulations and stakeholder expectations.

Board of Directors



Ms Anne Ward
Independent
Non-Executive Chairman

Appointed: Non-Executive Director from 22 March 2018, Chairman from March 2020

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



Jenny Macdonald
Non-Executive Director

Appointed: 22 February 2018

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

The Directors bring strong corporate governance credentials and on-target industry experience to the Redbubble Board.

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, tourism and entertainment.

In addition to chairing Redbubble, Anne is independent Chairman of Symbio Holdings Ltd (ASX: SYM) a Director of the Foundation for Imaging Research, and a Governor of the Howard Florey Neuroscience Institutes and was until June 2022 a director of Crown Resorts Ltd (ASX: CRL) and a Council member of RMIT University. Anne was formerly Chairman of Colonial First State Investments Ltd, Chairman of Qantas Superannuation Ltd, Chairman of Zoos Victoria and a director of MYOB Group Ltd (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:

Symbio Holdings Ltd (formerly MNF Group Ltd) (ASX:SYM) – July 2021 – present

Crown Resorts Ltd (ASX:CWN) – October 2021 – June 2022

Jenny brings extensive expertise in corporate finance, accounting, and auditing, coupled with a strong focus on and understanding of market trends, customer and consumer behaviour.

She spent her executive career in customer facing organisations primarily in technology, retail, travel services and manufacturing, where she was responsible for strategic turnaround and digital transformation.

Her last executive role was CFO and interim CEO at Helloworld Limited (ASX: HLO), where she oversaw the merger with AOT Group. Prior to that, Jenny was the CFO and General Manager International of REA Group (ASX: REA), with responsibility for the financial growth strategy and execution for operations in South East Asia and parts of Europe.

Jenny holds a Masters of Entrepreneurship and Innovation: Swinburne University (Victoria) and a Bachelor of Commerce from Deakin University (Victoria). She is a Graduate of the Australian Institute of Company Directors and a member of the Institute of Chartered Accountants ANZ.

Directorships of other listed entities in the last three years:

Site Minder Ltd (ASX:SDR) – October 2021 to present

Healius Ltd (ASX:HLS) – November 2020 to present

Property Guru (NYSE:PGRU) – September 2019 to present.

Bapcor Ltd (ASX:BAP) – September 2018 to present

Australian Pharmaceutical Industries Ltd (ASX:API) – November 2017 to March 2022

Redflow Ltd (ASX:RFX) – December 2017 to September 2019



Ben Heap
Independent
Non-Executive Director

Appointed: 20 April 2020

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

Ben Heap is a Sydney-based non-executive director with a portfolio of public and private roles. Ben is the interim Chairman of The Star Entertainment Group Limited (ASX: SGR), a non-executive director of Pandal Group Limited (ASX: PDL), the Independent Chairman of CBA New Digital Businesses and a non-executive director of Avanteos Investments Limited. He is also a founding partner and chairman of H2 Ventures, a venture capital investment firm.

Ben ended his executive career as CEO of UBS Global Asset Management in Sydney and a Managing Director with UBS in New York.

He has extensive experience in a range of sectors including asset management, digital & technology transformation, fintech & data science innovation and venture capital investment.

Ben has bachelor's degrees in Science (Mathematics) and Commerce (Finance) from the University of NSW and is a graduate of the Australian Institute of Company Directors.

Directorships of other listed entities in the last three years:

Pandal Group Ltd (ASX:PDL) – March 2022 to present

Star Entertainment Group Ltd (ASX:SGR) – May 2018 to present



Greg Lockwood
Independent
Non-Executive Director

Appointed: 1 June 2015

Board Committees: Audit and Risk, Disclosure

Greg is a partner of Piton Capital, which is a shareholder in Redbubble.

In 1999, Greg founded UBS Capital's early stage venture investing activities in Europe. Subsequently, he co-founded Piton Capital, the London-based venture capital fund specialising in marketplaces and business models with network effects. Prior to his venture capital activities, Greg worked in telecommunications corporate finance with UBS in London and Zurich and held operating roles in classified media publishing in Toronto.

Greg has an Honours Business degree from the University of Western Ontario, and a Master's degree in management from the Kellogg Graduate School of Management.

Directorships of other listed entities in the last three years:

Nil



Martin Hosking
Co-Founder/
Non-Executive Director

Appointed: 10 April 2006

Board Committees: People, Remuneration and Nomination, Disclosure

Martin Hosking is a co-founder of Redbubble and was Managing Director and CEO from July 2010 to September 2018 and from February 2020 to January 2021.

He has spent over 20 years scaling Australian technology companies and has previously been the chair of Aconex, a SaaS provider to construction firms, and Southern Innovation, a digital pulse processing solution.

Martin was instrumental in the development and subsequent listing on the NASDAQ of search company, LookSmart. Martin started his career as a diplomat with the Australian Department of Foreign Affairs and Trade before joining McKinsey & Company, serving clients focusing on emerging technologies.

Martin has a Bachelor of Arts (Hons – First class) degree from the University of Melbourne and an MBA (with distinction) from Melbourne Business School, where he has also lectured. Martin is a graduate of the Australian Institute of Company Directors.

Directorships of other listed entities in the last three years:

Nil

Board of Directors continued

Board Tenure, Independence and Gender Diversity

Tenure	
<1 year	0
1 – <3 years	20%
3 – 6 years	40%
Over 6 years	40%

Independence

Independent 80%
Non-independent 20%

Gender Diversity

Male 60%
Female 40%

Board Skills

The Board recognises the importance of having an appropriate mix of experience and expertise to ensure the Group is properly managed to protect and enhance shareholder interests. The Board considers that, collectively, the Directors have the range of skills, knowledge and experience necessary to direct the Company with substantial skills in the following areas:

Skill	
1.	Internet marketplaces
2.	Redbubble's marketplace users
3.	CEO and leadership oversight
4.	Talent and remuneration
5.	Strategy and planning
6.	Digital and transformation
7.	Corporate finance
8.	Accounting and financial reporting
9.	Governance oversight and risk management
10.	Legal
11.	Brand and marketing
12.	Technology and data
13.	Communications (including government and corporate affairs)
14.	Sustainability

Board Independence

The Board supports the ASX Corporate Governance recommendation that the majority of Directors should be independent.

The Board has formally adopted guidelines in relation to the criteria for independence of Directors and reviews the independence of each Director in light of interests disclosed to the Board.

The Board considers that Non-Executive Directors Anne Ward, Ben Heap, Jenny Macdonald and Greg Lockwood were independent and free from any business or any other relationship that could materially interfere with the independent exercise of their judgement and were able to fulfil the role of independent Directors for the purposes of the ASX Recommendations.

Board Performance

The Board recognises the need to monitor and seek to continually improve its performance. To this end, each year the Board assesses its performance, identifies any areas for improvement and implements appropriate actions.

The FY2022 performance review was carried out with the support of an external consultant enabling better identification of priority areas and benchmarking of results against other similar organisations. Actions identified by the performance review were documented and implemented under the oversight of the Board Chairman.

Board Committees

The Board recognises the importance of an appropriate committee structure to assist the efficient and effective operation of the Board.

The key purposes of the company's Board Committees are to promote:

Efficient use of time and expertise.

In this regard, the Committee structure allows Directors with particular skills and expertise to assume a primary role in particular areas of operations or governance at a Committee level;

Good governance as the framework provides for Committees to report back to the full Board and where Directors on the Board who have not been part of the Committee deliberations can question and test the Committee recommendations.

The Board has three standing committees. These are:

- Audit and Risk Committee;
- People, Remuneration and Nomination Committee;
- Disclosure Committee.

Each Committee has adopted a formal Board approved Charter that details its role, responsibilities, membership and administration which are reviewed annually. The Committee structure complies with all ASX Governance Recommendations.

Shareholder Engagement

The Board is committed to making sure that Shareholders are kept informed of all major developments affecting the Company and its business, including information that enables Shareholders to assess the performance of the Board.

To keep current and potential investors who wish to obtain information about the Company informed, the Company has an investor relations program managed by our Head of Investor Relations. Under this program, the Company communicates information regularly to Shareholders and other stakeholders through a range of forums and publications in addition to periodic and continuous disclosure required by the ASX Listing Rules. These include:

- The Annual Report distributed to Shareholders;
- The Half-Yearly and quarterly results presentations which are available on the Company's website;
- The Annual General Meeting;
- Announcements to the ASX;
- Investor information through the Company's investor website at <https://shareholders.redbubble.com/site/content/>.

All ASX announcements made to the market, including annual and half-year financial results, are posted on the Company's website as soon as practicable following the release by the ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report and copies of all investor presentations made to analysts and media briefings are also posted on the Company's website following release to the ASX.

Shareholders are also able to communicate with Directors at the Annual General Meeting. This year the Company will hold a 'hybrid' AGM. This will allow a face-to-face meeting with Shareholders, while enabling virtual attendance for those who may find it difficult to physically attend and participate in the meeting.

Executive Leadership Team

The Company has skilled and experienced executives with a growth mindset led by Chief Executive Officer, Michael Ilczynski.



Michael Ilczynski

Chief Executive Officer
Appointed: January 2021

Prior to Michael's appointment as Redbubble CEO, he spent 13 years at SEEK, leading teams across strategy, product & technology and commercial operations, culminating as CEO Asia Pacific & Americas. As SEEK's CEO AP&A, Michael led over 3000 employees operating the leading online employment marketplaces in 11 countries, covering the SEEK, Jora, Jobstreet, JobsDB, Catho and OCC businesses. Prior to working at SEEK, Michael has worked for McKinsey & Company, Tabcorp and the Collingwood Football Club.

Michael also served in the Australian Army Ready Reserve and is a graduate of the Royal Military College, Duntroon.

Michael holds Bachelor of Science and Bachelor of Commerce degrees from Melbourne University and a Master of Business Administration from the Kellogg School at Northwestern University.



Emma Clark

Chief Financial Officer
Appointed: June 2019

Emma is responsible for finance, investor relations, M&A and the Company Secretariat function within the Group.

Prior to joining Redbubble, she was with ANZ Bank for a decade holding a variety of executive roles, with the most recent being CFO of ANZ's Technology Division. Emma has previously been both CFO and Managing Director for the Diners Club business in Australia.

Emma's priorities include ensuring sound financial management of the Group and continuous improvement in all systems, processes and people development; contributing to overall business strategy, from a capital management perspective and in support of business unit prioritisation; and ongoing management of external communications, primarily within the investment community.

Emma has a Bachelor of Business from Monash University and is CPA qualified.



Rebecca Zarate

Chief Marketing Officer
Appointed: January 2020

Rebecca is responsible for brand, creative and marketing at Redbubble.

She joined Redbubble in 2017 to lead customer engagement strategy. Since 2019, she has overseen Redbubble's global marketing strategy and creative operations program. Prior to joining Redbubble, Rebecca built her career across a broad range of roles in eCommerce, Marketing, and the Fine Arts. She has worked for brands including HBO, NBCUniversal, Food Network as well as the Lora Schlesinger Gallery and the Rubins Museum of Art.

Her key priorities include growing brand awareness and ensuring growth in customer acquisition and retention for the marketplaces.

Rebecca has completed executive education at the Stanford University Graduate School of Business.



Siebert Lubbe

Chief Technology Officer
Appointed: February 2022

Siebert is responsible for ensuring that technology at Redbubble is an ongoing and growing strategic strength.

His early career was spent as a software engineer, first in the UK and then later in Australia. He has been in technology leadership positions for over 10 years. Siebert was previously Chief Engineer at Open Universities Australia. Before that he served as Executive Manager of Engineering for Residential at REA Group.

His priorities include leading and facilitating the engineering vision at Redbubble, building and maintaining a strong engineering culture, ensuring that engineering at Redbubble supports and enables strategic priorities and future opportunities and working in close collaboration with Product and Design to ensure ongoing value realisation in our cross-functional teams.

Siebert holds a Bachelor of Computer Engineering from University of Pretoria, South Africa.



Nicole Brolan

Chief Product Officer
Appointed: May 2021

Nicole is responsible for the digital product priorities, outcomes and roadmap that inform how the website is evolved to meet the needs of artists, consumers and fulfillers.

Before joining Redbubble, Nicole spent a year at Xero as an Executive General Manager leading Product and Engineering teams. Prior to Xero, Nicole was at SEEK for 15 years, holding a variety of roles, with the most recent being APAC CPO.

Her priorities include driving improvements across the site that help artists efficiently upload and manage their content, facilitating how that content is discovered and purchased by consumers, and ensuring effective management of fulfilment requirements of purchased goods.

Nicole holds a Bachelor of Business from Swinburne.



Corina Davis
Chief Legal Officer and EVP
of Business Development
Appointed: August 2013

Corina has responsibility for the legal department and policy department.

Prior to Redbubble, Corina served as outside counsel in New York City and Santa Monica, representing clients on complex litigation and transactional matters. She also has experience as an informal advisor to multiple start-ups and other ventures. Corina is an active member of Chief, Tech GC, the Women's General Counsel Network and other organisations.

Her priorities include oversight of all key group legal issues including intellectual property, compliance, privacy, and data security and content safety issues

Corina holds a law degree from the University of San Diego School of Law and a bachelor's degree from the University of Michigan.



Meahan Callaghan
Chief People and Culture Officer
Appointed: October 2021

Meahan is responsible for global people and culture strategy including talent acquisition, retention and performance culture.

Meahan has significant experience leading global P&C functions supporting teams in the US, Canada, Europe, South America, Asia and Africa. She has been Chief People Officer at Afterpay, MessageMedia and SEEK Ltd.

Her priorities include securing the best talent for Redbubble, evolving people operations and culture to take on global growth and scale and championing Redbubble's reputation as an employer that promotes diversity, equality and inclusion in all aspects of its operations.

Meahan holds a Bachelor of Business (HR Management) from Victoria University and a Post Graduate Diploma in Psychology from Deakin University.



Stacey Wallace
Chief Supply Chain Officer
Appointed: July 2021

Stacey has responsibility for Supply Chain (fulfilment, logistics, sourcing), Operations (quality, customer service, content moderation) and the company's approach to ESG issues.

Prior to joining Redbubble, she spent over 14 years at Amazon in a variety of roles, most recently as Director of Supply Chain and Operations for Amazon Go. Stacey also held leadership roles in Fulfilment by Amazon, Kindle, and Amazon Fresh. Before Amazon, Stacey worked at General Electric and Philips.

Her key priorities are improving customer and artist experience through improving product quality, the delivery experience, and content onsite and scaling for growth through improved tooling and automation across supply chain and operations.

Stacey holds a Bachelor of Science in Mechanical Engineering from Purdue University.



Georg Friedrich
Senior Vice President – Engineering
Appointed: May 2019

Georg joined Redbubble in 2009 and held various leadership roles within the engineering team before being appointed to the Senior Leadership Team.

Georg serves as 2IC to the CTO and is responsible for growing Redbubble's engineering team and scaling technical excellence.

Georg's experience spans 20 years of software development roles in industries ranging from printing to online fundraising and e-commerce. In 2007, he co-founded 'betterplace.org' and developed an online donation platform which remains Germany's largest of its kind.

His priorities include attraction and retention of engineers and ensuring a culture of continuous learning and development within the Redbubble engineering department.

Georg holds a degree in business informatics from the Berlin School of Economics.



Dr Brett Watson
Chief Commercial Officer
Appointed: August 2019

Brett is responsible for the e-commerce functions of the business.

Having joined Redbubble in 2016 as a Senior Strategy Manager, Brett was promoted to the role of Chief Commercial Officer in August 2019. Prior to Redbubble Brett held senior strategy positions at Coles and as a consultant with KPMG and Pacific Strategy Partners.

His priorities include ensuring artists can compete with mainstream retail through access to a world class e-commerce function, delivering a physical product experience that surpasses customer expectations, and supporting the operational efficiency of the fulfiller network.

Brett holds a Bachelor of Mechanical Engineering from Curtin University and a PhD in Engineering from Monash University.

Values and Ethics

The Board supports the need for the highest standards of behaviour and business ethics at Redbubble. Accordingly, all Directors, managers and employees are expected to act with integrity, striving at all times to enhance the reputation and performance of Redbubble.

The Company has adopted Redbubble Behaviours that define our culture and the ways we work in all of our locations across the globe.

The Redbubble Behaviours are:

- **Be Bold, Aim High** – Set ambitious objectives and support all Bubblers to aim to deliver them. This is about setting stretch objectives but never taking unnecessary risks without proper vetting, planning and mitigation.
- **Right Thinking, Right People, Right Time** – Showing ownership and being accountable for an outcome by balancing what people to involve when the degree of effort and risk required and the speed of decisions with the potential value being sought. It isn't about always making perfect decisions and being prepared to seek other views when you are not sure.
- **Proactively Solve for the Greater Good** – Developing solutions in a scalable and sustainable way for Redbubble and not ourselves. It involves calling out issues if and when you see them, speaking up when you disagree and escalating issues when you need to.
- **Rapidly Deliver Value** – Having a sense of urgency in delivering improvements that create value. It isn't rushing through and not questioning when something seems wrong or unfinished.
- **Have Trust, Build Trust** – All Bubblers always engage on the assumption of good intent and provide a safe environment for each other. Importantly we don't want Bubblers to stay silent or feel they can question something they don't understand.

The Behaviours are supported by:

Core Values of Creativity and Compassion that are fundamental to Redbubble. Creativity is the heart of everything we do. We aim not only to build an organisation which enhances creativity but to do so in a creative way.

Compassion is at the heart of our culture, we are able to take the other's point of view. We are able to balance our own interests with those of others. We act with compassion to ourselves, to others and to the planet that supports us.

Code of Conduct which outlines how Redbubble expects Bubblers to behave and conduct business in the workplace and includes requirements around legal compliance and guidelines

on appropriate ethical standards.

All Redbubble personnel including temporary employees, contractors, executives and Directors must comply with the Code of Conduct.

Anti-Bribery and Anti-Corruption Policy which makes the Company's zero tolerance position clear and provides a clear basis for addressing any issues as they arise.

Whistleblower Policy under which employees are encouraged to report unlawful or unethical conduct to the Company Whistleblower Reports Officer or the Company's independent reporting hotline. The Company Secretary reports to the Board on a monthly basis (or more frequently if necessary) in relation to whistleblower reports.



Risk Management

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

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

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

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

During the year, a comprehensive risk management review was undertaken to ensure that the risk management framework remains fit for purpose and provides assurance to the Board that risk is being managed effectively throughout the Group.

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Directors Report

Your Directors present their report on the consolidated entity, consisting of Redbubble Limited (the Company or Redbubble) and the entities it controlled during the financial year ended 30 June 2022 (referred to hereafter as the RB Group or Group).

Directors

The following persons were Directors of the Company during the 2022 financial year and to the date of this Report:

Anne Ward	Chair, Non-executive Director
Martin Hosking	Non-executive Director
Jennifer (Jenny) Macdonald	Non-executive Director
Ben Heap	Non-executive Director
Greg Lockwood	Non-executive Director

Principal activities

RB Group, through its websites at Redbubble.com and TeePublic.com, owns and operates the Redbubble and TeePublic online marketplaces. These marketplaces facilitate the sale and purchase of art and designs on a range of products sold by independent creators to consumers. 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 RB Group's activities during the year.

Review of operations

Redbubble is truly global in nature. Whilst this provides strong resilience and diversity, it does mean that events occurring in regions outside of Australia have more of an impact upon strategy and performance than local events. In FY22 the macro environment in which the Group's marketplaces operate has been characterised by high levels of uncertainty and volatility. Consumers have not only had to adapt to the ongoing nature of COVID-19, they have also been impacted by other events. In particular, the Ukraine conflict, supply chain disruptions and more recently, a sustained increase in non discretionary costs. These events are resulting in material and sometimes unpredictable changes in current consumer spending patterns.

Operationally, the Group's year on year financial performance was materially impacted by the following key factors:

- A decrease in Mask sales from \$55 million in FY21 to \$10 million in FY22;
- A decrease in sales of Homewares and Artworks products in FY22 as they cycled elevated FY21 comparatives driven by COVID related lockdowns;
- Our decision to decrease shipping margin by not passing on shipping cost increases to customers;
- An increase in performance marketing expense as competition in search channels rebounded strongly from FY21 lows and drove up paid customer acquisition costs; and
- Our decision to invest in increased people capacity and capability within the Group, to enable increased resilience, scalability and the ability to pursue the Group's mid term aspirations

Noting the operating and environmental challenges outlined above, the Group reports the following FY2022 financial results⁽¹⁾ (with year on year (YoY) growth rates, where applicable), demonstrating that the business has continued to operate at a much larger scale than pre COVID-19.

- Gross Transaction Value (GTV) of \$630 million, down 10% (12% on a constant currency basis⁽²⁾)
- Marketplace Revenue of \$483 million, down 13% (14% on a constant currency basis)
- Gross Profit of \$183 million, down 18% (19% on a constant currency basis)
- An EBITDA loss of \$11 million, compared to a profit of \$53 million in FY2021
- An EBIT loss of \$22 million, compared to a profit of \$39 million in FY2021
- A net loss after tax (NPAT) of \$25 million, compared to a profit of \$31 million in FY2021
- An operating cash inflow of \$3 million, compared to an inflow of \$55 million in FY2021
- A closing cash balance as at 30 June 2022 of \$89 million

Overall, the Group's outcomes demonstrate continued resilience across all three sides of the marketplaces, and importantly, financial performance and operating momentum improved in Q4FY22. The Group delivered positive growth for the year in the core Apparel category, which represents almost 60% of Gross Transaction Value. The growth was particularly strong in Q4, and as such, we saw the whole Group record positive Q4 year on year growth.

(1) Please see table 1 on page 33 for calculations of the non-IFRS metrics

(2) "Constant currency basis" reflects the underlying growth before translation to Australian dollars for reporting purposes.

Operationally, the artist and product side of both marketplaces has continued to grow, with content uploads from artists continuing to be added to the platforms. Investments into the physical product experience for artists and their customers have continued, with caps, desk mats and mouse pads added to the Redbubble marketplace. In addition, Redbubble introduced a pets category in May 2022, the first new category launched in over 6 years. New physical products open up new customer segments as well as provide additional annuity income streams for artists over time.

The third party fulfillment network continued to perform strongly even with the headwinds of continued COVID-19 restrictions, sourcing constraints and inflationary pressures. Overall, the Group has demonstrated continued resilience across all three sides of the marketplaces and is well positioned to continue to pursue its mid term aspirations.

The Group holds \$89 million in cash as at 30 June 2022, and has no debt on the balance sheet. A portion of these cash reserves are being used to fund mid term growth through investments across our four key strategic themes, as well as allowing for prudent management of working capital requirements.

Further details about the Group's operating and financial performance is contained within the attached Annual Report.

A reconciliation of reported results to non-IFRS numbers in this Directors' report is provided below.

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

	FY2022 \$'m ⁽²⁾	FY2021 \$'m ⁽²⁾
Gross Transaction Value⁽³⁾	629.6	700.7
Less sales taxes and timing differences	(56.2)	(43.3)
Total reported revenue from services	573.4	657.3
Less Artists' revenue	(90.8)	(104.0)
Marketplace revenue	482.6	553.3
Fulfiller expenses	(299.5)	(330.5)
Gross profit	183.1	222.7
Gross profit margin on Marketplace revenue	37.9%	40.3%
Paid acquisition costs	(76.4)	(71.2)
Gross Profit After Paid Acquisition costs (GPAPA)	106.7	151.5
GPAPA% (on MP Revenue)	22.1%	27.4%
Employee and contractor costs	(77.2)	(64.5)
Marketing expenses (excluding paid acquisition costs shown above)	(4.0)	(2.0)
Operations, administration and technology expenses	(36.1)	(28.9)
Other expenses	(0.7)	(3.3)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(11.2)	52.7
Depreciation and amortisation	(10.7)	(13.3)
Earnings before interest and tax (EBIT)	(21.9)	39.4
Interest expenses	(0.4)	(0.3)
Total profit/(loss) before income tax	(22.3)	39.1
Income tax benefit/(expense)	(2.3)	(7.9)
Reported total profit/(loss) for the year	(24.6)	31.2

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

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

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

Strategic and Business Update

During FY22, Redbubble continued to execute against four strategic themes:

- Artist activation and engagement
- User acquisition and transaction optimisation
- Customer understanding, loyalty and brand building
- Product range and 3rd party fulfilment network

Consistent with these strategic priorities, during FY22 the Group invested significantly in additional people to boost internal capacity and capability, particularly within the web product and engineering teams that are focused on improving technical foundations. Ongoing COVID-19 impacts have resulted in talent pools being constrained in the Group's four operating regions, and competition for individuals has been high. This has meant a slower build up of capacity than initially forecast, however the Group enters FY23 with a large proportion of hiring now complete.

The coming financial year will include brand investment into the Redbubble marketplace and the full year impact of our increased capacity and capability which will grow revenue, improve scale and drive further momentum across the flywheel. This will help to strengthen Redbubble's competitive position, enabling the company to pursue its medium term growth aspirations and continue on its mission to create the world's largest marketplace for independent artists, bringing more creativity into the world.

Further detail regarding the Group's strategy and business performance is contained within the attached Annual Report.

Significant changes in the state of affairs

In the Directors' opinion, there have been no significant changes in the state of affairs of RB Group during the 2022 financial year.

Significant events after end of the 2022 financial year

In the Directors' opinion, there have been no matters or circumstances arising since the end of the 2022 financial year that has significantly affected, or may significantly affect:

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

Dividends

No dividends were paid or declared since the start of the 2022 financial year. Given the opportunities to invest in key initiatives, coupled with the uncertain future macro environment, the Board does not expect to pay a dividend in the short to medium term.

Environmental Regulations and Performance

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

Principal risks

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

- **Competitive activity** – The marketplaces operate in a competitive landscape alongside other online marketplaces and traditional vendors. There is potential for the Group's business to be disrupted by new or existing user-generated content platforms. To mitigate the impact of this risk RB Group is focussing on ensuring that its marketplaces provide a market leading experience for both artists and their customers.
- **Macroeconomic Risks** – RB Group is subject to macroeconomic risks affecting consumer demand and global marketplace supply chains. These risks are largely outside of RB Group's control, and are mitigated by current diversity in product mix, geographic presence and the third party fulfillment network, combined with initiatives to continue to grow the size of the overall revenue base.
- **Google search channel risk** – RB Group has prioritised search engine optimisation initiatives, including improved user and crawler navigation experience and site speed. RB Group is also focussed on further diversification of customer acquisition sources to reduce reliance on Google search.

- **Litigation brought against RB Group for intellectual property infringement** – Litigation risk arises from the RB Group marketplaces' roles as intermediaries for user-generated content. RB Group mitigates this risk in various ways, including by responding expeditiously to takedown notices from intellectual property rights holders; engaging in collaborative relationships with rights holders to promote the integrity of hosted content (including by facilitating licensing through our Partner Program and by proactively finding and removing content through our Policing Program); developing automated platform software to manage content at scale; building our litigation capabilities and holding appropriate levels of insurance. RB Group will continue to mitigate its IP infringement litigation risk by further building its capabilities through process and technology improvements.
- **Technology Security and Reliability Risk** – As a technology-focused business, managing security, and taking care of user data is essential. To manage this risk, the Group has developed and tested its disaster recovery capability and procedures, implemented high availability infrastructure and architectures, and continually monitors our systems for signs of poor performance, intrusion or interruption. The Group maintains appropriate data management, security and compliance policies, procedures and practices in place.
- **Platform/Technology constraints** – 'Technical debt' slows delivery of marketplace improvements. Consistent investment in eliminating platform and technology constraints is undertaken to mitigate this risk.
- **Privacy and Data Protection Compliance Risk** – Compliance with applicable Privacy and Data Protection Laws, including the GDPR, California Consumer Privacy Act and the Australian Privacy Act 1988 remains an ongoing focus. The Group has implemented appropriate data security measures; including preventative, detective and responsive capabilities. A Data Breach Response Plan is in place and is strictly adhered to.
- **Attracting and retaining top talent in business critical functions** – The Group continues to face competition for talent across all our locations. The mitigations for this risk have included ongoing investment in employee engagement, review of the employee value proposition and compensation adjustments for key talent roles.

Key management personnel during the 2022 financial year and since the end of that financial year

The "Key Management Personnel" for the purposes of the FY2022 Remuneration Report have been determined to be the current Redbubble Limited directors and the following members of the Redbubble Executive Team:

- Michael Ilczynski – Chief Executive Officer; and
- Emma Clark – Chief Financial Officer.

There were no changes to the membership of the Redbubble Limited Board during the 2022 financial year.

Information on Directors

At the date of this report, the Board comprises five Non-executive Directors, 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 in Corporate Governance on pages 24 and 25.

The Board met 12 times during the year ended 30 June 2022. Board and Committee attendance is set out in the table below.

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

	Board		Audit and Risk Committee (ARC)		People, Remuneration and Nomination Committee (PRNC)	
	Held whilst in office	Attended whilst in office	Held whilst an ARC member	Attended whilst an ARC member	Held whilst a PRNC member	Attended whilst a PRNC member
Anne Ward	12	12	6	6	6	6
Martin Hosking	12	11	-	-	6	5
Greg Lockwood	12	12	6	6	-	-
Jenny Macdonald	12	12	6	6	6	6
Ben Heap	12	12	6	6	6	6

Directors Report continued

Directors' interests in shares and options

Name	Shareholdings	Options outstanding
Anne Ward	220,000	50,714
Martin Hosking	40,000,000	-
Ben Heap	200,000	-
Greg Lockwood	6,465,131	-
Jenny Macdonald	223,048	-
Total interests	47,108,179	50,714

Retirement, election, continuation in office of Directors

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

Company Secretaries

RB Group's Company Secretaries are Ms Corina Davis (based in the US) and Mr Martin Bede (based in Australia).

Ms Corina Davis, Executive Vice President – Business Development, Chief Legal Officer and Company Secretary

Corina Davis joined Redbubble in 2012 and oversees the company's legal function. Her experience is set out on page 29.

Mr Martin Bede, Company Secretary (Australia)

Martin Bede joined Redbubble in August 2021 and is a lawyer with experience in private practice and in-house legal roles. He holds Bachelor of Laws and Bachelor of Commerce degrees from the University of Melbourne, a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia (GIA) and is a fellow of the GIA.

Details of share options and performance rights for Directors and Executives

Below are details of options, share appreciation rights and performance rights in respect of ordinary shares in the Company granted to Directors or any of the 5 most highly remunerated officers of the Company (other than the Directors) during and since the end of the 2022 financial year. For FY2022, Board fees are paid entirely in cash and no equity has been granted to the Directors.

Name	Number of options/ restricted stock units granted	Number of ordinary shares granted under options/ restricted stock units	Number of share appreciation rights granted
Michael Ilczynski	574,812	574,812	306,654
Emma Clark	101,614	101,614	177,668
Corina Davis	39,890	39,890	149,434
Stacey Wallace	580,067	580,067	146,042
Adam Schwartz	146,158	146,158	-
Total granted	1,442,541	1,442,541	779,798

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	4,731,315	01-December-2030
Share Appreciation Rights ⁽¹⁾	5,658,416	01-June-2028
Restricted Stock Units ⁽²⁾	1,901,999	
Total	12,291,730	

(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 or performance rights 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 performance rights during the 2022 financial year. The following table shows the total number of ordinary shares in the Company issued following exercise of options and vesting of performance rights since the end of the 2022 financial year, to the date of this Report:

	Number	Exercise price paid \$
Settlement of vested restricted stock units	33,241	-
Exercise of options	118,231	4,411
Total	151,472	4,411

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

Indemnification and insurance of officers

The Company has entered into Deeds of Indemnity with all its Directors in accordance with the Company's constitution. During the 2022 financial year, the Company paid a premium to insure the Directors, Officers and Managers of RB 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 a service provider that does not sell or manufacture the products sold on the Redbubble and TeePublic marketplaces, it periodically receives notices alleging infringement of third party copyright, trade marks, other intellectual property rights or publicity rights via the marketplaces or for breach of consumer protection laws. This is not uncommon for marketplaces that host user generated content, nor is it uncommon within the USA business environment where the majority of such claims arise.

As at the date of these financial statements there are current lawsuits filed against entities within RB Group that relate to alleged intellectual property infringement and/or breach of consumer laws. There is no certainty around the amount or timing of any outflow (or inflow from related insurance recoveries) should any of the actions ultimately be successful (at first instance or on appeal, as applicable).

RB 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.

RB Group is not aware of any other current or 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.

CEO and CFO declaration

The CEO and 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 CEO and 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.

Directors Report continued

Remuneration Report

The Remuneration Report is set out on pages 40 to 56 and forms part of the Directors' Report for the financial year ended 30 June 2022.

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 2022 financial year.

Non-audit services

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

Details of the amounts paid to the auditor of the Group and its related practices for non-audit services provided throughout the 2022 and 2021 financial years are set out below.

	2022 \$	2021 \$
Non-audit services		
Fees to Ernst & Young (Australia)		
Assistance in developing the Group's ESG strategy	197,944	30,370
Taxation services	68,150	43,630
Fees to overseas member firms of Ernst & Young (Australia)		
Taxation services	21,505	-
Total	287,599	74,000

Fees for Audit services

Details of the amounts paid to the auditor for audit services provided throughout the 2022 and 2021 financial years are set out in Note 23 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 39. 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

17 August 2022

Auditor's Independence Declaration



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

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Auditor's independence declaration to the directors of Redbubble Limited

As lead auditor for the audit of the financial report of Redbubble Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

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

Ernst & Young

A handwritten signature in black ink that appears to be 'Ashley Butler'.

Ashley Butler
Partner
17 August 2022

Remuneration Report (audited)

Letter from the People and Nomination Committee

Dear Shareholder,

On behalf of the Board, I am pleased to present our Remuneration Report for FY2022.

In FY22, consistent with our previously communicated strategic priorities, the Group has invested significantly in building internal capacity and capability to deliver on our medium-term aspirations. We have recruited new talent into the business, and we have worked hard to retain our existing talent.

Our Executives are committed to company cultures that promote high engagement and outstanding performance in their teams. In the past year, it has been critical to foster this type of culture as the external talent market has been challenging and the competition for talent has been intense. We have engaged with our teams to evolve our values and introduce behaviors that codify the way we work, in order to be successful. Our employee engagement levels are strong but we are striving for continuous improvement and have programs in place for internal communication, diversity & inclusion, and career development initiatives.

We have invested in our leadership capability through formal coaching, internal training, and a stronger alignment between our organisational design and leadership expectations. We recognise that this work is critical to drive the next phase of our growth and ensure we realise the maximum benefit from our capacity and capability investment.

We are encouraged by the depth of talent the team has built across our four operating geographies, and the positive culture that has evolved. The Board is seeking to ensure the stability of its leadership team and so has chosen to implement a one-off equity-based Executive Retention Incentive for eight key Leadership Team roles. The financial implications for the Company are modest, with the total value of this Incentive being \$1.3m in equity grants. As this Incentive was implemented in July, the detail will be documented in the FY2023 Annual Report.

Finally, within this year's Remuneration Report we have provided an analysis of the impact of a lower share price on our Executive KMP compensation outcomes that makes clear the alignment of shareholder and executive interests under our Remuneration Strategy.


Ben Heap

Chair of the People, Remuneration and Nomination Committee



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In this Remuneration Report the following definitions are used:

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

Remuneration Report (audited) continued

1. Remuneration Report Overview

The Directors of Redbubble present the Remuneration Report (Report) for the RB Group for the financial year ended 30 June 2022. 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 (Executive KMP) those persons who have authority and responsibility for planning, directing and controlling the activities of RB Group.

The table below outlines the Executive KMP of RB Group during FY2022:

Classification	Name	Position
NED	Anne Ward	Non-executive Chair
	Ben Heap	Non-executive Director
	Martin Hosking	Non-executive Director
	Greg Lockwood	Non-executive Director
	Jennifer (Jenny) Macdonald	Non-executive Director
Executive KMP	Michael Ilczynski	CEO
	Emma Clark	CFO

2. Remuneration Strategy Overview

Our remuneration strategy is designed to support the Redbubble business strategy and drive sustainable outperformance over the long term. The remuneration framework itself 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 Redbubble Group Executive Compensation Model (RECM) applies to the Company's senior executives and provides a strong foundation to attract and retain talent and align them with building long-term value for shareholders. The RECM structure is positioned to be competitive when looking to attract and retain key talent, with a focus on internationally based (US) Executives, where our current target talent pool, operations and key competitors are primarily based. The objectives of the RECM are to:

- Attract and retain exceptional talent in highly competitive, highly mobile global markets - the absence of a Short Term Incentive (STI) award and inclusion of the Base Equity (BE) award reflects US market practices amongst RB Group's peers;
- Align executive performance with Redbubble Group's financial goals with a long term incentive (LTI) heavily aligned to the creation of long-term value for shareholders; and
- Attach performance expectations of the leadership team to shared Objectives and Key Results (OKRs) that ensure delivery of the Redbubble corporate strategy

Our RECM creates strong shareholder alignment through the incorporation of significant deferred equity components to encourage Executives to behave like owners of the company. It is through this ownership that Executives are driven to create long-term shareholder value. Shareholder alignment is continually demonstrated through the RECM model, with Executives having considerable and direct alignment with that of the shareholders.

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

3. How Remuneration is Governed

3.1 People, Remuneration and Nomination Committee Role

The role of the People, Remuneration and Nomination Committee (Committee) is to ensure that the RB 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 FY2022 were:

- Ben Heap Independent Non-Executive Chair;
- Anne Ward Independent Non-Executive Member;
- Jenny Macdonald Independent Non-Executive Member; and
- Martin Hosking Non-Executive Member

3.2 Remuneration Governance Overview

During the year, the Board reviewed the Charter of the Group's People and Nomination Committee and changed the name of the Committee to People, Remuneration, and Nomination to reflect the Committee's responsibilities in relation to remuneration strategy and oversight.

Redbubble 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

- Four Non-Executive Directors (75% Independent with an Independent Chair) make recommendations to the Board on remuneration strategy, governance and policy for Executive KMP and Non-Executive Directors
- 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 benefits policies. The Committee also manages the nomination process of Board members and the selection of the CEO
- The remuneration of Directors, the CEO, KMP and other Executives is reviewed by the Committee which then provides recommendations to the Board.

Management

Provides information to the PRNC in relation to:

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

Remuneration Advisors

- Provide external independent advice, information and recommendations relevant to remuneration decisions
- The Committee periodically engages the services of independent external consultants to provide insights on KMP remuneration trends, regulatory and governance updates, pros and cons of possible alternatives, and market data. No remuneration recommendations as defined in Section 9B of the Corporations Act 2001 were obtained during FY22

Remuneration Report (audited) continued

3.3 Remuneration Benchmarking

The quantum of both Fixed Salary and the Total Remuneration Package are generally 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.

Market benchmarks are undertaken independently and set with reference to market capitalisation, and with reference to industry sector and levels of business complexity, as determined by external advisors, in collaboration with the Committee each year.

3.4 Clawback of Remuneration

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

3.5 Standard Employment Arrangements

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

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

4. Company Performance in FY2022

4.1 Performance against Financial Metrics

Key indicators ⁽¹⁾	FY2022	FY2021	FY2020	FY2019 ⁽²⁾	FY2018 ⁽³⁾	CAGR ⁽⁴⁾
Gross Transaction Value (GTV) (\$'m)	629.6	700.7	474.0	328.0	231.3	28%
Total Revenue (\$'m)	573.4	657.3	416.3	307.0	218.7	27%
Marketplace Revenue (\$'m)	482.6	553.3	348.9	256.9	182.8	27%
Artist Revenue (\$'m)	90.8	104.0	67.4	50.1	35.9	26%
Gross profit (GP) (\$'m)	183.1	222.7	134.4	94.5	63.9	30%
Gross profit after paid acquisition (GPAPA) (\$'m)	106.7	151.5	94.5	67.5	47.1	23%
Earnings before Interest, taxes, depreciation and amortisation (EBITDA) (\$'m)	(11.2)	52.7	5.1	(2.0)	(7.4)	N/A
Cash balance (\$'m)	89.1	98.7	58.1	29.0	21.2	43%
Share price at year end (\$)	0.90	3.61	2.06	0.91	1.57	(13%)

(1) The non-IFRS metrics in the table above such as GTV, GP and GPAPA are defined in table 1 on page 33 of the Directors' Report. The non-IFRS measures are unaudited, however, they have been derived from the audited financial statements.

(2) On 1 July 2019 the Group adopted AASB 16 – Leases using the full retrospective method of adoption. EBITDA for FY19 and FY20 includes the impact of this new standard.

(3) On 1 July 2018 the Group adopted AASB 15 – Revenue from Contracts with Customers using the full retrospective method of adoption. The revenues for FY18 and onwards include the impact of this new standard.

(4) Compound Annual Growth Rates (CAGR) are shown for the period since FY2018. Meaningful growth rates cannot be provided for metrics that have moved from a negative to a positive amount.

5. Executive Remuneration

5.1 Remuneration Objectives & Strategy

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

The RECM is designed to attract, motivate and retain proven, global executive talent who will successfully execute RB Group's vision and strategy in a manner that aligns with the company's values. The RECM 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 RB Group needs.

The Board sets key annual Objectives and Key Results (OKRs) for the CEO and tracks performance against these. The CEO sets annual performance OKRs with each executive aligned to the company OKRs. Performance is also measured against the Redbubble Behaviours that are in line with our purpose and values and clearly set our expectations on ways of working. Performance against these objectives, along with total company performance informs annual compensation reviews for all executives. The performance of all executives reporting to the CEO is discussed with the Committee from time to time, as required.

The Committee believes that traditional short-term incentives may encourage a focus on short-term performance at the expense of long-term value creation. This is compounded by the difficulty of setting short-term targets in a fast-paced growth environment. Under the RECM, the value of Base Equity and Long Term Incentive components are fundamentally dependent on share price performance, aligning executives with shareholder interests. Furthermore, the Committee has carefully considered a wide range of performance scenarios and outcomes in order to ensure the remuneration outcomes are consistent with its expectations in those circumstances. In the interest of aligning the structure of the RECM with our direct peers located in the US, the current structure is considered robust and best aligned with shareholder value creation whilst attracting and retaining key talent.

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



Link

executive performance
with RB 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

Remuneration Report (audited) continued

5.2 Elements of Remuneration

The following remuneration mix summarises the key components, and weightings associated, that make up the RECM:

Executive KMP	Role	Fixed Remuneration (60%)		At Risk Remuneration (40%)
		Fixed Salary (40%)	Base Equity (20%)	Long Term Incentive (40%)
Michael Ilczynski	CEO	800,000	400,000	800,000
Emma Clark	CFO	463,500	231,750	463,500

Fixed Salary

Base salary (and superannuation, in Australia only) intended to provide the Executives with the financial resources commensurate with executives at companies of a similar size in that location.

FY2022 Base Equity (BE)

BE ensures immediate alignment between executives and shareholders and creates an owner mindset in executives that has a retention impact within the compensation year. Executives are taking on risk when accepting part of their base compensation in equity. There is also a longer-term retention mechanism employed, with the BE granted in a given year also required to be held for one-year post vesting to ensure there is a continued focus on sustainable share value appreciation.

The BE is part of the base compensation and does not have a performance hurdle beyond service requirements. It is designed to ensure Executives act as owners from the outset of each financial year. Further, with the US and other overseas remuneration practices in mind, the Board has assessed many alternative remuneration structures, noting that we acknowledge this award does not reflect typical Australian market practice. The Board determined that having a deferred equity component such as this BE award to be the best fit-for-purpose at this time to best align executives with shareholder experience in conjunction with the newly structured LTI award, noting that this approach to remuneration is widely accepted internationally. The Board has also continued to implement this award in light of the absence of any STI award, this award best reflects the markets in which we primarily operate. This award, importantly, is not a replacement for an STI award, but rather an extension of the base compensation provided to Executives, with the only performance-based element being our LTI award.

The BE component of the RECM operates as outlined below:

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

FY2022 Long-Term Incentive (LTI)

It is intended that LTI will allow executives to access uncapped fair upside based on strong shareholder value creation while assuming significant risk as the SARs have no value unless the Executive remains with the business for a minimum of 3 years and enterprise value grows at a rate that provides shareholders with attractive returns.

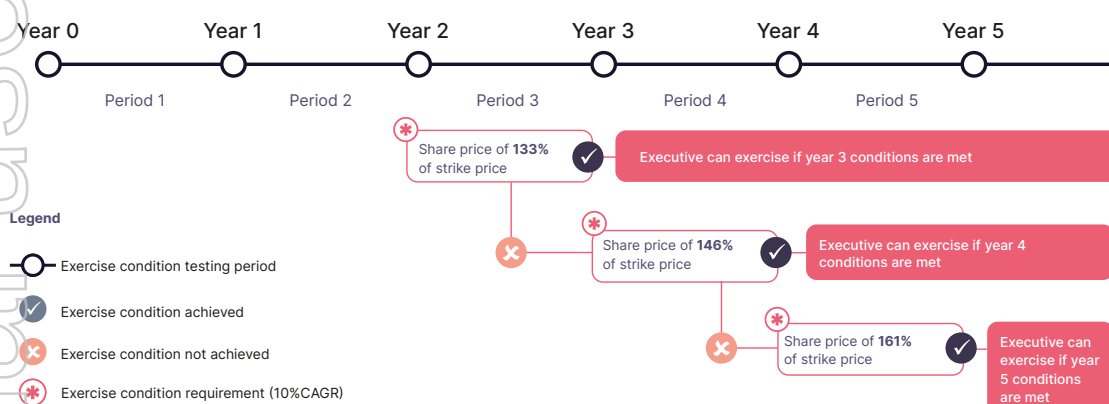
The LTI component of the RECM operates as outlined below:

LTI instrument	Share Appreciation Rights (SARs)
Grant quantum	The grant quantum of the LTI award to Executives is calculated as a percentage of base salary.
Grant date	Grants are made on 1 October of the relevant year following the setting of total compensation for the year and Board approval.
Vesting date & conditions	The LTI's vest on the earlier of either the third, fourth, or fifth anniversaries following the grant date subject to: • The Executive remaining employed at RB Group (time vesting) • The achievement of a compounding target of 10% Total Shareholder Return (TSR) per annum on either the third, fourth or fifth anniversaries following the grant date. The compounding return target is to be determined based on a 10% per annum Total Shareholder Return (TSR) from the time of grant. TSR is calculated as the total of the share price appreciation plus any dividends paid during the period. TSR has been chosen as the appropriate target so that Executives are fully aligned with shareholders.
Disposal restriction period	12 months following vesting. The holding period remains in place even if employment ends.
Termination	Should a participant exit during the LTI vesting period, participants will retain pro-rata retention of LTI awards that have yet to vest. Pro-rata retention has the following conditions: • The employee must have been part of the RECM LTI program for at least 3 years • The employee must not be considered a "bad leaver" • The employee must have served at least 12 months of a grant's vesting period to be entitled to a pro-rata portion • The award retained will be pro-rata for the number of months since that award was granted and the employee's resignation, divided by the total number of months until first testing of that award • The pro-rata award remains subject to all testing, disposal restriction and other conditions • Once an award has achieved its TSR hurdle and has vested, the (former) employee will have 90 days to exercise before the equity expires The Board retains complete discretion in these matters.
Strike price	Strike price is set on 1 October based on a 30-day 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 FY2022 the strike price was \$4.1884
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.

Remuneration Report (audited) continued

Expiration	6 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 RB Group's Share Trading Policy and clawback under existing rules.
Clawback	In the event of serious misconduct or a material misstatement of RB Group's financial statements, the Board has the discretion to reduce, cancel or clawback LTI to the extent that the law will allow.
Change of Control	The early vesting of any unvested awards may be permitted by the Board in other limited circumstances such as a change in control of Redbubble. In these circumstances, the Board will determine the timing and proportion of any unvested awards that vest.

Vesting and exercise periods of the LTI



5.3 Unvested equity held by Executive Key Management Personnel at 30 June 2022

The table below shows the unvested equity held by the Group's Executive KMP at 30 June 2022 and the performance hurdles associated with each grant. It is notable that Executive compensation has been impacted by the Redbubble share price, further highlighting the alignment of the RECM with shareholder value.

	Grant name	Grant date	Type of equity	# of options/ rights granted	Vest date ⁽¹⁾	Exercise price / total shareholder return (TSR) hurdle price ⁽²⁾	Original contract value of the grant ⁽³⁾	Current value ⁽⁴⁾
Chief executive officer								
Michael Ilczynski	Base Equity	01-Oct-21	Options	95,502	01-Oct-22	\$0.00	\$400,000	\$85,952
	LTI	04-Jan-21	SARs	159,854	01-Oct-23	\$7.97	\$591,781	\$0
	LTI	01-Oct-21	SARs	306,654	01-Oct-24	\$5.57	\$800,000	\$0
	Limited recourse loan shares ⁽⁵⁾	04-Mar-21	In-substance share options	289,161	04-Mar-26	n/a	\$1,600,000	\$260,245
Total unvested equity held by Michael Ilczynski				851,171			\$3,391,781	\$346,197
Other executive KMP								
Emma Clark	Base Equity	01-Oct-21	Options	55,331	01-Oct-22	\$0.00	\$231,750	\$49,798
	LTI	01-Oct-20	SARs	174,385	01-Oct-23	\$5.61	\$450,000	\$0
	LTI	01-Oct-21	SARs	177,668	01-Oct-24	\$5.57	\$463,500	\$0
Total unvested equity held by Emma Clark				407,384			\$1,145,250	\$49,798
Total				1,258,555			\$4,537,031	\$395,995

- (1) The vesting of equity is subject to the KMP remaining in service with Redbubble as at the vest date and, in relation to the SARs, the total shareholder return hurdle being satisfied. The vest date shown is the earliest possible vest date.
- (2) In order to vest, the SARs need to achieve the TSR hurdle that is set at a compounding Total Shareholder Return (TSR) of 10% per annum on either the third, fourth or fifth anniversaries following the grant date.
- (3) The original contract value of the grant is a non-IFRS number based on the contracted BE and LTI grant amounts shown in KMP employment agreements. See Section 5.2 for further information. This information differs from the statutory remuneration tables in Section 7 and 8 of this report which are prepared in accordance with Australian Accounting Standards.
- (4) Current value is a non-IFRS number based on the share price at 30 June 2022 and what the outcome would be for the KMP if they were able to exercise on this date. As the share price at 30 June 2022 is lower than the TSR hurdle for the SARs, these are shown at zero. This information differs from the statutory remuneration tables in Section 7 and 8 of this report which are prepared in accordance with Australian Accounting Standards.
- (5) Under the requirements of AASB 2 – *Share Based Payment* the shares purchased by Michael Ilczynski with a limited recourse loan are considered to be options until the loan is repaid. Please see section 8.6 for further details.

5.4 LTI Outcomes

No LTI awards for Executive KMP have vested during the year. The current LTI program commenced in FY2021 and the first possible vesting date for equity under this plan is in FY2024 (the grants have a minimum 3-year vesting period).

5.5 CEO Employment Arrangements

The employment of Mr Ilczynski, our CEO, is governed by an Employment Agreement that commenced 4 January 2021. The table below summarises the compensation arrangements of Mr Ilczynski:

Remuneration Element	Contracted Annual Remuneration
Fixed Salary	\$800,000 inclusive of superannuation
Base Equity (BE)	\$400,000 (50% of fixed salary)
Long-Term Incentive (LTI)	\$800,000 (100% of fixed salary)

6. Non-executive Director (NED) Remuneration

6.1 NED Remuneration Policy

RB 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 FY2022, the Committee reviewed the level of Board fees paid to NEDs having regard to appropriate peer benchmarks and the scale and complexity of the business. While the base director fee was not changed following this review, increases to the fees for the Board Chair and the Chairs and members of Committees were made. The following fees were approved effective 1 October 2021:

	Board	Audit & Risk Committee	People, Remuneration & Nomination Committee
Chair	\$265,000	\$30,000	\$30,000
Member	\$120,000	\$15,000	\$15,000

All Board fees are paid entirely in cash (and therefore, no deferred equity grants were made to NEDs in FY2022).

The above fees apply to all of Redbubble's NEDs, except for Mr Lockwood and Mr Hosking. Mr Lockwood is a partner with Piton Capital, a private equity firm with a shareholding in RB Group. Mr Lockwood receives no remuneration from RB Group, in accordance with Piton Capital's policy that their partners do not accept remuneration for external board positions. Mr Hosking has declined to accept remuneration for his role as a NED of Redbubble.

6.2 Maximum Aggregate NED Fee Pool

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

6.3 Other Information

NEDs are reimbursed for all reasonable travel and other expenses properly incurred by them in attending Board meetings or any meetings of committees of the Board, in attending any general meetings of Redbubble or otherwise in connection with the business or affairs of RB 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 RB Group.

There are no retirement benefit schemes for Directors.

The remuneration of the NEDs in FY2022 is set out in detail in section 7.2.

Remuneration Report (audited) continued

7. Statutory Reporting for FY2022

7.1 Executive KMP remuneration for the year ended 30 June 2022

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	
		Cash salary ⁽¹⁾ \$	Cash bonus ⁽²⁾ \$	Non-monetary benefits ⁽³⁾ \$	Super- annuation ⁽⁴⁾ \$
Chief executive officer					
Michael Ilczynski (appointed as CEO on 27 January 2021)	2022	812,947	-	20,529	27,500
	2021	390,520	-	8,420	25,000
Executive director					
Martin Hosking (resigned as CEO on 27 January 2021) ⁽¹⁰⁾	2022	-	-	-	-
	2021	317,206	177,293	750	25,000
Other executive KMP					
Emma Clark (CFO)	2022	446,570	-	-	27,500
	2021	431,322	-	770	25,000
Total	2022	1,259,517	-	20,529	55,000
	2021	1,139,048	177,293	9,940	75,000

(1) Includes base salary, excess superannuation (refer to footnote 4) and short term compensated absences, such as leave entitlements accrued.

(2) Represents cash bonus accrued for the year.

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

(4) Staff can elect to have their superannuation capped at \$27,500 (2021: \$25,000), with any amount above this included in cash salary. These amounts include superannuation on bonuses paid during the year.

(5) Australian executives are entitled to long service leave. The annual charge reflects long service leave accrued (or lapsed) during the period.

(6) The accounting standard, AASB 2 – Share Based Payment, requires limited recourse loans for the purchase of shares to be treated (for accounting) as an option. Amounts disclosed represent the deemed in-substance option cost for the limited recourse loan provided to Michael Ilczynski to acquire Redbubble shares. Please see section 8.6 for further details. The fair value of in-substance options is ascertained using the Black-Scholes model and is amortised over the loan period.

(7) 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.

(8) 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.

(9) Cash bonuses and share appreciation rights with a performance condition are all considered to be performance-related remuneration, based on their nature at grant date.

(10) Martin Hosking resigned as CEO on 27 January 2021 and resumed as a non-executive director of the Group at this time. The remuneration shown in this table is for his services as CEO only.

Long-term benefits		Share-based payments		Share appreciation rights (Performance based) ⁽⁸⁾	Total remuneration	Performance-related ⁽⁹⁾
Long service leave ⁽⁵⁾	Limited recourse loan (In-substance share options) ⁽⁶⁾	Share options (Time based) ⁽⁷⁾				
\$	\$	\$		\$	\$	%
1,512	159,927	460,047		370,529	1,852,991	20%
302	52,141	144,534		89,426	710,343	13%
-	-	-		-	-	-
(275)	-	-		-	519,974	34%
3,642	-	235,084		229,939	942,735	24%
2,112	-	225,659		214,547	899,410	24%
5,154	159,927	695,131		600,468	2,795,726	
2,139	52,141	370,193		303,973	2,129,727	

Remuneration Report (audited) continued

7.2 NED Remuneration for the year ended 30 June 2022⁽¹⁾

		Short term benefits	Post- employment benefits	Share-based payments	
		Director Fees ⁽²⁾ \$	Superannuation \$	Share options (Time based) ⁽³⁾ \$	Total \$
Non-executive directors					
Ben Heap	2022	143,322	14,332	-	157,654
	2021	116,473	11,065	-	127,538
Martin Hosking ⁽⁴⁾	2022	-	-	-	-
	2021	-	-	-	-
Greg Lockwood ⁽⁵⁾	2022	-	-	-	-
	2021	-	-	-	-
Jenny Macdonald	2022	143,322	14,332	-	157,654
	2021	115,025	-	17,642	132,667
Anne Ward	2022	237,759	23,776	-	261,535
	2021	201,275	19,121	17,642	238,038
Total	2022	524,403	52,440	-	576,843
	2021	432,773	30,186	35,284	498,243

(1) The NED remuneration table has been prepared in accordance with Australian Accounting Standards and Section 300A of the Corporations Act 2001 (Cth).

(2) Effective 1 November 2020 all Board fees are paid in cash.

(3) Amounts disclosed reflect the value of remuneration from options granted in FY20 that vested in FY21. The fair value of options is ascertained using Black-Scholes model.

(4) Martin Hosking resigned as CEO on 27 January 2021 and resumed as a non-executive director at this time. The remuneration shown in this table is for his services as a non-executive director only. In FY21 and FY22, Mr Hosking did not accept remuneration as a non-executive director.

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

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.

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

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

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

8.2 Options and Share Appreciation Rights

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

Option holdings

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

	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Cancelled during the year	Expired during the year	Balance at the end of the year	Vested and exercisable at the end of the year	Unvested at the end of the year	Vested during the year
2022									
Non-executive directors									
Greg Lockwood	-	-	-	-	-	-	-	-	-
Jenny Macdonald	47,509	-	47,509	-	-	-	-	-	-
Anne Ward	50,714	-	-	-	-	50,714	50,714	-	-
Ben Heap	-	-	-	-	-	-	-	-	-
Martin Hosking	26,832	-	26,832	-	-	-	-	-	-
Chief executive officer									
Michael Ilczynski	49,388	95,502	-	-	-	144,890	49,388	95,502	49,388
Other executive KMP									
Emma Clark	53,411	55,331	53,411	-	-	55,331	-	55,331	53,411
Total	227,854	150,833	127,752	-	-	250,935	100,102	150,833	102,799

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	Cancelled during the year	Balance at the end of the year	Vested and exercisable at the end of the year	Unvested at the end of the year	Vested during the year
2022								
Chief executive officer								
Michael Ilczynski	159,854	306,654	-	-	466,508	-	466,508	-
Other executive KMP								
Emma Clark	1,152,683	177,668	-	-	1,330,351	978,298	352,053	-
Total	1,312,537	484,322	-	-	1,796,859	978,298	818,561	-

Remuneration Report (audited) continued

Limited recourse loan share option holdings⁽¹⁾

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

	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Cancelled during the year	Balance at the end of the year	Vested and exercisable at the end of the year	Unvested at the end of the year	Vested during the year
2022								
Chief executive officer								
Michael Ilczynski	289,161	-	-	-	289,161	-	289,161	-
Total	289,161	-	-	-	289,161	-	289,161	-

(1) Under the requirements of AASB 2 – Share Based Payment the shares purchased by Michael Ilczynski with a limited recourse loan are considered to be options until the loan is repaid. Please see section 8.6 for further details.

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⁾
2022					
Other executive KMP					
Emma Clark	Options	53,411	\$0.00	\$1.84	\$98,276
Total		53,411			98,276

(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. For presentation purposes, share price has been rounded to two decimal places, however the value at exercise/settlement date has been calculated based on unrounded numbers.

8.4 Shareholdings of Directors and Executive KMP

2022 - Redbubble Limited ordinary shares ⁽¹⁾	Balance at the start of the year	Received on exercise of options / SARs	Purchase of shares	Sale / transfer of shares	Balance at the end of the year
Non-executive directors					
Ben Heap ⁽²⁾	50,000	-	150,000	-	200,000
Martin Hosking ⁽³⁾	44,500,090	26,832	473,078	(5,000,000)	40,000,000
Greg Lockwood ⁽⁴⁾	6,465,131	-	-	-	6,465,131
Jennifer Macdonald	95,539	47,509	80,000	-	223,048
Anne Ward ⁽⁵⁾	200,000	-	20,000	-	220,000
Chief executive officer					
Michael Ilczynski ⁽⁶⁾	72,339	-	60,000	-	132,339
Other executive KMP					
Emma Clark	200,000	53,411	-	-	253,411
Total	51,583,099	127,752	783,078	(5,000,000)	47,493,929

(1) Includes shares held directly, indirectly and beneficially by KMP.

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

(3) The shares attributable to 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.

(4) The shares attributable to Greg Lockwood are held by Piton Capital Venture Fund II LP and Piton Capital Investments Cooperatief B.

(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) Michael Ilczynski also holds 289,161 shares funded by a limited recourse loan from the Group. Under the requirements of AASB 2 - Share Based Payment these shares are not shown in this table until the loan is repaid. Please see section 8.6 for further details.

Remuneration Report (audited) continued

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⁾
Chief executive officer								
Michael Ilczynski	01-Oct-21	95,502	Options	01-Oct-22	01-Oct-27	\$0.00	\$4.35	\$415,434
	01-Oct-21	306,654	SARs	01-Oct-24	01-Oct-27	\$4.19	\$2.49	\$763,568
Other executive KMP								
Emma Clark	01-Oct-21	55,331	Options	01-Oct-22	01-Oct-27	\$0.00	\$4.35	\$240,690
	01-Oct-21	177,668	SARs	01-Oct-24	01-Oct-27	\$4.19	\$2.49	\$442,393
Total		635,155						\$1,862,085

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

(2) For options and SARs, if the CEO or KMP (as applicable) leaves Redbubble service then the expiry date is brought forward to be 90 days after the employment end date unless the pro-rata retention criteria of the LTI awards as set out in section 5.2, is satisfied.

(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.

8.6 Other Transactions with Executive KMP - Legacy Item

In the prior year, Redbubble Limited and Mr Ilczynski, CEO, entered into a limited recourse loan arrangement with a loan amount of \$1,600,000. Mr Ilczynski used the loan amount plus \$400,000 of his own funds to purchase Redbubble Limited shares on-market in the trading window that followed the release of Redbubble's half-year 2021 results and Appendix 4D. The loan amount plus interest equal to the RBA cash rate plus 3% (compounding annually) is to be repaid 5 years from the date of the loan, or on cessation of employment if earlier. The security for the loan is limited to the shares acquired with the loan amount.

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Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Revenue from contracts with customers			
Marketplace revenue		482,582	553,285
Artists' revenue		90,811	104,038
Total revenue from contracts with customers	3	573,393	657,323
Operating expenses			
Artists' margin		(90,811)	(104,038)
Fulfiller expenses ⁽¹⁾		(299,454)	(330,541)
Employee and contractor costs	4	(77,177)	(64,534)
Marketing expenses	5	(80,414)	(73,180)
Operations, administration and technology expenses	6	(36,068)	(28,947)
Depreciation and amortisation	12, 13 & 14	(10,676)	(13,331)
Total operating expenses		(594,600)	(614,571)
Other income ⁽²⁾		35	43
Other expenses ⁽³⁾		(1,101)	(3,692)
Profit/(loss) before income tax		(22,273)	39,103
Income tax (expense)/benefit ⁽⁴⁾	7(a)	(2,315)	(7,856)
Total profit/(loss) for the year attributable to owners		(24,588)	31,247
Other comprehensive income/(loss)			
items that will be reclassified subsequently to profit or loss			
Gain/(loss) on foreign currency translation		3,454	(3,073)
Total other comprehensive income/(loss) attributable to owners		3,454	(3,073)
Total comprehensive income/(loss) for the year attributable to owners		(21,134)	28,174
Profit/(loss) per share attributable to the ordinary equity holders of the company		Cents	Cents
Basic profit/(loss) per share	8	(8.96)	11.57
Diluted profit/(loss) per share	8	(8.96)	11.28

(1) Fulfiller expenses comprise product and printing, shipping and transaction costs.

(2) Other income includes finance income.

(3) Other expenses include interest expenses on lease liabilities, losses recognised on disposal of assets and net foreign exchange losses. Refer to note 10(a) for further details on foreign exchange losses.

(4) A portion of the income tax benefit applicable to the Group is recorded directly in equity. Please see note 7(b) 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 2022

	Notes	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents	9	89,133	98,686
Other receivables	10(b)	5,314	4,602
Prepayments		4,581	4,525
Current tax assets	7(b)	2,226	1,270
Other assets	11	4,770	4,693
Total current assets		106,024	113,776
Non-current assets			
Property, plant and equipment	12	3,069	1,928
Intangible assets	13	70,746	62,486
Right of use assets	14	8,085	4,466
Prepayments		618	506
Deferred tax assets	7(d)	1,401	2,717
Other assets	11	677	723
Total non-current assets		84,596	72,826
Total assets		190,620	186,602
Current liabilities			
Trade and other payables	15	59,619	47,473
Unearned revenue ⁽¹⁾		13,023	12,235
Employee benefit liabilities	16	2,443	2,195
Provisions		1,749	2,561
Lease liabilities	14	3,117	2,280
Total current liabilities		79,951	66,744
Non-current liabilities			
Lease liabilities	14	6,508	3,722
Employee benefit liabilities	16	149	268
Provisions		55	–
Total non-current liabilities		6,712	3,990
Total liabilities		86,663	70,734
Net assets		103,957	115,868
Equity			
Contributed equity	17(a)	162,526	162,552
Treasury reserve	17(b)	(4,005)	(7,351)
Share based payments reserve	17(d)	13,347	11,414
Foreign currency translation reserve	17(d)	46	(3,408)
Accumulated losses		(67,957)	(47,339)
Total equity		103,957	115,868

(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 2022

for the year ended 30 June 2022	Notes	Contributed equity \$'000	Treasury reserve ⁽¹⁾ \$'000	Share based payments reserve \$'000	Foreign exchange translation reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance as at 1 July 2021		162,552	(7,351)	11,414	(3,408)	(47,339)	115,868
Profit/(loss) for the year		–	–	–	–	(24,588)	(24,588)
Other comprehensive income/(loss)		–	–	–	3,454	–	3,454
Total comprehensive loss for the year		–	–	–	3,454	(24,588)	(21,134)
Exercise of share options	17(b)	1,459	–	–	–	–	1,459
Transfer to issued capital ⁽²⁾	17(b)	4,954	–	(4,954)	–	–	–
Share based payments expense	4	–	–	6,887	–	–	6,887
Shares issued to Employee Share Trust	17(b)	10,120	(10,120)	–	–	–	–
Shares issued/allocated to participants ⁽³⁾	17(b)	(15,283)	15,283	–	–	–	–
Payment of withholding taxes ⁽⁴⁾	17(b)	(1,276)	–	–	–	–	(1,276)
Income tax benefit recognised directly in equity for Employee Share Trust deductions ⁽⁵⁾	17(b)	–	2,153	–	–	–	2,153
Transfer to accumulated losses ⁽⁶⁾	17(b)	–	(3,970)	–	–	3,970	–
Balance as at 30 June 2022		162,526	(4,005)	13,347	46	(67,957)	103,957

(1) The Group operates an Employee Share Trust (the Trust) for the purpose of issuance of shares to participants on exercise of options/restricted stock units. The balance in the treasury reserve represents the book value of shares held by the Trust for future issue to participants on exercise of options/restricted stock units. The treasury reserve also includes shares used as security for the limited recourse loan provided to the CEO. Details of this transaction are disclosed in Note 22(b).

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

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

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

(5) A tax benefit of \$2.1m was recognised directly in equity for income tax benefits relating to contributions to the Employee Share Trust in excess of the associated cumulative remuneration expense.

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

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

Consolidated Statement of Changes in Equity continued

For the Year Ended 30 June 2022

for the year ended 30 June 2021	Notes	Contributed equity \$'000	Treasury reserve ⁽¹⁾ \$'000	Share based payments reserve \$'000	Foreign exchange translation reserve \$ '000	Accumulated losses \$'000	Total \$ '000
Balance as at 1 July 2020		145,438	(5,303)	13,699	(335)	(86,021)	67,478
Profit/(loss) for the year		–	–	–	–	31,247	31,247
Other comprehensive income/(loss)					(3,073)	–	(3,073)
Total comprehensive loss for the year		–	–	–	(3,073)	31,247	28,174
Exercise of share options	17(b)	8,366	–	–	–	–	8,366
Transfer to issued capital ⁽²⁾	17(b)	8,990	–	(8,990)	–	–	–
Share based payments expense	4	–	–	6,705	–	–	6,705
Shares issued to Employee Share Trust	17(b)	44,326	(44,326)	–	–	–	–
Shares issued/allocated to participants ⁽³⁾	17(b)	(41,413)	41,413	–	–	–	–
Payment of withholding taxes ⁽⁴⁾	17(b)	(3,155)	–	–	–	–	(3,155)
Limited recourse loan made to related parties ⁽⁵⁾	17(b)	–	(1,600)	–	–	–	(1,600)
Income tax benefit recognised directly in equity for Employee Share Trust deductions ⁽⁶⁾	17(b)	–	9,900	–	–	–	9,900
Transfer to accumulated losses ⁽⁷⁾	17(b)	–	(7,435)	–	–	7,435	–
Balance as at 30 June 2021		162,552	(7,351)	11,414	(3,408)	(47,339)	115,868

(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. In FY2021 the treasury reserve also includes shares used as security for the limited recourse loan provided to the CEO.

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

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

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

(5) A limited recourse loan was provided to the Redbubble Group CEO to purchase Redbubble shares on-market. This is treated as an acquisition of treasury shares. Details of this transaction are disclosed in Note 22(b).

(6) A tax benefit of \$9.9m 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 2022

	Notes	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from customers		636,324	715,556
Payments to artists		(87,497)	(100,907)
Payments to fulfillers		(296,619)	(330,093)
Payments to other suppliers and employees		(249,510)	(228,785)
Payments of interest		(410)	(333)
Receipts of interest		23	27
Income taxes received/(paid)		484	(360)
Net cash provided by/(used in) operating activities		2,795	55,105
Cash flows from investing activities			
Payments for property, plant and equipment	12	(2,303)	(861)
Payments for development of intangible assets		(8,892)	(5,384)
Payment of deferred consideration for TeePublic acquisition ⁽¹⁾		–	(979)
Proceeds from net investment in subleases		–	854
Net cash provided by/(used in) investing activities		(11,195)	(6,370)
Cash flows from financing activities			
Payments for lease liabilities	14	(3,473)	(3,919)
Proceeds from exercise of share options	17(b)	1,459	8,366
Payment of withholding taxes to US tax authorities on settlement of restricted stock units funded by shares withheld	17(b)	(1,276)	(3,155)
Payments for limited recourse loans to related parties ⁽²⁾		–	(1,600)
Net cash provided by/(used in) financing activities		(3,290)	(308)
Net increase/(decrease) in cash and cash equivalents held		(11,690)	48,427
Cash and cash equivalents at beginning of year		98,686	58,129
Effect of exchange rate changes on cash and cash equivalents		2,137	(7,870)
Cash and cash equivalents at the end of the financial year		89,133	98,686

(1) In FY2019, the Group acquired 100% of TP Apparel LLC and its subsidiary TP Apparel Europe Limited (TeePublic). The final deferred consideration payment of US \$0.7 million (AU \$1.0m) was made in the prior year.

(2) In the prior year the Group provided a limited recourse loan to the CEO to purchase Redbubble Ltd shares on-market. Details of this transaction are disclosed in Note 22(b).

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

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Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2022

1. Basis of preparation

The consolidated financial statements of Redbubble Limited and its controlled entities (the Group) for the year ended 30 June 2022 were authorised for issue by a resolution of the Directors on 17 August 2022. Redbubble Limited (the Company or the parent), the owner of global online marketplaces for independent artists, 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 the sale and purchase of art and designs on a range of products between independent creatives and consumers. The products are produced and shipped by third party service providers (i.e. product manufacturers, printers and shipping companies) referred to as fulfillers.

These financial statements:

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

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

2. Changes in significant accounting policies

There are no new or amended accounting standards that required Redbubble to change its accounting policies for the 2022 financial year.

3. Revenue from contracts with customers

The Group provides internet-based marketplace platforms and associated services to facilitate the sale of goods from artists to those who want to purchase goods bearing the artists' designs. Artists display and sell art via the Group's websites. The Group aggregates demand from the buyers to support preferential relationships between third party suppliers, fulfillers and drop shippers and the artists, using the Group's platforms.

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 is included in revenue with the corresponding artists' margin being recognised in operating expenses.

The Group has concluded 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, taxes and transaction fraud.

Critical accounting estimates and judgements

All of the unearned revenue balance as at 30 June 2021 was recognised as revenue during the FY2022 year. All of the unearned revenue balance at 30 June 2022 is expected to be recognised as revenue within the following month. 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 shipping partners.

For information regarding disaggregated revenue from contracts with customers refer to note 24.

4. Employee and contractor costs

	2022 \$'000	2021 \$'000
Salary costs	51,517	41,880
Contractor costs	15,461	13,219
Share-based payments expense	6,887	6,705
Superannuation and other pension related costs ⁽¹⁾	3,312	2,730
Total employee and contractor costs	77,177	64,534

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

5. Marketing expenses

	2022 \$'000	2021 \$'000
Paid marketing ⁽¹⁾	76,432	71,208
Other marketing expenses	3,982	1,972
Total marketing expenses	80,414	73,180

(1) Paid marketing represents search and social paid marketing costs, paid on a per click basis.

6. Operations, administration and technology expenses

	2022 \$'000	2021 \$'000
Technology infrastructure and software costs	22,610	19,060
Other operations and administration expenses	13,458	9,887
Total operations, administration and technology expenses	36,068	28,947

7. 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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2022

7. Income tax continued

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 \$123.4 million (2021: \$92.4 million) of unrecognised losses and \$10.6 million (2021: \$9.6 million) of unrecognised R&D tax offsets. An unrecognised deferred tax asset of \$47.7 million exists as at 30 June 2022 (2021: \$37.3 million), in relation to these items. These losses will be recognised at a future point in time when sustainable taxable income can be reliably estimated.

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

	2022 \$'000	2021 \$'000
Recorded in the Statement of Comprehensive Income		
Current tax		
Current tax expense/(benefit)	605	9,902
Under/(over) provision in prior years	191	(24)
Deferred tax		
Deferred tax expense/(benefit)	1,479	(2,076)
Under/(over) provision in prior years	40	54
Total income tax expense/(benefit) recorded in the Statement of Comprehensive Income	2,315	7,856

(b) Current tax assets/(liabilities)

	2022 \$'000	2021 \$'000
The current tax asset is comprised of the following		
Current tax expense recorded in the Statement of Comprehensive Income	(605)	(9,902)
Tax benefit recorded in equity ⁽¹⁾	2,153	9,900
Tax instalments made and refunds due for prior years	678	1,272
Total current tax asset	2,226	1,270

(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

	2022 \$'000	2021 \$'000
Profit/(loss) from ordinary activities before income tax expense/(benefit)	(22,273)	39,103
Income tax calculated @ 30%	(6,682)	11,730
<i>Tax effect of amounts that are not deductible/(taxable) in calculating income tax:</i>		
Tax effect of foreign jurisdictions' different tax rates	210	(270)
US income tax benefit due to exercise/disposition of employee stock options	(375)	(3,335)
Net Australian income tax benefit from funding the employee share trust	(1,964)	(12,222)
Tax effect of share based payment deduction recognised in equity	2,153	9,900
Research and development	(120)	(99)
Other non-deductible/non-assessable items	(1,426)	(647)
Effect of movements in foreign exchange	67	(352)
Under/(Over) provision in prior year	231	30
Unrecognised tax losses and R&D tax offsets	10,221	3,121
Income tax expense/(benefit) attributable to loss from ordinary activities	2,315	7,856

(d) Deferred tax asset/(liability)

The balance comprises temporary differences attributable to:

	2022 \$'000	2021 \$'000
Amounts recognised in profit or loss:		
Employee benefits	501	1,039
Property, plant, equipment	(200)	(249)
Lease assets and liabilities	286	332
Unrealised FX	3,331	1,203
Intangible assets	(3,205)	(2,142)
US Carried Forward Tax Losses	848	2,781
Other items	(160)	(247)
Net deferred tax (liability)/assets	1,401	2,717
Movements:		
Opening balance at 1 July	2,717	617
Credited/(debited) to the consolidated statement of comprehensive income	(1,519)	2,022
Exchange differences	203	78
Closing balance at 30 June	1,401	2,717

(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 2022

8. 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:

	2022 \$'000	2021 \$'000
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	(24,588)	31,247

Weighted average number of shares used as the denominator

	2022 Number ⁽¹⁾	2021 Number
Weighted average number of shares used as denominator in calculating basic earnings per share	274,393,330	270,031,293
Adjustments for calculation of diluted earnings per shares:		
Add: Options	–	4,269,483
Add: Restricted stock units	–	1,156,139
Add: Share appreciation rights	–	1,652,778
Weighted average number of shares used as denominator in calculating diluted earnings per share	274,393,330	277,109,693

(1) In FY2022, 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.

9. Cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash at bank and on hand	89,133	98,686
Total cash and cash equivalents	89,133	98,686

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

	Notes	2022 \$'000	2021 \$'000
Profit/(Loss) for the year		(24,588)	31,247
Non-cash items			
(Recognition)/de-recognition of net deferred tax asset	7(d)	1,519	(2,022)
Depreciation and amortisation		10,676	13,331
Amortisation of share-based payments		6,887	6,705
Net exchange differences		(3,736)	9,255
Net loss on the disposal/write off of property, plant and equipment and intangible assets		66	241
Income tax benefit recognised directly in equity for Employee Share Trust deductions		2,153	9,900
Other		-	(129)
Change in operating assets and liabilities			
Net decrease/(increase) in trade and other receivables, prepayments and other assets		(911)	3,245
Net (decrease) in current tax liabilities		(956)	(238)
Net increase/(decrease) in trade and other payables, employee benefit and other liabilities and provisions		10,897	190
Net increase/(decrease) in unearned revenue		788	(16,620)
Net cash provided by operating activities		2,795	55,105

(b) Changes in liabilities arising from financing activities

	Notes	2022 \$'000	2021 \$'000
Lease liabilities			
Opening balance at 1 July		6,002	9,763
Cash flows from principal repayments	14	(3,473)	(3,919)
New leases	14	6,675	826
Interest expense incurred over rent free period		40	-
Foreign exchange movement	14	381	(668)
Closing balance 30 June		9,625	6,002

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2022

10. 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 internal legal counsel and the Finance function.

Financial assets	Notes	2022 \$'000	2021 \$'000
Cash and cash equivalents	9	89,133	98,686
Other receivables	10(b)	5,314	4,602
Security bonds	11	1,027	1,685
Total financial assets		95,474	104,973

Financial liabilities	Notes	2022 \$'000	2021 \$'000
Fulfiller payables	15	24,203	22,500
Artist payables	15	15,928	12,673
Staff payables	15	4,238	1,602
Other payables	15	11,498	6,810
Lease liabilities	14	9,625	6,002
Total financial liabilities		65,492	49,587

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 14 for more information on lease liabilities.

(a) Market risk

Foreign exchange risk

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

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

Net exposure (asset/(liability)) (expressed in \$AUD)	GBP \$'000	USD \$'000	EUR \$'000	CAD \$'000	Total \$'000
30 June 2022	15,794	11,036	16,613	5,103	48,546
30 June 2021	3,924	35,964	4,361	2,809	47,058

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

	2022 \$'000	2021 \$'000
Net foreign exchange loss included in other expenses	(626)	(3,092)
Total net foreign exchange losses recognised in profit/(loss) before income tax for the year	(626)	(3,092)

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 \$'000	USD \$'000	EUR \$'000	CAD \$'000	Total \$'000
30 June 2022	+ 10%	1,579	1,104	1,661	510	4,855
	- 10%	(1,579)	(1,104)	(1,661)	(510)	(4,855)
30 June 2021	+ 10%	392	3,596	436	281	4,706
	- 10%	(392)	(3,596)	(436)	(281)	(4,706)

(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.

Cash and bank balances/other financial assets

As at 30 June 2022, the Group holds \$14.2 million (2021: \$1.3 million) in bank deposits and other assets, that attract interest at normal rates.

The Group's bank accounts are predominantly non-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 2022 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.

	2022 \$'000	2021 \$'000
Receivables from payment service providers	1,824	1,526
Other receivables	3,490	3,076
Total other receivables⁽¹⁾	5,314	4,602

(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% (2021: less than 0.1%) of marketplace revenue.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2022

10. 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.

Financial arrangements

The Group had no borrowing facilities at the end of reporting period nor at the end of the prior reporting period.

Maturities of financial liabilities

Financial liabilities owed by the Group at 30 June 2022 are \$65.9 million (2021: \$50 million). 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 2022	Trade and other payables ⁽¹⁾ \$'000	Lease liabilities \$'000	Total \$'000
1 to 3 months	55,867	908	56,775
3 to 12 months	–	2,528	2,528
1 to 3 years	–	4,918	4,918
> 3 years	–	1,663	1,663
Total	55,867	10,017	65,884

(1) Excludes sales taxes.

Year ended 30 June 2021	Trade and other payables ⁽¹⁾ \$'000	Lease liabilities \$'000	Total \$'000
1 to 3 months	43,585	840	44,425
3 to 12 months	–	1,751	1,751
1 to 3 years	–	3,097	3,097
> 3 years	–	745	745
Total	43,585	6,433	50,018

(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.

11. Other assets

	Current		Non-current	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Consolidated				
Security bonds	350	962	677	723
Goods in transit ⁽¹⁾	4,420	3,731	–	–
Total other assets	4,770	4,693	677	723

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

12. 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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2022

12. Property, plant and equipment continued

	Leasehold improvements \$'000	Furniture and equipment \$'000	Computer equipment \$'000	Total \$'000
Cost				
Balance at 1 July 2021	3,899	797	3,281	7,977
Additions ⁽¹⁾	1,091	317	895	2,303
Disposals	–	–	(56)	(56)
Exchange differences	39	51	156	246
Balance at 30 June 2022	5,029	1,165	4,276	10,470
Balance at 1 July 2020	3,925	786	2,851	7,562
Additions	166	135	560	861
Disposals	–	–	(106)	(106)
Reclassification	–	(81)	81	–
Exchange differences	(192)	(43)	(105)	(340)
Balance at 30 June 2021	3,899	797	3,281	7,977
Accumulated depreciation				
Balance at 1 July 2021	(2,942)	(568)	(2,539)	(6,049)
Charge for the year	(406)	(147)	(541)	(1,094)
Disposals	–	–	17	17
Exchange differences	(144)	(36)	(95)	(275)
Balance at 30 June 2022	(3,492)	(751)	(3,158)	(7,401)
Balance at 1 July 2020	(2,584)	(494)	(2,255)	(5,333)
Charge for the year	(464)	(116)	(415)	(995)
Disposals	–	–	71	71
Reclassification	–	19	(19)	–
Exchange differences	106	23	79	208
Balance at 30 June 2021	(2,942)	(568)	(2,539)	(6,049)
Net book value				
As at 30 June 2022	1,537	414	1,118	3,069
As at 30 June 2021	957	229	742	1,928

(1) Leasehold improvements additions of \$1m mainly relates to a five year lease agreement signed for the new Melbourne office premises.

Critical accounting estimates and judgements

At the end of each reporting period, the Group assesses whether there is any indication that any property, plant & 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 2022 (2021: \$nil).

13. Intangible Assets

Recognition and measurement

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

Amortisation

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

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

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

The Brand name asset is considered to have an indefinite useful life as it is expected to contribute to future economic benefits as the Group continues to sell its 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

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

The Group assesses the recoverability of its goodwill and brand name in the TeePublic CGU annually. Recoverable amounts have been determined based on a value in use calculation using cash flow projections over a 5 year period. Management have considered the potential impacts of trading volatility from COVID-19 in this assessment. The key assumptions in the calculation are as follows:

(a) Growth rate

The business growth rate in year 1 is based on the next financial year's budget. Growth in years 2 to 5 is based upon Management's experience with the historical growth of the business and expectations about future performance. Cash flows beyond the forecast period are projected using a growth rate of 3.3% (2021: 2.5%).

(b) Gross margins

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

(c) Discount rates

The pre-tax discount rate applied to cash flow projections is 10% (2021: 12.5%). Discount rates represent the consideration of the time value of money and the individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances for the CGU and is derived from its weighted average cost of capital (WACC). Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Impairment

The Group performed an impairment test as at 30 June 2022. 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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2022

13. Intangible Assets continued

	Brand name \$'000	Capitalised development costs \$'000	Goodwill \$'000	Total \$'000
Cost				
Balance at 1 July 2021	6,326	54,035	47,352	107,713
Additions	–	9,618	–	9,618
Disposals	–	(236)	–	(236)
Exchange differences	577	–	4,325	4,902
Balance at 30 June 2022	6,903	63,417	51,677	121,997
Balance at 1 July 2020	6,878	48,791	51,489	107,158
Additions	–	5,384	–	5,384
Disposals	–	(140)	–	(140)
Exchange differences	(552)	–	(4,137)	(4,689)
Balance at 30 June 2021	6,326	54,035	47,352	107,713
Accumulated amortisation				
Balance at 1 July 2021	–	(45,227)	–	(45,227)
Charge for the year	–	(6,206)	–	(6,206)
Disposals	–	182	–	182
Exchange differences	–	–	–	–
Balance at 30 June 2022	–	(51,251)	–	(51,251)
Balance at 1 July 2020	–	(35,582)	–	(35,582)
Charge for the year	–	(9,647)	–	(9,647)
Disposals	–	2	–	2
Exchange differences	–	–	–	–
Balance at 30 June 2021	–	(45,227)	–	(45,227)
Net book value				
As at 30 June 2022	6,903	12,166	51,677	70,746
As at 30 June 2021	6,326	8,808	47,352	62,486

No intangible assets have been impaired in the financial year ending 30 June 2022 (2021: \$nil).

14. 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 (2021: 1 to 8 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:

	2022 \$'000	2021 \$'000
Right of use assets		
Balance at 1 July	4,466	6,649
Additions	6,747	953
Depreciation and amortisation expense	(3,376)	(2,689)
Exchange differences	248	(447)
Balance as at 30 June	8,085	4,466
Lease liabilities	2022 \$'000	2021 \$'000
Balance at 1 July	6,002	9,763
Additions	6,675	826
Interest expense	385	320
Lease liability repayment	(3,818)	(4,239)
Exchange differences	381	(668)
Balance as at 30 June	9,625	6,002
Classification of lease liabilities	2022 \$'000	2021 \$'000
Current	3,117	2,280
Non-current	6,508	3,722
Total lease liabilities	9,625	6,002
Amounts recognised in the statement of cashflow	2022 \$'000	2021 \$'000
Operating – payments of interest	(345)	(320)
Operating – payments for short term leases ⁽¹⁾	-	(4)
Financing – payments of principal	(3,473)	(3,919)
Total cash (outflow) relating to leases	(3,818)	(4,243)

(1) Includes leases with a lease term of 12 months or less. This amount is also recognised in operations, administration and technology expenses in the consolidated statement of comprehensive income.

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

	Within five years \$'000	More than five years \$'000	Total \$'000
Extension options not reasonably certain to be exercised	5,945	8,874	14,819

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2022

(b) Group as a lessor

The Group previously sub-let offices in the United States. These subleases had original terms of up to 4 years and all ended in FY2021.

	2022 \$'000	2021 \$'000
Net investment in sublease		
Balance at 1 July	–	994
Additions	–	–
Interest income	–	17
Net investment in sublease receipts	–	(871)
Other	–	(65)
Exchange differences	–	(75)
Balance as at 30 June	–	–

	2022 \$'000	2021 \$'000
Amounts recognised in the statement of cashflow		
Operating – receipt of interest	–	17
Investing – receipt of principal	–	854
Total cash inflow relating to leases	–	871

15. Trade and other payables

	2022 \$'000	2021 \$'000
Fulfiller payables	24,203	22,500
Artist payables	15,928	12,673
Staff payables	4,238	1,602
Sales tax payables	3,752	3,888
Other payables ⁽¹⁾	11,498	6,810
Total trade and other payables	59,619	47,473

(1) Other payables consist of operations, administration and marketing payables.

16. 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Annual leave	2,169	1,912	–	–
Long service leave	274	283	149	268
Total employee benefit liabilities	2,443	2,195	149	268

17. Contributed equity and reserves

(a) Share capital

	Consolidated and parent entity			
	2022 Shares	2021 Shares	2022 \$'000	2021 \$'000
Ordinary shares⁽¹⁾				
Issued and fully paid	275,920,223	273,620,223	162,526	162,552
Total share capital	275,920,223	273,620,223	162,526	162,552

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2022

17. Contributed equity and reserves continued

(b) Movements in ordinary share capital and treasury reserve

Share Capital	Number of shares	\$'000
Balance at 1 July 2020	263,462,966	145,438
Exercise of options	-	8,366
Settlement of restricted stock units (RSUs)	-	-
Transferred from share based payments reserve	-	8,990
Shares issued to Employee Share Trust	10,100,000	44,326
Shares allocated to participants from the Employee Share Trust	-	(41,413)
Other shares issued	57,257	-
Payment of withholding taxes to US tax authorities ⁽¹⁾	-	(3,155)
Balance at 30 June 2021	273,620,223	162,552
Exercise of options	-	1,459
Settlement of restricted stock units (RSUs)	-	-
Transferred from share based payments reserve	-	4,954
Shares issued to Employee Share Trust	2,300,000	10,120
Shares allocated to participants from the Employee Share Trust	-	(15,283)
Payment of withholding taxes to US tax authorities ⁽¹⁾	-	(1,276)
Balance at 30 June 2022	275,920,223	162,526

(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 2020	(3,865,657)	(5,303)
Shares issued to Employee Share Trust and held in Treasury Reserve	(10,100,000)	(44,326)
Shares allocated to participants from the Employee Share Trust and released from treasury reserve	12,783,499	41,413
Income tax benefit for contributions to the Employee Share Trust in excess of the associated cumulative remuneration expense	-	9,900
Transfer of the income tax benefit to accumulated losses for equity rights that were converted to shares in the current period	-	(7,435)
Shares held as security for limited recourse loan ⁽²⁾	(289,161)	(1,600)
Balance at 30 June 2021	(1,471,319)	(7,351)
Shares issued to Employee Share Trust and held in Treasury Reserve	(2,300,000)	(10,120)
Shares allocated to participants from the Employee Share Trust and released from treasury reserve	2,788,239	15,283
Income tax benefit for contributions to the Employee Share Trust in excess of the associated cumulative remuneration expense	-	2,153
Transfer of the income tax benefit to accumulated losses for equity rights that were converted to shares in the current period	-	(3,970)
Balance at 30 June 2022	(983,080)	(4,005)

(2) Represents limited recourse loan provided to the CEO to purchase Redbubble shares on-market. Details of this transaction are disclosed in Note 22(b).

(c) Dividends

No dividends were declared or paid during the year (2021: \$nil). The Group's franking account balance is \$nil (2021: \$nil).

(d) Nature and purpose of reserves

Share based payments reserve

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

Foreign Currency Translation Reserve

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

Treasury reserve

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

18. Interests in subsidiaries

Information about subsidiaries

The consolidated financial statements of the Group include:

Name of entity	Country of incorporation	Principal activities	Equity holding 2022 %	Equity holding 2021 %
Redbubble Incorporated	USA	Provider of global sales, marketing and distribution services in respect of the Redbubble marketplace	100	100
Redbubble UK Limited	UK	Marketing and distribution services in Europe	100	100
Redbubble Europe GmbH	Germany	Marketing and distribution services in Europe	100	100
TP Apparel LLC	USA	Provider of global sales, marketing and distribution services in respect of the TeePublic marketplace	100	100

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2022

19. Parent entity financial information

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

(a) Summary financial information

	2022 \$'000	2021 \$'000
Statement of financial position		
Assets		
Current assets	81,600	98,041
Non-current assets	19,242	10,465
Total assets	100,842	108,506
Liabilities		
Current liabilities	8,875	6,122
Non-current liabilities	4,142	364
Total liabilities	13,017	6,486
Equity		
Contributed equity	162,533	162,559
Share based payment reserve	13,347	11,414
Treasury reserve	(4,005)	(7,351)
Accumulated losses	(84,050)	(64,602)
Total equity	87,825	102,020
Profit/(loss) and other comprehensive income		
Profit/(loss) for the year	(23,173)	23,301
Total comprehensive profit/(loss)	(23,173)	23,301

(b) Commitments

The parent entity does not have any capital commitments as at 30 June 2022 (2021: In FY2021 the parent entity signed a lease agreement for the new Melbourne office premises that had not yet commenced as at 30 June 2021. The future undiscounted lease payments for the lease contract were \$0.9m within one year and \$5.4m within five years. At 30 June 2021, the parent entity also had capital commitments of \$3.4m relating to fit-out works for the new Melbourne office. These commitments were not recognised as liabilities as the relevant asset had not yet been received. The lease commenced in FY22 and therefore there are no commitments for lease contracts that have not yet commenced. The Group was also due to receive a \$2.3m lease incentive for the fit-out works which it received in FY2022. There are no outstanding obligations.)

(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 2022 (2021: \$0.9m).

(d) Contingent liabilities of the parent entity

Although the Group is strictly a service provider that does not sell or manufacture the products sold on the Redbubble and TeePublic marketplaces, it periodically receives notices alleging infringement of third party copyright, trade marks, other intellectual property rights or publicity rights via the marketplaces or for breach of consumer protection laws. This is not uncommon for marketplaces that host user generated content, nor is it uncommon within the USA business environment where the majority of such claims arise. As at the date of these financial statements there are current lawsuits filed against the Company that relate to alleged intellectual property infringement and / or breach of consumer laws. There is no certainty around the amount or timing of any outflow (or inflow from insurance recoveries) should any of the actions ultimately be successful (at first instance or on appeal, as applicable). The Company does not consider that any of the current actions are likely to have a material adverse effect on the business or financial position of the Company.

20. Commitments and contingencies

(a) Commitments

Other than the commitments mentioned in note 19(b), the Group had no other commitments as at 30 June 2022 (2021: Other than the commitments mentioned in note 19(b), the Group had no other commitments as at 30 June 2021).

(b) Contingent liabilities/assets of the Group

Legal claim contingencies

Although the Group is strictly a service provider that does not sell or manufacture the products sold on the Redbubble and TeePublic marketplaces, it periodically receives notices alleging infringement of third party copyright, trade marks, other intellectual property rights or publicity rights via the marketplaces or for breach of consumer protection laws. This is not uncommon for marketplaces that host user generated content, nor is it uncommon within the USA business environment where the majority of such claims arise. As at the date of these financial statements there are current lawsuits filed against the Company that relate to alleged intellectual property infringement and / or breach of consumer laws. There is no certainty around the amount or timing of any outflow (or inflow from insurance recoveries) should any of the actions ultimately be successful (at first instance or on appeal, as applicable). The Company does not consider that any of the current actions are likely to have a material adverse effect on the business or financial position of the Company.

(c) Guarantees

Other than the bank guarantees mentioned in note 19(c), the Group has also obtained a bank guarantee of \$0.25m as security for office premises in the USA (2021: \$nil). No liability is expected to arise.

21. Share-based payments

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

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

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

Critical accounting estimates and judgements

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

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

Options over ordinary shares

Redbubble Equity Incentive Plan for Australian and German employees

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

The options are subject to service conditions and have a predetermined time-based vesting schedule. The grantees of options under this Plan may exercise vested options at any time before the earlier of:

- (a) a specified expiry date (generally 6 years from the grant date); and
- (b) 90 days after ceasing to be an employee or contractor for the Group.

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

2014 Option Plan

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2022

21. Share-based payments continued

Limited recourse loans for the purchase of shares

The granting of limited recourse loans to purchase Redbubble shares is considered to be an in-substance option grant in accordance with AASB 2 *Share Based Payment*. An option pricing model is used to determine the fair value of the in-substance option and expensed in the financial statements over the service period. In the prior year a limited recourse loan was provided to the Chief Executive Officer (CEO). The 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. Please see Note 22(b) for more information.

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 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:

	2022 Number	2022 WAEP (\$) ⁽¹⁾	2021 Number	2021 WAEP (\$) ⁽¹⁾
Options over ordinary shares				
Outstanding at 1 July	6,771,996	0.90	18,510,058	0.85
Granted during the year ⁽²⁾	1,004,450	–	867,545	–
Exercised during the year	(2,161,917)	0.67	(10,405,267)	0.80
Forfeited during the year	(1,126,450)	0.79	(2,188,371)	0.64
Expired during the year	(682,571)	1.54	(11,969)	0.93
Outstanding at 30 June	3,805,508	0.70	6,771,996	0.90
Exercisable at 30 June	2,631,587	0.94	3,401,054	0.87
Restricted stock units				
Outstanding at 1 July	1,465,053	–	2,200,400	–
Granted during the year	1,266,984	–	942,592	–
Settled during the year	(868,480)	–	(1,344,372)	–
Forfeited during the year	(459,644)	–	(333,567)	–
Outstanding at 30 June	1,403,913	–	1,465,053	–
Share appreciation rights (SARs) ⁽³⁾				
Outstanding at 1 July	4,523,698	–	7,276,161	–
Granted during the year	1,490,626	–	985,378	–
Exercised during the year	(127,662)	–	(2,215,514)	–
Forfeited during the year	(178,246)	–	(1,522,327)	–
Expired during the year	(50,000)	–	–	–
Outstanding at 30 June	5,658,416	–	4,523,698	–
Exercisable at 30 June	1,805,452	–	1,983,114	–

(1) WAEP stands for Weighted Average Exercise Price.

(2) 1,004,450 options granted during the year have a zero exercise price (2021: 867,545). 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.

(b) Modifications to the awards

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

	2022 Number	2021 Number
Accelerated vesting of unvested options/RSUs/SARs over ordinary shares upon cessation of employment	310,147	459,214
Total	310,147	459,214

(c) Additional disclosures

Weighted average fair value of	2022 \$	2021 \$
Share price at the date of exercise of options/settlement of restricted stock units during the year	3.49	4.23
Share options granted during the year	3.83	4.27
Share appreciation rights granted during the year	2.21	2.21
Restricted stock units granted during the year	3.54	4.34

Weighted average remaining contractual life of	2022 (years)	2021 (years)
Share options outstanding at the end of the year	5.82	7.07

Inputs to pricing models for options and SARs granted during the year (weighted average)	2022	2021
Expected volatility (%) ⁽¹⁾	70.91	69.94
Risk-free interest rate (%)	1.30	0.67
Expected life (years)	4.47	4.72
Expected dividend yield (%)	–	–
Fair market value of share price (\$) ⁽²⁾	3.95	4.32

(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 (2021: \$nil to \$1.62).

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

22. Related party transactions

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

	2022 \$	2021 \$
Short-term employee benefits	1,804,449	1,759,054
Post-employment benefits	107,440	105,186
Share-based employee benefits	1,455,526	761,591
Other long-term benefits	5,154	2,139
Total transactions with key management personnel	3,372,569	2,627,970

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2022

22. Related party transactions continued

(b) Transactions with key management personnel

2022

There were no related party transactions in the current year.

2021

Limited recourse loan

On 10 February 2021, Redbubble Limited and Mr Ilczynski, CEO, entered into a limited recourse loan arrangement with a loan amount of \$1,600,000. Mr Ilczynski used the loan amount plus \$400,000 of his own funds to purchase Redbubble Limited shares on-market in the trading window that followed release of Redbubble's half-year 2021 results and Appendix 4D. This transaction was completed on 4 March 2021, with an average share price of \$5.53. The loan amount plus interest equal to the RBA cash rate plus 3% (compounding annually) is to be repaid 5 years from date of loan, or on cessation of employment if earlier. The purchased shares are subject to dealing restrictions, including a prohibition on granting security interests, which fall away upon the loan being repaid in full. The security for the loan is limited to the shares acquired with the loan amount.

The loan is recognised as an option grant under AASB 2 *Share Based Payment* and as a result this loan is not recognised in the consolidated statement of financial position.

(c) Transactions with related parties

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

23. Remuneration of auditors

	2022 \$	2021 \$
Fees to Ernst & Young (Australia)		
Audit fees:		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	331,791	285,890
Fees for other services:		
Assistance in developing the Group's ESG strategy	197,944	30,370
Taxation services	68,150	43,630
Remuneration of Ernst & Young	597,885	359,890
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for other services:		
Taxation services	21,505	-
Remuneration of other overseas member firms of Ernst & Young Australia	21,505	-
Total auditor's remuneration	619,390	359,890

24. Segment information

AASB 8 *Operating Segments* allows for the aggregation of operating segments where they exhibit similar economic characteristics.

The Group considers the Redbubble and TeePublic marketplaces to have similar economic characteristics and therefore have been aggregated to form a single reportable operating segment.

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

	2022		2021	
	Revenue \$'000	Non-current assets ⁽¹⁾ \$'000	Revenue \$'000	Non-current assets ⁽¹⁾ \$'000
Australia	38,202	16,601	37,715	7,939
United States	396,856	64,828	443,682	60,475
United Kingdom	56,013	–	73,476	–
Rest of the world	82,322	471	102,450	466
Total	573,393	81,900	657,323	68,880

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

25. Events occurring after the balance sheet date

The financial report was authorised for issue on 17 August 2022 by the Board of Directors.

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

26. Other significant accounting policies

(a) Principles of consolidation

Subsidiaries are all entities over which the Group has control. Control is established when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which the Group gains control. They would be deconsolidated from the date that control ceases. A list of the subsidiaries is provided in note 18 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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2022

26. Other significant accounting policies 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) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(g) 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.

(h) 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.

(i) 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.

(j) Accounting standards issued but not yet effective

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

Directors' Declaration

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

- (a) the financial statements and notes, as set out on pages 58 to 89 are in accordance with the *Corporations Act 2001* including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that Redbubble Limited will be able to pay its debts as and when they become due and payable.

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

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



Anne Ward
Board Chair
Melbourne
17 August 2022



Jennifer Macdonald
Audit and Risk Committee Chair
Melbourne
17 August 2022

Independent Auditor's Report



Building a better
working world

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Independent auditor's report to the members of Redbubble Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Redbubble Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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

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

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Independent Auditor's Report continued



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 the goods are transferred to the customer, which is deemed to be when the product is delivered. Due to the volume of online transactions processed on a daily basis, and the arrangement in place with fulfillers whereby fulfillers dispatch goods directly to the Group's customers, the judgement involved in the timing of when revenue is recognised is considered to be a Key Audit Matter.	Our audit procedures included the following: ▶ a combined testing approach, including testing the operating effectiveness of controls and performing substantive procedures over the capture, timing of revenue recognition and measurement of revenue transactions; ▶ for a sample of revenue transactions, testing whether the revenue was recorded in the appropriate period and whether management's estimate of sale transactions not delivered to the customer at 30 June 2022 were appropriately included as unearned revenue and Goods in Transit for items shipped but not yet delivered, as at that date; ▶ testing the assumptions used in management's estimate based on the average delivery days between payment, shipment and delivery; ▶ assessing whether the revenue recognition policy applied to the terms and conditions of sale was in accordance with Australian Accounting Standards; and ▶ considered the adequacy of the revenue recognition policy disclosure contained in Note 3.

Capitalised development

Why significant	How our audit addressed the key audit matter
As disclosed in Note 13 to the consolidated financial statements, the Group capitalises cost related to the development and engineering activities of website and mobile applications as intangible assets. The carrying value of capitalised development as at 30 June 2022 totalled \$12.2m. The accounting for capitalised development 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 development cost assets relative to total assets, the rapid technological and economic change in the industry, and the specific Australian Accounting Standards criteria that have to be met to enable costs incurred to be capitalised.	Our audit procedures included the following: ▶ assessing the eligibility of the development costs for capitalisation as an intangible asset in accordance with Australian Accounting Standards; ▶ selecting a sample of capitalised development costs by project and assessing whether the nature of projects and costs incurred were supported by underlying evidence such as employee time sheets, employee contracts and supplier invoices; ▶ checked the clerical accuracy of the capitalised development cost rollforward; ▶ assessing whether the amortisation rates used are appropriate; ▶ testing for a sample of projects, 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; and ▶ evaluation of the disclosures in Note 13 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 Company's 2022 annual report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

Independent Auditor's Report continued



- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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



Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 40 to 56 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Redbubble Limited for the year ended 30 June 2022, 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 that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that appears to be 'Ashley Butler'.

Ashley Butler
Partner
Melbourne
17 August 2022

Shareholder Information

The shareholder information set out below was applicable as at 14 July 2022 (except as otherwise stated).

A. Top 20 Shareholders

Rank	Name	Number of Ordinary Shares	Issued Capital %
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	37,861,592	13.72
2.	JELICOM PTY LTD	33,643,172	12.20
3.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	32,132,598	11.65
4.	CITICORP NOMINEES PTY LIMITED	23,219,937	8.42
5.	BNP PARIBAS NOMINEES PTY LTD	21,908,881	7.94
6.	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	18,909,810	6.85
7.	NATIONAL NOMINEES LIMITED	13,190,127	4.78
8.	BLACKBIRD FOF PTY LTD	11,361,819	4.12
9.	RADIATA INVESTMENTS PTY LTD	5,564,640	2.02
10.	PITON CAPITAL VENTURE FUND II LP	5,537,291	2.01
11.	CBC CO PTY LIMITED	4,404,907	1.60
12.	BNP PARIBAS NOMS PTY LTD	4,005,111	1.45
13.	BNP PARIBAS NOMS(NZ) LTD	2,594,269	0.94
14.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,277,459	0.83
15.	CAWSEY SUPERANNUATION FUND PTY LTD	2,003,446	0.73
16.	SOLIUM NOMINEES (AUSTRALIA) PTY LTD	1,925,044	0.70
17.	OSBORNE TAS PTY LTD	1,901,968	0.69
18.	DENALI VENTURE PARTNERS FUND 1 LP	1,840,240	0.67
19.	PAUL VANZELLA	1,631,500	0.59
20.	RADIATA SUPER PTY LTD	1,600,568	0.58
Top 20 Holders Total		227,514,379	82.46
Remaining Holders Balance		48,405,844	17.54
Total		275,920,223	100

B. Holding Distribution

Range	Number of Holders	%	Shares	%
100,001 and over	92	1.16	252,799,157	91.62
10,001 to 100,000	450	5.69	12,453,830	4.51
5,001 to 10,000	451	5.70	3,364,848	1.22
1,001 to 5,000	2,216	28.00	5,490,302	1.99
1 to 1,000	4,706	59.46	1,812,086	0.66
Total	7,915	100	275,920,223	100

C. Substantial Holders

Name	Number of Shares	Issued capital %
Mr Martin Hosking	40,000,000	14.49
Osmium Partners	16,762,230	6.1
Southeastern Asset Management	15,024,108	5.45
Mitsubishi UFJ Financial Group, Inc.	13,905,651	5.04

D. Unquoted Equity Securities

The numbers of unquoted equity securities in the Company are as follows:

Type of Equity Security	Number of Holders	Number
Share Options	151	4,000,444
Share Appreciation Rights	15	5,658,416
Performance Rights	97	1,403,913
Total	263	11,062,773

E. Redbubble's American Depositary Receipt (ADR) program

Redbubble ADRs are negotiable certificates issued by BNY Mellon, with one ADR representing ten RBL ordinary shares. They are traded under the symbol RDBBY and are classified as Level 1. They are traded over the counter via brokers.

BNY Mellon is the depository bank for the ADRs and plays a key role in the process of issuance and cancellation of ADRs. For additional questions about ADRs please contact:

BNY Mellon Shareowner Services

P. O. Box 505000
 Louisville, KY 40233-5000
 U.S. Toll Free Telephone: 1-888-BNY-ADRS (1-888-269-2377) Telephone for International
 Callers: 1-201-680-6825
 Website: www.mybnymdr.com
 E-Mail: shrrelations@cpushareownerservices.com

Further information about Redbubble's ADR program can be found on Redbubble's Investor Centre website at: <https://shareholders.redbubble.com/site/investor-information/adr-information>

F. Securities subject to escrow arrangements

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

G. Voting Rights

The voting rights attaching to each class of equity securities are set out below:

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

H. On-market Buy-back

There is no current on-market buy-back of shares.

Glossary of Terms

Active members	unique members who visited either the web or app platform while logged in at least once during the period.
Annual purchase days	frequency of purchase made by customers over a 12 month period.
Bubbler	a Redbubble Group employee.
Constant currency	reflects the underlying growth before translation to Australian dollars for reporting purposes. Redbubble sources about 91% of its Marketplace Revenue in currencies other than Australian dollars. TeePublic sources about 88% of its Marketplace Revenue in US dollars.
Content library	based on indexable content across both Redbubble and TeePublic. To classify as indexable content, the work must be in a published state and available on at least one product, and the artist must be active and payable.
COGS	Cost of Goods Sold
DDA	delivery date adjustment
Existing customers	customers that have purchased already in the 12 months prior; does not account for overlaps between Redbubble and TeePublic.
GPAPA	Gross Profits after Paid Acquisition
Gross Transaction Value (GTV)	Gross Transaction Value less Taxes and Artist Revenue is equal to Marketplace Revenue.
Marketplace Revenue (MPR)	Total Revenue less Artist Revenue (i.e. margin).
Reactivated customers	customers that have purchased before, but not in the previous 12 months; does not account for overlaps between Redbubble and TeePublic.
Repeat purchases	based on repeat Marketplace Revenue earned from purchases made by repeat customers who have previously purchased, regardless of the date of their initial purchase.
Selling artists	currently active artists (i.e. not suspended or deleted) who sold a currently published work during the period; does not account for overlaps between Redbubble and TeePublic.
Unique customers	defined as an unique email address; does not account for overlaps between Redbubble and TeePublic.
Units	every item in an order counts as one (i.e. an order with 2x stickers and 1x t-shirt will count as 3 units).

Corporate Information

Directors

Anne Ward (Chair, Non-Executive Director)
Martin Hosking (Non-Executive Director)
Ben Heap (Non-Executive Director)
Jennifer (Jenny) Macdonald (Non-Executive Director)
Greg Lockwood (Non-Executive Director)

Chief Executive Officer

Michael Ilczynski

Company Secretaries

Corina Davis (US)
Martin Bede (Australia)

Registered Office

Level 12, 697 Collins Street
Docklands VIC 3008
Australia

Share Register

Link Market Services
Tower 4, 727 Collins Street
Melbourne VIC 3008
Australia

Auditors

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000
Australia

Bankers

Citibank, N.A.

Stock Exchange Listing

Redbubble shares are listed in the Australian Securities Exchange (ASX listing code: RBL).

Redbubble has a Level 1 American Depositary Receipt (ADR) facility trading in the Over-The-Counter (OTC) market in the United States and is managed by The Bank of New York Mellon (ADR Code: RDBBY)

Website

Redbubble.com and TeePublic.com

Investor Centre

Shareholders.redbubble.com

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