Appendix 4E

Redbubble Limited

ABN: 11 119 200 592

Year ended 30 June 2020

(Previous corresponding period: Year ended 30 June 2019)

Results for announcement to the market

	Year ended 30 June 2020 $'m	Year ended 30 June 2019 $'m [1]	Movement	Change $'m	Change % [2]
Revenue from ordinary activities	**416.3**	307.0	Up	109.3	35.6%
Loss from ordinary activities after tax attributable to members	**8.8**	27.6	Down	(18.8)	(68.2%)
Net loss for the year attributable to members	**8.8**	27.6	Down	(18.8)	(68.2%)

(1) On 1 July 2019, the Group adopted AASB 16 Leases using the full retrospective method of adoption. Prior year comparatives have been restated to align the accounting treatment across both years.

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

Dividends

Redbubble Limited has not paid and does not propose to pay dividends for the year ended 30 June 2020 (2019: Nil). There are no dividend or distribution reinvestment plans in operation.

Net tangible assets per security

	30 June 2020 cents	30 June 2019 cents
Net tangible assets per security [1]	**(1.8)**	(3.2)

(1) Net tangible assets include right-of-use assets resulting from first year application of AASB 16 Leases.

Other information

Detailed analysis of the results for the year ended 30 June 2020 is contained in the Redbubble ASX release announcing the full year financial results, the review of operations in the Directors' Report accompanying the attached Consolidated Financial Statements.

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in (including a reconciliation between EBITDA and the statutory net profit), and should be read in conjunction with, the Consolidated Financial Statements for the year ended 30 June 2020.

This report is based on the Consolidated Financial Statements for the year ended 30 June 2020 which has been audited by Ernst & Young with the Independent Auditor's Report included in the 2020 Consolidated Financial Statements.

Paul Gordon
Company Secretary
21 August 2020

Contents

Directors' Report

Your Directors present their report on the consolidated entity, consisting of Redbubble Limited (the Company or Redbubble) and the entities it controlled during the financial year ended 30 June 2020 (referred to hereafter as the RB Group or Group).

Directors

The following persons were Directors of the Company during the 2020 financial year and to the date of this Report:

Anne Ward	Chair, Non-executive Director
Martin Hosking	CEO and Managing Director (reappointed effective 18 February 2020 following earlier appointments as Non-executive Director, Executive Director and first appointment as CEO and Managing Director)
Jennifer (Jenny) Macdonald	Non-executive Director
Greg Lockwood	Non-executive Director
Ben Heap	Non-executive Director (appointed effective 20 April 2020)
Richard Cawsey	Former Chair, Non-executive Director (resigned effective 30 March 2020)
Barry Newstead	Former CEO and Managing Director (ended effective 18 February 2020)
Grant Murdoch	Non-executive Director (resigned effective 23 October 2019)

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 creatives 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

FY2020 Financial Performance

The RB Group's FY2020 financial result reflects a positive shift to online retail reporting the following core metrics with year on year (YoY) growth rates[1], where applicable:

- Marketplace Revenue of $349 million, up 36% (29% on a constant currency basis[2]);
- Gross profit of $134 million, up 42% (36% on a constant currency basis);
- Gross Profit After Paid Acquisition costs (GPAPA) of $95 million, up 40% (34% on a constant currency basis);

[1] FY2020 YoY growth rates based on TeePublic contributions from 1 Nov 2018.

[2] "Constant currency basis" reflects the underlying growth before translation to Australian dollars for reporting purposes. Redbubble sources about 94% of its Marketplace Revenue in currencies other than Australian dollars. TeePublic sources about 89% of its Marketplace Revenue in US dollars.

Review of operations (continued)

- Operating EBITDA of $15.3 million, up 141% (123% on a constant currency basis);
- EBITDA of $5.1 million, up 358% (886% on a constant currency basis);
- Free cash inflow of $38 million[3], compared to an outflow of $0.2 million in FY2019[4], resulting from the Group's increasing profitability and working capital advantage; and
- Closing cash balance at 30 June 2020 of $58 million.

Marketplace Revenue growth was evident across both marketplaces, particularly in 4Q. This top line growth has been achieved with strengthening margins, efficiency of paid marketing spend and controlled operating expenses resulting in a record Operating EBITDA profit of $5.1 million.

Gross profits strengthened in the period with the onboarding of additional fulfillment capacity in Europe, Canada and the United States. The strength of the network across 37 fulfillers, 10 countries and 41 locations allowed products to be produced close to consumers, keeping shipping timelines and costs competitive.

The RB Group expanded its paid social channels within the year to include podcast advertising, Twitch, and TikTok, in addition to existing social channels. RB Group's marketing efforts maintained efficiency with FY2020 marketing spend at 11.4% of Marketplace Revenue.

Operating expenses for the period were $79.3m, however, within this cost base is a $2.2m restructure provision as a result of the organisational restructure announced on 25 June 2020. This restructure aligns teams to the strategic activities within the organisation. The design commits the Group to deliver against a smaller set of core activities whilst aggressively pursuing profitable growth.

FY2020 was the first full year of TeePublic's inclusion in the RB Group's Financial Statements. Redbubble made a $7.1m ($4.8m USD) deferred consideration payment in May 2020, as required by the Equity Purchase Agreement. The deferred consideration payment was net of agreed actual and contingent liabilities in respect of the period pre-completion of the transaction.

At year end, the RB Group retained a cash balance of $58m, an increase of $29m ($7.8m in FY19) demonstrating the Group's powerful working capital advantage as aggregate operating and investing cash flows were positive for the first time in FY20.

[3] Aggregate operating and investing cash flows excluding consideration for TeePublic.
[4] The AASB 16 change also increased FY2020 free cash flows by $3.6 million. The FY2019 comparative figures have been adjusted upwards by $2.9 million to apply the same treatment to the prior period.

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

Reconciliation of reported results to non-IFRS [1] numbers	2020 $'m [2]	2019 $'m [2] Restated [3]
Total reported revenue from services	**416.3**	307.0
Less Artists' margin	(67.4)	(50.1)
Marketplace revenue	**348.9**	256.9
Fulfiller expenses	(214.5)	(162.4)
Gross profit	**134.4**	94.5
Gross profit margin on Marketplace revenue	38.5%	36.8%
Paid acquisition costs	(39.8)	(27.1)
Gross Profit After Paid Acquisition costs (GPAPA)	**94.5**	67.5
Cash Operating Expenses		
Employee and contractor costs (excluding share based payments)	(51.5)	(41.7)
Marketing expenses (excluding paid acquisition costs shown above)	(3.5)	(1.5)
Operations and administration costs (excluding TeePublic acquisition costs)	(24.3)	(17.9)
Other operating income and expenses (excluding interest income)	-	-
Other non cash items	-	-
Cash Operating Expenses	**(79.3)**	(61.3)
Operating (Cash) earnings before interest, tax, depreciation and amortisation (Operating EBITDA)	**15.3**	6.3
Share based payments	(8.0)	(5.9)
TeePublic acquisition costs	-	(1.2)
Other expenses	(2.1)	(1.2)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**5.1**	(2.0)
Depreciation and amortisation	(13.7)	(10.4)
Interest expenses	(0.6)	(0.7)
Interest income	0.2	0.3
Total Loss before income tax	**(9.0)**	(12.8)
Income tax benefit/(expense) [4]	0.2	(14.8)
Reported total loss for the year	**(8.8)**	(27.6)

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

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

[3] On 1 July 2019 the Group adopted AASB 16 - Leases using the full retrospective method of adoption. Prior year comparatives have been restated to align the accounting treatment across both periods.

[4] Details of the movement in the income tax (expense)/benefit are found in note 7(b) of the financial statements. The movement is predominantly due to the decision to write off the deferred tax asset during the prior year.

Business Update

Key metrics and highlights[5] for FY2020 include:

- 511k selling artists, up 51% and artist earnings were $67 million, up 35%;
- 6.8 million unique customers, up 30%;
- Repeat sales accounted for 40% of Marketplace Revenue;
- Launch of 16 new products across the Group in FY2020, including face masks in April 2020; and
- Redbubble app sales saw growth of 159% in FY2020 and represented 12.6% of Redbubble Marketplace Revenue in FY20.

COVID-19

The RB Group provided COVID-19 updates in April and June 2020 updating investors of the impact of COVID-19 on trading activity. The initial impact of the global pandemic saw increased volatility in sales and a reduction of demand. However, post this initial decline, the Group has benefited from an acceleration in online activity throughout the last quarter of FY20. Increased demand was evident across both marketplaces, all core geographies and product categories.

The Group's early release of adult masks has led to strong sales performance of 741,000 masks shipped in the period, recognition of $12.1million of marketplace revenue (on a shipped basis) and $1.4 million of artist earnings generated. Home decor and wall art categories were strong contributors to the Group's performance. 400,000 masks were donated to Heart to Heart International and Direct Relief to support communities most in need.

The financial impact of the increased consumer demand has led to high balances of cash in accordance with the Group's working capital advantage. Additionally, FY20 has a larger unearned revenue balance reflecting the demand and time taken to produce and deliver goods to consumers. The increased time to deliver goods has been well managed with customer communications and the Group NPS scores remain strong.

The impact for the Group's community of artists has been overwhelmingly positive as evidenced by record numbers of artists joining the marketplaces and artworks uploaded that translated into record numbers of products sold by artists and payments made to them in 4Q FY20.

The RB Group did not receive any Government benefits across the jurisdictions in which the Group operates.

The RB Group quickly adapted to external health and safety information and transitioned the workforce across our operations of New York, San Francisco, Melbourne and Berlin to a full time remote basis from March 10th. The agility of the team, supported by secure cloud based technology has supported a decentralised working model without losing productivity. Redbubble's teams remained working remotely through until June 30th and are not expected to return to the office until early in 2021.

[5] Sourced from RB Group internal data

A range of initiatives have been provided to support the wellbeing of all employees including use of company assets like monitors, allowances for the provision of an ergonomic work from home set up, allowances for home internet costs, the provision of mindfulness activities, the official Employee Assistance Program with trained health professionals as well as remote working wellbeing resource packs.

The COVID-19 pandemic adds inherent uncertainty into global economic conditions, and as such, the RB Group continues to monitor online sales, trends and the fulfillment networks capacity.

Financial implications of COVID-19 are identified in the financial statements, specifically:

- in confirming the going concern basis of preparation of accounts; and
- in assessing the carrying value of intangible assets.

In October 2019, the RB Group established an American Depository Receipts (ADR) program with the symbol RDBBY. The program complements the Australian Stock Exchange listing, facilitating existing shares to be issued as ADRs to US and international investors.

Strategy

The RB Group sells merchandise decorated from a unique collection of 35 million works by independent artists. By leveraging printing technology allowing economic single prints on many types of products, supported by worldwide fulfillment, the RB Group is able to offer amongst the largest catalogue of any ecommerce business while holding no inventory. As the leading business of this kind, the Group's objective is to expand its market while extending its leadership position, and through this, to bring more creativity into the world.

A confluence of factors including a change of leadership and review, sharing of best practice between TeePublic and Redbubble, the environmental shocks of COVID-19 and an increasing profit orientation has led the company to refine strategy by focusing on a narrower set of core growth activities:

- Artist acquisition, activation and retention;
- User acquisition and transaction optimisation;
- Customer understanding, loyalty and brand building; and
- Further physical product and fulfilment network expansion.

In so doing, the RB Group has been able to restructure to align resources around fewer priorities while supporting the cost discipline required to drive profitability. At the same time, the clarity of a narrower focus on the basic drivers of the RB Group flywheel has been designed to sharpen execution within the business.

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 2020 financial year.

Significant events after end of the 2020 financial year

In the Directors' opinion, there have been no matters or circumstances arising since the end of the 2020 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 2020 financial year.

Corporate Sustainability Statement

RB Group takes its corporate social responsibilities seriously and recognises that social, environmental and ethical conduct has an impact on RB Group's reputation and the broader community.

Redbubble's Board is committed to creating enduring value for shareholders and other stakeholders. This is achieved through:

- Implementing sound corporate governance practices;
- Operating in a responsible manner towards employees through fair and equitable practices;
- Transparent reporting on operations and activities;
- Monitoring potential risks and applying mitigating policies; and
- Making a positive impact on the community.

Examples of RB Group's contributions to the community are summarised below.

- *'Community Collective'*
  Redbubble's commitment to the power of creativity and belief that a simple idea can help open hearts and minds led to the launch of the 'Create Some Good' initiative. The Company funded 5 projects by 6 artists from 4 countries. All with a single goal – to use creativity to make the world a little better.

- *'Create Some Good'*
  Redbubble's Community Collective is an employee-driven initiative with one core purpose: to creatively bring compassion into our local communities. We've partnered with organizations who focus on issues like the environment, cancer, HIV/AIDS, domestic violence, and poverty.

- *Major Global Incidents Policy*
  When a global incident occurs, the Company often sees works emerge on the Redbubble website as artists respond to real life events. In certain scenarios, the Company donates all profits from related works to the

appropriate charity or organization, ensuring the funds will be used in a meaningful and relevant way. Any content created in response to such events must comply with Redbubble's User Agreement and all of Redbubble's usual policies.

- *Mask Donations*
  Redbubble and TeePublic both launched face masks at the end of April to support the Group's artist community and have a positive impact on the world during the COVID-19 global pandemic. In June 2020 RB Group announced plans to donate up to 400,000 face masks to Heart to Heart International and DirectRelief for every face mask sold on Redbubble and TeePublic respectively. Donated masks will be given to health workers responding to coronavirus.

- *Bushfire support*
  Redbubble donated $14,000 donation from bushfire related sales was made to Zoos Victoria Emergency Wildlife Fund to support teams caring for displaced and injured animals. A number of Australian based Redbubble staff contributed by salary sacrificing donations to the same emergency relief fund.

  Redbubble partnered with the Canberra Times, in conjunction with Artist David Pope, to support bushfire relief efforts. Mr Pope created a special series of works aimed at celebrating some of the areas in Australia that were hardest hit by the bushfires. The goal was to promote tourism to these areas and to raise money for bushfire relief charities. The artworks were promoted on Redbubble and Redbubble donated $10,000 to bushfire recovery efforts through the Foundation for Rural and Regional Renewal Public Fund.

- *Gillian Anderson collaboration*
  Due to popular demand of Gillian Anderson's original lips design that she promoted and sold for charitable causes on her Redbubble shop in 2019, Gillian partnered with Redbubble on a mask campaign supporting the 'SayYes' charity, which trains and supports mentors for youth in transition particularly in Africa. In light of the COVID and BLM movements, supporting this cause was particularly important to Gillian. Gillian's limited-time shop was live for just under three months on Redbubble and drove more than $55k AUD in sales. Redbubble donated 10% of total revenue from her shop to SayYes.

Further details about Redbubble's Corporate Sustainability initiatives can be found on Redbubble's Corporate Sustainability page at redbubble.com/social-responsibility/giving-back/community-collective:

Environmental regulations

RB Group is committed to compliance with all applicable environmental legislation. RB Group adopts responsible environmental practices to meet its compliance requirements and operate consistent with its values.
The Directors are not aware of any material breaches of any environmental legislation affecting RB Group's operations.

REDBUBBLE

Ethical Sourcing Policies

As a global marketplace, RB Group places great emphasis on its contribution and impact in the wider community, both socially and environmentally.

Print on Demand

Every product on RB Group's marketplaces is printed on demand (i.e. made one at a time). That means the product does not exist until the customer orders it. Print on demand allows fulfillers to combine multiple items in the same package. That means fulfillers do not need as much shipping material. Less material means less waste.

A Small Footprint

Around 95% of packages delivered via the Redbubble marketplace originate within the same region from which they are ordered. For the TeePublic marketplace that proportion is over 90%. This regional fulfillment ensures that less energy is used in the delivery of packages and leads to a smaller carbon footprint. To offset the shipping emissions from annual package delivery, the Company is partnering with a leading third-party carbon offset organisation. Current examples of conservation initiatives in which the Group is investing include a grasslands conservation project in Oregon, USA and a cookstove replacement program to reduce emissions in India.

Ethical Production

RB Group is committed to ethically-sourced apparel. Only independent third-party printers that source high quality garments and value the health and welfare of their staff are permitted to participate in the RB Group marketplaces. All Redbubble's participating third-party printers hold formal social compliance approvals such as Worldwide Responsible Accredited Production (WRAP) or equivalent certifications. The same is true for the majority of TeePublic's participating third-party printers and work continues on obtaining certifications for the remaining manufacturers.

RB Group also requires that all third-party printers participating in the marketplace ensure safe working conditions, minimise environmental impacts, and treat their employees with respect and dignity. Redbubble ensures these requirements are met by requiring printers' adherence to the Fair Labor Association (FLA) Code of Conduct. The same is true for the majority of TeePublic's printers and, as above, the remainder of printers are being brought into compliance with the FLA Code.

The Group works with third-party firms to schedule announced compliance audits of the FLA Code of Conduct. The core purpose is to ensure standards are being met and sustainable management, reporting, and tracking systems have been established. Participants in the Group marketplaces must commit to continual improvement where Code Standards are not met and assure ongoing compliance in a reasonable and timely manner.

California Transparency in Supply Chains Act

RB Group supports the California Transparency in Supply Chains Act, which requires members of the supply chain to certify compliance, agree to audits, undergo Social Responsibility training and remain accountable for their actions.

Australian Modern Slavery Act 2018 requirements

The Modern Slavery Act 2018 (Cth) commenced on 1 January 2019. Redbubble is subject to the new statutory modern slavery reporting requirements and, in addition to the activities and processes described above, the Company is reviewing supply chain operations ahead of its with the first mandatory compliance report due in March 2021.

Governance and risk

RB Group is committed to strong and effective governance and risk management frameworks. These frameworks are described in Redbubble's Corporate Governance Statement - available in the Corporate Governance section of the Redbubble's Investor Centre at: shareholders.redbubble.com

RB Group manages its risks in an integrated, consistent and practical manner. The overall objective of risk management is to assist the Group to achieve its objectives by appropriately considering both threats and opportunities, and making informed decisions. Redbubble's Audit and Risk Committee oversees the process for identification and management of risk, as described in the Corporate Governance Statement. The Company Secretaries are responsible for reporting to the Audit and Risk Committee and the Board in relation to the management of RB Group's significant risks.

The Group's risk management framework, responsibilities and accountabilities are aligned with its business model. The risk management policy and risk appetite is provided in the Corporate Governance Statement. The key organisational controls within the risk management framework help to shape the strategies, capabilities and culture of the Group, identify and address vulnerabilities, strengthen the system of internal controls and build a more resilient organisation.

Risk Framework

RB Group seeks to take and manage risk in ways that will generate and protect shareholder value. The management of risk is a continual process and an integral part of the Group's business.

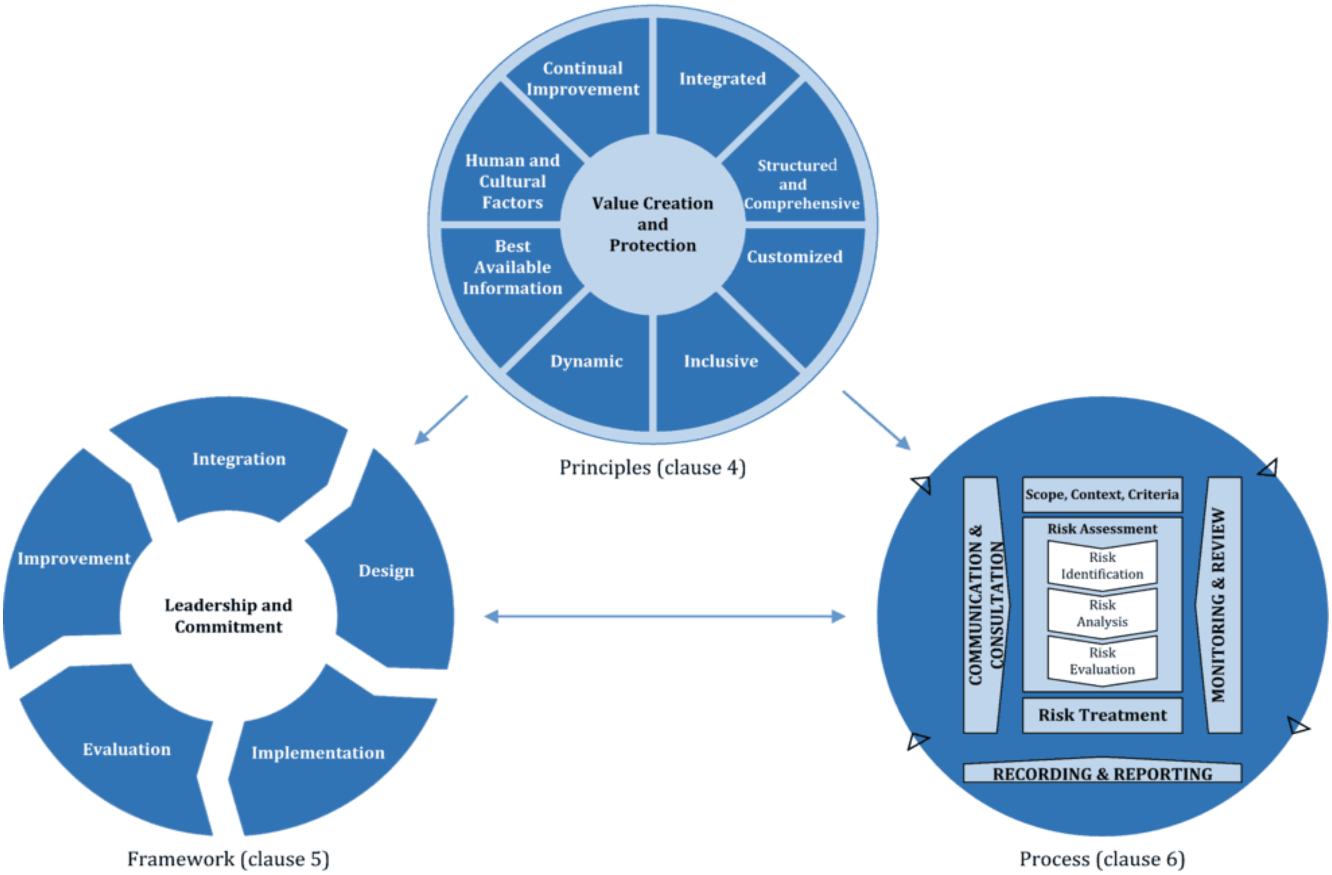
The Group acknowledges that it has an obligation to shareholders, customers, employees, creatives and contractors to implement a risk management framework that reflects its overall risk appetite and tolerances for risk in specific areas.

The Directors believe that this approach contributes to the achievement of the Group's strategic objectives. The Group is committed to ensuring that a consistent and integrated approach to managing risk is established at all levels and is embedded in its processes and culture.

The objective of RB Group's risk appetite is to foster a culture of innovation. RB Group is aware that an overly cautious approach to risk management may have a harmful impact on the achievement of strategic and operational objectives. For this reason, the Board encourages prudent risk taking by RB Group staff that balances the risks of action versus inaction and subject always to applicable RB Group policies.

The Board is ultimately responsible for ensuring risk management processes have been established and are operating effectively. The Audit Risk Committee, through its Charter, is responsible for overseeing RB 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 RB Group.

RB Group has adopted a risk management strategy that aims to identify and minimise the potential for loss while also maximising strategic opportunities for growth and enhanced service delivery and profitability. RB Group's Risk Framework, Principles and Process is consistent with the following model from AS/NZ ISO 31000:2018:



The Risk Framework outlines the responsibilities for risk management at all levels in the organisation. The Board approves a Delegation Register that provides for delegation to management in specific areas and prescribes the limits on such delegations. The Framework also supports these responsibilities by defining a risk reporting structure, expectations and the resources and tools required.

The risk management process outlined in the Framework includes risk assessment methodology with identification, analysis, evaluation and treatment in Redbubble's key risk areas.

Principal risks

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

- *Competitive activity / technological disruption* - To mitigate the impact of this risk RB Group is focussing on ensuring that its marketplaces provide a market leading experience for artists and customers.

- *Google search channel risk* - The RB Group has prioritised search engine optimisation (SEO) work with allocation of internal resources and external consultants, including improvements throughout an improved user and crawler navigation experience generated by changes to website linking structures.

- *Fulfillment network capacity risk* - RB Group has reduced this risk by implementation of a diversification strategy by integration of new fulfillers and improvements to the fulfillment API, systems and tooling, enabling new fulfillers to be onboarded significantly faster.

- *Attracting and retaining top talent in business critical functions* - Redbubble continues to encounter competition for technology talent in Melbourne. This risk has been mitigated with the introduction of the executive compensation plan during FY2020 and compensation adjustments for key talent roles.

- *Technology Security Risk* - As a technology-focused business, managing security, and taking care of consumer and customer 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.

- *Litigation brought against Redbubble for intellectual property infringement* - Litigation risk arises from RB Group's role as an intermediary 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; and building our litigation capabilities.

  This approach has reduced risk, especially in the United States, where Redbubble has secured multiple favorable decisions in 2019 and 2020. Although one of these cases is still pending, and plaintiffs in two other cases have appealed the decisions, they are valuable wins for both RB Group and the independent artists who use its marketplaces. The decisions provide a clear indication from the courts that RB Group's business model and IP enforcement procedures limit exposure to legal claims that assert RB Group is liable for the acts of third-party sellers. RB Group will continue to mitigate risk in this area by further building its capabilities through process and technology improvements.

- *Privacy and Data Protection Compliance Risk* - To minimise the impact of this compliance risk we undertook an extensive compliance framework initiative with the enactment of the European General Data Protection Regulation (GDPR) and California Consumer Privacy Act and implemented appropriate IT security measures; including preventative, detective and responsive capabilities.

- *Macroeconomic Risks* - RB Group is subject to macroeconomic risks affecting consumer demand in relevant retail markets. These risks are largely outside of RB Group's control, and are mitigated by spreading risk and investments across a wide range of countries and investments of varying sizes and value. The Group has benefited from an acceleration in online activity due to the impacts of the COVID-19 pandemic on consumer behaviour. However, the negative macroeconomic effects of the pandemic in RB Group's major territories creates greater uncertainty for the Group in the longer term.

Change in key management personnel during the 2020 financial year and since the end of that financial year

The "Key Management Personnel" for the purposes of the FY2020 Remuneration Report have been determined to be:

- Martin Hosking, Chief Executive Officer from 18 February 2020;
- Barry Newstead - Chief Executive Officer until 18 February 2020; and
- Emma Clark - Chief Financial Officer.

Whilst each of the Executive Team members listed on page 19 are considered key employees, only the individuals above are considered "Key Management Personnel" within the definition in 'AASB 124 - Related Party Disclosures'.

Information on Directors

At the date of this report, the Board comprises four Non-executive Directors and one executive Director, who collectively have a diverse range of skills and experience. The names of Directors and details of their skills, qualifications, experience can be found below on pages 15 to 17 of this Report.

Details of the number of Board and Board Committee meetings held during the year and Directors' attendance at those meetings are shown on page 17 of this report.

Details of the qualifications and experience of the Directors and their directorships of other listed companies held by each current Director in the three years before the end of the 2020 financial year are listed below.

Directors' qualifications and experience

Ms Anne Ward

Independent Non-executive Director and Board Chair
Member of the People and Nomination Committee
Chair of the Disclosure Committee

Anne Ward is a professional company director with extensive experience in business management, strategy, finance, risk and governance across a range of industries including banking, financial services, technology, healthcare, education, property and tourism. In addition to chairing Redbubble, Anne is independent Chairman of Colonial First State Investments Ltd, a member of the Council at RMIT University, a Director of the Foundation for Imaging Research, and a Governor of the Howard Florey Neuroscience Institutes. 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. She holds a Bachelor of Laws and a Bachelor of Arts from the University of Melbourne, is admitted as a barrister and solicitor in the Supreme Court of Victoria and is a Fellow of the Australian Institute of Company Directors.

Anne has held the following listed company directorships in the 3 years to 30 June 2020:

- MYOB Group Ltd (from March 2015 to May 2019)

Mr Martin Hosking

CEO and Managing Director
Member of the Disclosure Committee

Martin Hosking is a co-founder of Redbubble. He first became the CEO and Managing Director in July 2010. Martin resigned as CEO and Managing Director and became an Executive Director on 1 August 2018 and Non-executive Director on 1 October 2018. Martin was appointed CEO and Managing Director on 18 February 2020 following Barry Newstead's departure. Martin has spent over 20 years scaling Australian technology companies. Previously, Martin was the chair of Aconex, a SaaS provider to construction firms, and Southern Innovation, a digital pulse processing solution. He was instrumental in the development and subsequent listing on the NASDAQ of search company, LookSmart. Martin started his career as a diplomat with the Australian Department of Foreign Affairs and Trade before joining McKinsey & Company, serving clients focusing on emerging technologies. Martin 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.

Martin has not held any other listed company directorships in the 3 years to 30 June 2020.

Ms Jenny Macdonald
Independent Non-executive Director
Chair of the Audit and Risk Committee
Member of the People and Nomination Committee
Member of the Disclosure Committee

Jenny Macdonald is a professional company director, currently serving on the board and is Remuneration Chair and an audit committee member of ASX-listed Australian Pharmaceuticals Ltd (ASX: API), the parent company of Priceline Pharmacy, Soul Pattinson Chemist and Pharmacist Advice, and serves as the Audit Chair for Bapcor Ltd (ASX:BAP). Jenny was appointed a Non-Executive Director and Audit and Risk Chair of Property Guru Pte Ltd, operator of Singapore's marketing leading property portal propertyguru.com.sg, effective 10 September 2019. Jenny previously held Non-Executive Director role at Redflow Ltd (ASX: RFX) a producer of innovative energy storage flow batteries. She also has extensive experience working for ASX-listed and global companies at the CFO and general management level, including as CFO and interim CEO at Helloworld Limited, and CFO and General Manager International with REA Group. Jenny holds a Masters of Entrepreneurship and Innovation: Swinburne University (Victoria), a Graduate Diploma from the Securities Institute of Australia 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.

Jenny has held the following listed company directorships in the 3 years to 30 June 2020:

- Australian Pharmaceuticals Ltd (from 9 November 2017 to present)
- Bapcor Ltd (from 1 September 2018 to present)
- Redflow Ltd (from 22 December 2017 to 30 September 2019)

Mr Greg Lockwood
Independent Non-executive Director
Member of the Audit and Risk Committee
Member of the Disclosure Committee

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

Greg has not held any other listed company directorships in the 3 years to 30 June 2020.

Mr Ben Heap

Independent Non-executive Director
Chair of the People and Nomination Committee
Member of the Audit and Risk Committee

Ben Heap is a professional company director with a portfolio of public, private, government and non-for profit roles. In addition to Redbubble, Ben is currently serving as a non-executive director of ASX100 company The Star Entertainment Group Limited (ASX:SGR). He is also a founding partner and chairman of H2 Ventures, a venture capital investment firm, and a member of the Commonwealth Government's Fintech Advisory Group. Ben was previously CEO of UBS Global Asset Management in Sydney and a managing director with UBS in New York. Ben has extensive experience in a range of sectors including asset management, digital & technology transformation, fintech & data science innovation and venture capital investment. He has a bachelor's degrees in science (Mathematics) and Commerce (Finance) from the University of NSW and is a graduate of the Australian Institute of Company Directors (GAICD).

Ben has held the following listed company directorships in the 3 years to 30 June 2020:

- The Star Entertainment Group Limited (from 23 May 2018 to present)

Board and Committee Meetings - attendance during FY2020:

	Board		Audit and Risk Committee		People and Nomination Committee	
	Held whilst in office	Attended whilst in office	Held whilst a Committee member	Attended whilst in office	Held whilst a Committee member	Attended whilst in office
Anne Ward	21	20	-	-	6	6
Martin Hosking	21	21	-	-	3	3
Greg Lockwood	21	21	5	5	-	-
Jenny Macdonald	21	21	7	7	6	6
Ben Heap	6	6	2	2	2	2
Richard Cawsey	13	13	5	5	1	1
Barry Newstead	9	8	-	-	-	-
Grant Murdoch	4	2	2	2	-	-

Directors' interests in shares and options

Name	Shareholdings	Options outstanding
Anne Ward	200,000	50,714
Martin Hosking	50,500,090	50,714
Ben Heap	-	-
Greg Lockwood	6,465,131	-
Jenny Macdonald	88,539	47,509
Total interests	**57,253,760**	**148,937**

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.

Anne Ward and Ben Heap are seeking re-election at the 2020 AGM. Martin Hosking, who is Managing Director and Chief Executive Officer, is not required to be re-elected while he holds the position of Managing Director.

Company Secretaries

RB Group's Company Secretaries are Ms Corina Davis (based in the US) and Mr Paul Gordon (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. In 2017 Corina also assumed responsibility for Redbubble's partnerships and licensing initiatives. Corina has a wide range of cross-functional experience with particular expertise in copyright and trademark law, litigation, compliance and risk management. Before joining Redbubble, Corina practiced law in Los Angeles and New York City at Milstein Adelman, McCurdy & Fuller and Mendes & Mount. Corina is an active member of the Women's General Counsel Network and the San Francisco General Counsel Group. Corina is a board member of the Australian Digital Alliance, Australia's peak body representing copyright users and innovators in digital. Corina holds a Bachelor of Arts degree from the University of Michigan, Ann Arbor and a Juris Doctor degree from the University of San Diego School of Law, California.

Mr Paul Gordon, Company Secretary (Australia)

Paul Gordon is Principal of Gordon & Co Legal and provides company secretarial services to RB Group as an independent consultant. Paul was previously in-house counsel and company secretary for the Group. Before joining Redbubble in 2015, Paul was the General Counsel for ASX-listed REA Group and prior to that, Paul was a Senior Associate at Nabarro LLP (UK) and also practiced at Hogan Lovells (UK) and Chapman Tripp (NZ). Paul holds a Bachelor of Laws (Hons) and Master of Commerce from the University of Canterbury NZ and a Certificate in Governance Practice from the Governance Institute of Australia.

Executive Team

The Executive Team members are:

- Mr Martin Hosking, Chief Executive Officer and Managing Director
- Ms Emma Clark, Chief Financial Officer
- Mr Daniel Vydra, Chief Technology Officer
- Ms Corina Davis, Executive Vice President, Business Development, Chief Legal Officer and Company Secretary
- Ms Vanessa Freeman, Chief People and Culture Officer
- Mr Arnaud Deshais, Chief Supply Chain Officer
- Dr Brett Watson, Chief Commercial Officer
- Ms Rebecca Zarate, Chief Marketing Officer
- Mr Georg Friedrich, Vice President - Engineering
- Mr Adam Schwartz, CEO – TeePublic

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 the 2020 financial year.

Name	Number of options / restricted stock units granted	Number of ordinary shares granted under options / restricted stock units	Number of share appreciation rights granted
Anne Ward	27,798	27,798	-
Martin Hosking	23,910	23,910	-
Richard Cawsey	47,820	47,820	-
Ben Heap	-	-	-
Greg Lockwood	-	-	-
Jenny Macdonald	27,798	27,798	-
Grant Murdoch	-	-	-
Barry Newstead	232,937 [1]	232,937 [1]	1,424,755 [1]
Joseph Burns	-	-	-
Emma Clark	233,097	233,097	1,069,298
Corina Davis	140,546	140,546	338,405
Arnaud Deshais	131,129	131,129	271,464
Adam Schwartz	625,561	625,561	-
Total granted	**1,490,596**	**1,490,596**	**3,103,922**

[1] The options and share appreciation rights granted to Mr Newstead during the year lapsed at the conclusion of his employment on 14 August 2020.

There are no options or performance rights granted to this group or since the end of the 2020 financial year to the date of this Report.

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:

	Number outstanding	Last expiry date
Options	14,119,702	24 June 2030
Share appreciation rights (1)	5,851,406	1 August 2025
Restricted Stock Units (2)	2,090,647	
Total awards outstanding	**22,061,755**	

(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 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 2020 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 2020 financial year, to the date of this Report:

	Number	Exercise price paid $
Settlement of vested restricted stock units	65,465	-
Exercise of options	2,841,340	1,773,227
Total	**2,906,805**	**1,773,227**

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 2020 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

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 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 RB 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 RB 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.

Remuneration Report

The Remuneration Report is set out on pages 24 to 49 and forms part of the Directors' Report for the financial year ended 30 June 2020.

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 Company'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 2020 financial year.

Commencing from the 2020 AGM the Company's Audit Partner will be Mr Ashley Butler, Partner at Ernst & Young. Mr Ashley Butler will succeed Ms Kylie Bodenham as she rotates off the RB Group engagement in accordance with independence requirements of Section 324DA of the Corporations Act 2001 and Ernst & Young's policy.

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 Company's External Auditor 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 Company, or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company and its related practices for non-audit services provided throughout the 2020 and 2019 financial years are set out below.

	2020 $	2019 $
Non-audit services		
Taxation services	39,400	18,250
Other services [1]	-	147,715
Total	**39,400**	**165,965**

[1] *Other services for FY2019 include a one-off cost relating to the acquisition of TeePublic of $93k.*

Fees for Audit services

Details of the amounts paid to the auditor for audit services provided throughout the 2020 and 2019 financial years are set out in Note 25 to the Consolidated Financial Statements.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration, as required under section 307C of the Corporations Act, is set out on page 23. The Auditor's Independence Declaration forms part of the Directors' Report.

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

Anne Ward
Chair
21 August 2020

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Building a better
working world

Auditor's Independence Declaration to the Directors of Redbubble Limited

As lead auditor for the audit of the financial report of Redbubble Limited for the financial year ended 30 June 2020, 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; and

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

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

Ernst & Young

Ernst & Young

Kylie Bodenham
Partner
21 August 2020

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 FY2020.

The role of the People 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 mission and purpose, in order to build long-term value for shareholders.

RB Group Executive Compensation Model (RECM)

As shareholders may recall, the Committee last year conducted a comprehensive review of the Group's executive remuneration arrangements and the Board approved a revised model designed to better align with the Group's strategic intent. During FY20 the Company has implemented the RECM and transitioned RB Group executives to the RECM.

The objectives of the RECM are to:

- 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 that encourage a long-term focus; and
- Attract and retain exceptional talent in globally competitive, highly mobile markets.

As described in more detail in this Report, the RECM comprises cash compensation, long-term equity (LTE) with restrictions on disposal and long-term incentives (LTI) with vesting and exercise conditions based on compound annual share price growth.

The Committee is confident that the RECM will provide a strong foundation to attract and retain talent and align them with building long-term value for shareholders.

Key Management Personnel (KMP)

This Report details the remuneration arrangements for the KMP being those persons who have authority and responsibility for planning, directing and controlling the major activities of RB Group, directly or indirectly, including any Director (whether executive or otherwise).

The current KMP of the RB Group are Mr Martin Hosking, our Managing Director and CEO, and Ms Emma Clark, our CFO, together with our Chair, Ms Anne Ward, and our Non-executive Directors, Mr Greg Lockwood, Ms Jenny Macdonald and myself.

During the year, we transitioned the role of the CEO. In February 2020, Barry Newstead ceased to be the Chief Executive Officer of RB Group. Martin Hosking resumed the role of CEO on an interim basis, having retired from this role in 2018. Mr Hosking remains a member of the Board. In addition, we transitioned the role of Chair of the RB Group. In March 2020, Mr Richard Cawsey retired from the Board and Ms Anne Ward was elected as Chair.

Understanding RB Group's Approach to Remuneration

We appreciate that shareholders may have questions on RB Group's remuneration approach and structure and so we have sought to provide a brief summary of some of the more common questions together with our responses:

How has RB Group responded to the COVID-19 health crisis with respect to remuneration?

In response to the COVID-19 health crisis and resulting economic uncertainty, RB Group Non-executive Directors agreed to a 20% reduction in the cash component of their remuneration, effective from 20 April 2020 until 30 June 2020. Mr Hosking (CEO) and Ms Clark (CFO) also agreed to a 20% reduction in the cash component of their remuneration for this period of time.

Why did Redbubble Group revise its executive compensation plan?

RB Group's previous compensation plan was developed prior to Redbubble's IPO in 2016. In 2019 the Committee undertook a review of the plan and concluded that it no longer best served the RB Group or its shareholders. The review had two objectives: to align management to shareholder value creation by focusing on long-term enduring value, and ensuring RB Group is able to attract and retain high quality talent in a globally competitive marketplace. In addition, the Committee sought to simplify and improve the transparency of RB Group's remuneration arrangements and to recognise RB Group's rapidly changing context often requires executives to advance long-term objectives at the expense of short-term gains.

Which executives are covered by the RECM?

The RECM was introduced in FY20 and senior executives are progressively transitioning to this model. It is intended that all senior executives at RB Group will participate in the RECM. Ten senior executives participated in FY2020. TeePublic executives did not participate in the RECM in FY2020 (and are not currently participating) as they remain on acquisition transition agreements.

RB Group also offers an equity program to all employees. Employees receive an equity grant of zero-priced options or restricted-stock options, equivalent to 5% - 20% their base salary, vesting annually over three years.

How does Redbubble Group assess Executives' annual performance?

The Board sets key result areas for the CEO and tracks performance against those objectives. The CEO sets semi-annual performance objectives with each senior executive, in support of company objectives & key results and personal development areas. Performance against these objectives, along with total company performance informs annual compensation reviews for all executives. The performance of all senior executives reporting to the CEO is also discussed with the Committee semi-annually to ensure all leaders are meeting performance expectations in terms of both behaviours and outcomes.

Why did Redbubble Group remove the short-term incentives from the RECM?

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 high growth environment. Under the RECM, the value of LTE and LTI components is fundamentally dependent on share price performance, aligning executives with shareholder interests.

What is the difference between the long-term equity and long-term incentive, which are key components in the RECM?

The long-term equity or LTE is an annual grant of restricted stock units or zero-priced options, with one year vesting and one year disposal restriction period. LTE is intended to be a part of the guaranteed compensation for executives and when included with cash compensation reduces the compensation gap to more established talent competitors. LTE also encourages long-term share ownership by executives. The value of the LTE in the hands of the executive is dependent upon the share price which aligns executive compensation to shareholder outcomes.

The long-term incentive or LTI is an annual grant of share appreciation rights with specific vesting conditions based on time and achievement of minimum business health metrics, and exercise conditions linked to share price performance, as detailed in section 3.5 of the Remuneration Report. The share appreciation rights have a strike price. The strike price is set in October of the financial year when grant and vesting commence (e.g. 1 October 2019 for FY2020). The strike price is set based on the 30 (calendar) day VWAP prior to the grant. For FY20 the strike price was $1.4134.

How is the LTE and LTI in the RECM accounted for in the annual accounts of RB Group?

The cost of the LTE and LTI is recognised by expensing the grant date fair value of the options or rights over the one year vesting period during which the executives become unconditionally entitled to these benefits. The expense is recognised as a share based payment expense in the consolidated income statement, with corresponding amounts recorded in equity.

The calculation of fair value includes the estimated impact of any market based performance conditions. The impact of any service and non-market vesting conditions is excluded from the fair value calculation. Instead, this is included in assumptions about the number of options or rights that are expected to vest. These assumptions are revised at the end of each reporting period and when the outcome of the service or non-market vesting condition is known. The amounts recorded as an expense for the LTE and LTI for the year are shown in table 6.1.

Why does the RECM run on a different year to the financial year?

The Redbubble compensation review period for all employees is effective October 1st. The audited results for the financial year are available in late August each year and announced to the market at that time. A share price is determined following this announcement, using volume weighted average price methodology, that is used for purposes of issuing LTE and LTI.

Why is the Managing Director & CEO not a participant in the RECM?

Mr Hosking's reappointment to the Managing Director and CEO role is on an interim basis. In addition, as one of RB Group's co-founders, Mr Hosking continues to have a substantial shareholding in the Company. The Board has set specific objectives for Mr Hosking as CEO, within a relatively short time period, and on that basis it was not appropriate to compensate Mr Hosking under the RECM.

Is the RECM fixed or could it change in the future?

The Committee seeks to continuously improve the effectiveness of the RECM, and its other remuneration arrangements with respect to all staff and and to Non-executive Directors, and will make further changes in the future as are appropriate to best meet the objectives referred to above and to build long term value for shareholders.

***

We thank you for your support in FY20 and welcome any further questions you may have or any other feedback on our Remuneration Report.

Yours sincerely

Ben Heap
Chair of the People and Nomination Committee

Remuneration Report (audited)

Contents

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 senior 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.

1. Remuneration Report Overview

The Directors of Redbubble present the Remuneration Report (Report) for the RB Group for the financial year ended 30 June 2020. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001.

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

The table below outlines the KMP of RB Group during FY2020:

Classification	Name	Position
NED	Anne Ward	Chair (appointed Chair on 30 March 2020), Non-executive Director (since 22 March 2018)
	Richard Cawsey	Chair, Non-executive Director (resigned 30 March 2020)
	Ben Heap	Non-executive Director (appointed 20 April 2020)
	Martin Hosking	Non-executive Director (until appointment as CEO on 18 February, 2020)
	Greg Lockwood	Non-executive Director
	Jennifer (Jenny) Macdonald	Non-executive Director
	Grant Murdoch	Non-executive Director (resigned 23 October 2019)
Executive KMP	Martin Hosking	CEO and Managing Director (appointed on 18 February 2020)
	Emma Clark	CFO
Former Executive KMP	Barry Newstead	CEO and Managing Director (ceased on 18 February 2020)

2. How Remuneration is Governed

2.1 People and Nomination Committee Role

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.

The members of the Committee during FY2020 were:

- Anne Ward;
- Jenny Macdonald;
- Martin Hosking (ceased to be a member on 18 February 2020);
- Greg Lockwood (was a member between 31 March 2020 and 20 April 2020); and
- Ben Heap (from 20 April 2020).

Ms Ward was Committee Chair until 20 April 2020 at which time Mr Heap was appointed Committee Chair.

2.2 Use of Remuneration Advisors

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 FY20.

2.3 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 clawback any unvested STI, LTE or LTI.

2.4 Executive Employment Agreements

CEO Employment Agreements

The employment of Mr Hosking, as CEO and Managing Director, is governed by an Employment Agreement that commenced 18 February 2020. Due to the interim nature of Mr Hosking's appointment, his Employment Agreement has a one month termination notice period.

The employment of Barry Newstead, as CEO and Managing Director, was initially governed by an Employment Agreement dated 26 June 2018 (that commenced 1 August 2018) and then by an Employment Agreement dated 1 November 2019 that had an effective date of 1 October 2019. Mr Newstead's employment agreements had a six month termination notice period.

Other Executive Employment Arrangements

All other 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);
- In the case of termination due to death, disablement, redundancy or notice without cause, the Board may in certain circumstances apply discretion to approve a payment of up to six months' salary;
- Performance 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).

3. Executive Remuneration

3.1 Remuneration Objectives & Strategy

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

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.

3.2 Objectives of RECM

The objectives of RECM are to:

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

3.3 Elements of Remuneration

The RECM is made up of the following components:

Component	Definition and approach
Cash compensation 35% - 60%	Base salary and superannuation[6] intended to provide the Executives with the financial resources commensurate with executives at companies of a similar size in that location.
Long-term Equity (LTE) 15% - 20%	Annual grant of zero-priced options or restricted stock units with one year vesting and a further one year disposal restriction period. LTE is intended to be a part of the guaranteed compensation for executives and when included with cash compensation reduces the compensation gap to more established talent competitors.
Long-term Incentive (LTI) 25% - 50%	Annual grant of share appreciation rights intended to align Executives with long-term value creation. Share appreciation rights have vesting conditions based on time and achievement of minimum Company health metrics, and exercise conditions based on achieving a share price growth target as described below.

(6) Australia only

3.4 Technical Conditions of the LTE

The LTE component of the RECM operates as outlined below:

LTE instrument	Restricted Stock Units (RSUs) for US-based executives. RSUs are rights to be issued Redbubble shares upon satisfaction of the applicable vesting conditions. Zero-priced options (ZPOs) for Australian-based executives. ZPOs are call options to acquire Redbubble shares, with a zero exercise price to convert the option into shares.
Grant quantum	Dollar value of LTE grant is set as a percentage of total compensation as part of an Executive's contract. Dollar amount is converted to RSUs or ZPOs at the beginning of the grant period, i.e. 1 October of the relevant year. For FY20 the VWAP (based on 90 (calendar) day volume weighted average price calculated on 1 October 2019) was $1.2879.
Granting 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.
Disposal restriction period	12 months following vesting. Officers & Executives of the Group are subject to the RB Group share trading policy.
Clawback	Clawback is available under certain business failure or bad actor conditions.
Termination	Employees forfeit grants that have not vested. Board discretion in relation to pro-rata vesting for good leavers is available.

3.5 Technical Conditions of the LTI

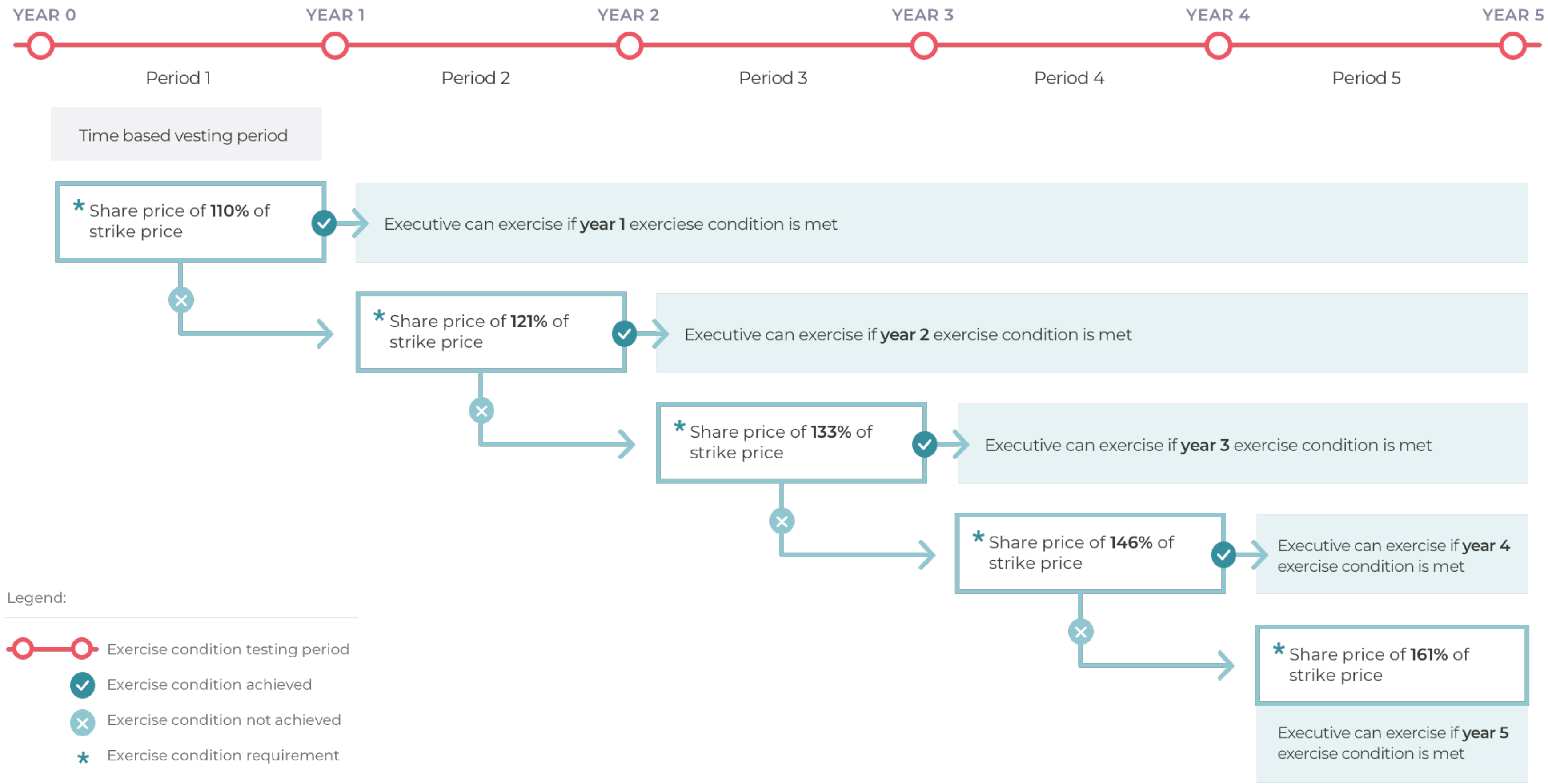
The LTI component of the RECM operates as outlined below:

LTI instrument	Share Appreciation Rights (SARs)
Grant quantum	Dollar value of LTI grant is set as a percentage of total compensation as part of an Executive's contract. The dollar amount is converted to SARs at fair market value determined at the beginning of grant period based on Monte Carlo valuation of the LTI instrument. For FY2020, the fair market value of one SAR for the purpose of grant allocation was $0.5615.
Granting 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 12 months after grant subject to: The Executive remaining employed at RB Group (time vesting); and The Board agreeing that the minimum business health metrics for the year have been achieved, see below. The LTI has an exercise condition (see below) that must be achieved in order for Executives to be able to exercise the grant. The SARs may be exercised at any time before the fifth anniversary of the grant date, conditional on the above vesting conditions having been met, subject to the Redbubble's share-price achieving a compound annual growth of 10% and maintaining that price for 90 consecutive calendar days at any point over the five year grant period. As noted below, it is possible that the exercise condition could be met on the first anniversary, assuming the minimum Company health metrics have been achieved, in which case Executives could exercise on the first anniversary of the grant date.
Company key health metrics (see section 4.2 of this Report)	The proportion of the target LTI which vests to participants at the end of the performance year will be determined based on the achievement of three to five Company health metrics for that year. This condition is designed to ensure management is building RB Group for enduring value and not degrading operational metrics to achieve share price gains. The Company will need to meet health metrics targets within the year of grant in order for the LTI grant to be made. As the equity grants motivate both short and long-term out-performance, the minimum thresholds are designed to ensure that enduring value creation is not damaged by any short-term imperatives. The Company health conditions are set by the Board prior to the start of each financial year. The Board will assess performance against the health metrics and may approve for less than 100% of the target LTI grant to vest depending on performance against the metrics. If less than 100% of the LTI vests under the minimum health metrics, the non-vested portion would be cancelled. The weighting between the health metrics is at the Board's discretion.
Share-price appreciation exercise condition	The SARs are only exercisable (following vesting) if the share-price appreciation exercise condition is met during the five years of the grant. The share-price appreciation exercise condition can be achieved in the first 12 months of the grant. If this occurs exercise can only occur after the time based and minimum health conditions have been met.

	The exercise condition will be achieved (subject to vesting) when the 90 (calendar) day VWAP share price is greater than the strike price by an annual compound rate of 10% at any point over the five year exercise period. The exercise condition may be met at any time up to five years from grant at which point the exercise condition will be deemed to have failed and the SARs will expire.
Holding period	There is no holding period following the exercise condition being met. Executives of the company are subject to the RB Group share trading policy.
Clawback	Clawback is available under certain business failure or bad actor conditions.
Termination	Termination as a bad leaver (for cause) would result in forfeiture of all LTI where the exercise condition had not yet been met. For good leavers, the Board can exercise discretion in relation to the satisfaction of service and performance conditions. Where the exercise condition has been met, but the Executive has not yet exercised the SARs, the Executive would have 90 (calendar) days post-termination to exercise the SARs, after which time the unexercised SARs will be cancelled, unless the Board exercises discretion to extend the post-employment exercise period.
Strike price	Strike price is set in October of the financial year when grant and vesting commence (e.g. 1 October 2019 for FY2020). The strike price is set based on the 30 (calendar) day VWAP prior to the grant. For FY20 the strike price was $1.4134.
SARs valuation	The valuation is conducted by independent experts for the Committee and the SARs are valued using Monte Carlo simulation.
Expiration	LTI's expire five years from grant date and therefore the SARs must be exercised by this point or they lapse.
Hedging	Executives are prohibited from hedging under RB Group's Share Trading policy and clawback under existing rules.

Vesting and exercise periods of the LTI



3.6 KMP participants in the RECM

The table below lays out the compensation components for each Executive KMP.

	Cash compensation	Short-term Incentive (STI)	Long-term Equity (LTE)	Long-Term Incentive (LTI)
Current Executive KMP				
Martin Hosking (CEO)	The fixed component comprises base salary, allowances and superannuation. Following the onset of the COVID-19 crisis, Mr Hosking agreed to a voluntary 20% reduction in cash compensation effective until 30 June 2020.	A cash bonus, at the Board's discretion, achievement in Key Results Areas.		
Emma Clark (CFO)	The fixed component comprises base salary, allowances and superannuation. Following the onset of the COVID-19 crisis, Ms Clark agreed to a voluntary 20% reduction in cash compensation effective until 30 June 2020.		Annual grant of zero-priced options.	Annual grant of Share Appreciation Rights (SARs) that have vesting conditions based on time and achievement of minimum business health metrics, and exercise conditions based on a share price performance exercise condition.
Former Executive KMP				
Barry Newstead (1/7/19 - 30/9/19)	The fixed component comprises base salary, allowances and superannuation.	Performance Rights (granted as zero-exercise-price share options) awarded based on the delivery of Key Performance Indicators set by the Board.		A grant of Share Appreciation Rights (SARs) intended to cover the life of the contract (four years), with share price performance exercise condition.
1/10/19 - 18/2/19	The fixed component comprises base salary, allowances and superannuation.		Annual grant of zero-priced options.	Annual grant of Share Appreciation Rights (SARs) that have vesting conditions based on time and achievement of minimum business health metrics, and exercise conditions based on a share price performance exercise condition.

The remuneration of the KMP is set out in detail in section 6 (Statutory Reporting for FY20).

4. Performance and Executive Remuneration Outcomes in FY2020

4.1 Performance against Financial Metrics

RB Group's key financial measures of performance over the last five years are summarised in the table below:

Key indicators	2020	2019	2018	2017	2016
Revenue ($'m)	416.3	307.0	218.7 [1]	141.0	114.6
Gross profit after paid acquisition (GPAPA) ($'m)	94.5	67.5	47.1	37.9	31.3
Earnings before Interest, taxes, depreciation and amortisation (EBITDA) ($'m)	5.1	(2.0) [2]	(7.4)	(8.1)	(10.7)
Cash balance ($'m)	58.1	29.0	21.2	27.8	42.0 [3]
Share price at year end ($)	2.06	0.91	1.57	0.97	1.07

[1] 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.

[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] Cash balance for 2016 includes net proceeds from issue of pre-IPO convertible notes and shares issued pursuant to the IPO of $39.7 million.

4.2 Performance Against Company Health Metrics

RB Group's performance against Company health metrics are as follows for FY2020:

Type of measure	Result
Cash Balance	Achieved
Artist and Content Growth	Achieved
Customer Loyalty	Achieved
People and Culture	Achieved

Based on achievement of the health metrics in the table above, 100% of the FY2020 LTI will be awarded, subject to the 12 month service period being reached.

4.3 Performance Against LTI Exercise Hurdle

LTI awards are subject to an exercise condition. The exercise condition will be achieved (subject to vesting) when the 90 (calendar) day VWAP of a RB Group share is greater than the strike price of the LTI by an annual compound rate of 10% at any point over the five year exercise period. The exercise condition measurement period runs from each 1st October to the 30th September of the following year.

Achievement of the LTI exercise hurdle for awards made since the commencement of the RECM is as follows:

	FY2020 LTI Award
Grant Date	October 2019
% vested due to service based vesting and health metrics	-%[1]
Exercise hurdle result	Not yet achieved [2]

[1] The 12 month service period is not yet complete, therefore none of the FY2020 LTI has vested.
[2] The exercise condition can be achieved within a five year period from grant date.

4.4 CEO Remuneration

Mr Martin Hosking, CEO and Managing Director (from 18 February 2020)

The table below summarises the compensation arrangements of Mr Hosking, and the accounting treatment of each component.

Martin Hosking Remuneration

Remuneration element	Contracted Annual Remuneration	Statutory Remuneration reported in Table 6.1	Details
Total fixed remuneration, including base salary and superannuation	$600,000 [1] ($480,000) [2]	$261,977	The remuneration reported in Table 6.1 represents salary and superannuation paid for services from 18 February 2020 to the end of the year and annual leave entitlements accrued during the period.
Cash bonus	$300,000 [1]	$80,211	The remuneration reported in Table 6.1 represents amounts accrued for the cash bonus during the period.
Long service leave	-	$275	Represents amounts provided for long service leave during the year
Total	**$900,000** **($780,000)** [1]	**$342,463**	

[1] From 18 February 2020 to 20 April 2020 Mr Hosking's Interim CEO compensation arrangements consisted of annualised remuneration (inclusive of superannuation) of $900,000 salary. On 20 April 2020 Mr Hosking's compensation was revised to a base salary (inclusive of superannuation) of $600,000 and a discretionary cash bonus (inclusive of superannuation) of up to $300,000, awarded at the end of Mr Hosking's appointment, subject to Mr Hosking's achievement in Key Results Areas, as follows:

- stabilisation of the Redbubble Group business;
- implementation of the business strategy;
- continuing to build the Redbubble Executive Team; and
- assistance in recruiting the new long term CEO.

[2] From 20 April 2020 to 30 June 2020 Mr Hosking took a voluntary salary reduction of 20% to his base salary and was paid at the rate of $480,000 per annum (inclusive of superannuation) for that period.

Mr Barry Newstead, Former CEO and Managing Director (until 18 February 2020)

The table below summarises the compensation arrangements of Mr Newstead, and the accounting treatment of each component.

Barry Newstead Remuneration

Remuneration element	Contracted Annual Remuneration	Statutory Remuneration reported in Table 6.1	Details
Total fixed remuneration, including base salary and superannuation	$600,000 (1)	$358,464	The remuneration reported in Table 6.1 represents salary and superannuation paid for services from 1 July 2019 to 18 February 2020 and annual leave entitlements accrued during the period.
Long Term Equity (LTE)	$300,000 (2)	-	As Mr Newstead did not meet the 12 month service condition of the LTE these options lapsed.
Long Term Incentive (LTI)	$800,000 (3)	-	As Mr Newstead did not meet the 12 month service condition of the LTI these rights lapsed.
Cash bonus	-	$12,760	Mr Newstead received an additional STI payment for the month of July 2018, paid entirely in cash, and amounting to $12,760. This STI payment was made in respect of Mr Newstead's tenure as Chief Operating Officer between the end of the FY2018 STI period (i.e. 30 June 2018) and the 1 August 2018 date that he commenced his new CEO compensation arrangement. The $12,760 value of this STI payment equalled the average monthly value of Mr Newstead's FY2018 STI award.
Termination Benefits	-	$316,976	Mr Newstead's salary and benefits paid to him subsequent to 18 February 2020 and up until his employment end date are classified as termination benefits.
Share options - Performance Based	-	($297,747)	Represents the forfeiture of unvested equity that had been recognised as an expense in prior periods.
Share options - Time Based	-	$66,102	Represents expenses recognised for options granted in the prior period but vesting in the current period.
Share appreciation rights - Performance Based	-	$157,312	Represents expenses recognised for share appreciation rights granted in the prior period but vesting in the current period.
Deferred STI	-	($16,481)	Represents the forfeiture of unvested equity that had been recognised as an expense in prior periods.
Long service leave	-	($23,001)	As Mr Newstead did not meet the threshold for payment of long service leave at his employment end date, amounts accrued in prior years were written back in the current period.
Total	**$1,700,000**	**$574,385**	

(1) From 1 July 2019 to 30 September 2019 Mr Newstead's total annualised fixed remuneration (inclusive of superannuation) was $500,000. On 1 October 2019 Mr Newstead's total annualised fixed remuneration (inclusive of superannuation) was revised to $600,000.

(2) The LTE is an annual grant of zero priced options subject to a 12 month minimum service condition.

(3) The LTI is an annual grant of share appreciation rights (SARs) subject to a 12 month minimum service condition, minimum health metrics and an exercise hurdle.

4.5 Other KMP Remuneration

Ms Emma Clark, Chief Financial Officer

The table below summarises the compensation arrangements of Ms Clark, and the accounting treatment of each component.

Emma Clark Remuneration

Remuneration element	Contracted Annual Remuneration	Statutory Remuneration reported in Table 6.1	
Total fixed remuneration, including base salary and superannuation	$450,000 ($360,000) (1)	$441,499 (1)	The remuneration reported in Table 6.1 represents salary and superannuation paid for services and annual leave entitlements accrued during the period.
Long Term Equity (LTE)	$225,000 (2)	$262,783 (2)	Represents expenses recognised for zero priced options vesting in the current period.
Long Term Incentive (LTI)	$450,000 (3)	$527,489 (3)	Represents expenses recognised for SARs vesting in the current period.
Long service leave	-	$742	Represents amounts provided for long service leave during the year
Total	**$1,125,000 ($1,035,000)** (1)	**$1,232,513**	

(1) From 20 April 2020 to 30 June 2020 Ms Clark took a voluntary salary reduction of 20% to her base salary and was paid at the rate of $360,000 per annum (inclusive of superannuation) for that period.

(2) The LTE is an annual grant of zero priced options subject to a 12 month minimum service condition. During the year Ms Clark received the annual grant of LTE and an additional pro rata portion for services from her commencement date on 1 June 2019 up until the date of the annual grant.

(3) The LTI is an annual grant of share appreciation rights (SARs) subject to a 12 month minimum service condition, minimum health metrics and an exercise hurdle. During the year Ms Clark received the annual grant of LTE and an additional pro rata portion for services from her commencement date on 1 June 2019 up until the date of the annual grant.

4.6 KMP Terminations during the year

Mr Barry Newstead, Former CEO and Managing Director

Mr Newstead ceased to be the CEO and Managing Director of RB Group on 18 February 2020. Mr Newstead's employment with RB Group will end on 14 August 2020. He will continue to be paid his salary and superannuation entitlements under his Employment Agreement until his employment end date.

Mr Newstead will retain his employee equity awards that have vested as at 14 August 2020 and, in accordance with Mr Newstead's employment contract, a further 1,652,778 Share Appreciation Rights that remain on foot, subject to vesting conditions to be applied in August 2022. Mr Newstead's other employee equity awards, which have not vested at 14 August 2020, will lapse or be forfeited in accordance with applicable executive plan rules.

5. Non-executive Director Remuneration

5.1 NED Remuneration Policy

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

The elements of the NED remuneration policy are as follows:

- NEDs receive a Board fee of value $97,612.50 per annum (inclusive of superannuation);
- The Board Chair is paid twice the NED Board fee;
- Committee Chairs receive additional remuneration of $15,000 per annum; and
- NED remuneration is paid two-thirds in cash and one-third in Deferred Stock on the terms outlined in section 5.2.

The policy applies to all of Redbubble's NEDs, except for Mr Lockwood. 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.

NEDs are also 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 FY2020 is set out in detail in section 6 (Statutory Reporting for FY20).

In response to the COVID-19 health crisis and resulting economic uncertainty, RB Group's NEDs agreed to a 20% reduction in the cash component of their remuneration, effective from 20 April 2020 until 30 June 2020.

5.2 NED Deferred Stock Terms

NEDs are paid a portion of their fees in Deferred Stock (share options with a zero-exercise price) to provide for alignment with shareholders and RB Group's objective of share price appreciation over the medium to long term.

The Deferred Stock is awarded annually and is priced when the market is fully informed of RB Group's previous financial year performance i.e. following the release of the results for the previous financial year. Accordingly, For purposes of calculating Deferred Stock allocations, the NED remuneration year runs from 1 November to the following 31 October.

The Deferred Stock vests 12 months after the grant date subject to the NED remaining a Director as at that vesting date. If a NED departs within the remuneration year then pro-rata vesting is applied to the month of departure.

NEDs are subject to restrictions on the sale of shares allotted following exercise of Deferred Stock, with the restrictions released incrementally over the four year period from the Deferred Stock grant date in accordance with the following release schedule:

- a third of the shares are released from sale restrictions on the two year anniversary of the grant date;
- a further third of the shares are released from sale restrictions on the three year anniversary of the grant date; and
- the final third of the shares are released from sale restrictions on the four year anniversary of the grant date.

In FY2020 the NEDs' Deferred Stock remuneration was priced at $1.3504 per share option (the five day VWAP following the release of RB Group's final quarter results in July 2019). The fair value of the awards at the grant date (November 2019) was $1.89 per share option.

NEDs who are appointed to fill a casual vacancy during the year are paid entirely in cash until the next AGM, following which the cash/equity split applies from the following 1 November subject to their re-election at the AGM and shareholders' approval of their equity grant.

5.3 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. Any changes to this amount in future will require approval by shareholders in a general meeting in accordance with the ASX Listing Rules.

6. Statutory Reporting for FY20

6.1 Executive KMP remuneration for the year ended 30 June 2020

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 KMP.

		Short term benefits			Post-employment benefits	Other benefits	Long-term benefits	Share-based payments						
		Cash salary [1] $	Cash bonus [2] $	Non-monetary benefits [3] $	Superannuation [4] $	Termination benefits [5] $	Long service leave [6] $	Performance rights (Time based) [7] $	Share options (Performance based) [7] $	Share options (Time based) [7] $	Share appreciation rights (Performance based) [8] $	Deferred STI [9] $	Total remuneration $	Performance-related [10] %
Executive director														
Martin Hosking (appointed as CEO 18 February 2020) [11]	**2020**	**252,179**	**80,211**	**-**	**9,798**	**-**	**275**	**-**	**-**	**-**	**-**	**-**	**342,463**	**23%**
	2019	87,125	-	150	25,000	-	2,474	23,914	23,428	28,181	-	3,395	193,667	14%
Barry Newstead (terminated as CEO 18 February 2020) [5]	**2020**	**333,464**	**12,760** [12]	**-**	**25,000**	**316,976** [5]	**(23,001)** [6]	**-**	**(297,747)** [5]	**66,102**	**157,312**	**(16,481)** [5]	**574,385**	**(25%)**
	2019	487,312	-	-	25,000	-	13,456	23,411	484,900	233,192	453,930	44,096	1,765,297	56%
Other key management personnel														
Emma Clark (CFO)	**2020**	**416,499**	**-**	**-**	**25,000**	**-**	**742**	**-**	**-**	**262,783**	**527,489**	**-**	**1,232,513**	**43%**
	2019	37,500	-	-	-	-	23	-	-	5,246	10,491	-	53,260	20%
Prior key management personnel														
Chris Nunn (resigned as CFO 1 June 2019)	**2020**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019	237,606	56,733	350	25,000	-	(2,332)	-	-	98,491	-	40,304	456,152	21%
Total	**2020**	**1,002,142**	**92,971**	**-**	**59,798**	**316,976**	**(21,984)**	**-**	**(297,747)**	**328,885**	**684,801**	**(16,481)**	**2,149,361**	
	2019	849,543	56,733	500	75,000	-	13,621	47,325	508,328	365,110	464,421	87,795	2,468,376	

[1] Includes base salary, excess superannuation (refer to footnote 4) and short term compensated absences, such as leave entitlements accrued. For 20 April 2020 to 30 June 2020 Martin Hosking and Emma Clark took a voluntary salary reduction of 20% to their base salary.

[2] Represents cash bonus accrued for the year.

[3] Non-monetary benefits in the prior year include wellness benefits available to all executives.

[4] Staff can elect to have their superannuation capped at $25,000 (2019: $25,000), with any amount above this included in cash salary. These amounts include superannuation on bonus paid during the year.

[5] Barry Newstead's role as CEO ended effective 18 February 2020. Mr Newstead's salary and benefits paid to him subsequent to this date and up until his employment end date are classified as termination benefits. Share options and rights that lapse due to termination have any previously accrued expenditure written back in the current period.

[6] Australian executives are entitled to long service leave. The annual charge reflects long service leave accrued during the period. As Barry Newstead did not meet the threshold for payment of long service leave at his employment end date, amounts accrued in prior years were written back in the current period.

[7] Amounts disclosed reflect the value of remuneration consisting of performance rights/options, based on the value of rights/options expensed during the year. The fair value of rights is equivalent to fair value of shares at the grant date. 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] Includes share based payment expenses recognised during the year over the vesting period, in relation to deferred STI awards for prior years.

[10] Cash bonus, share options with a performance condition and deferred STI are all considered to be performance-related remuneration, based on their nature at grant date.

[11] Martin Hosking was appointed as CEO on 18 February 2020. He was a non-executive director of the Group until 17 February 2020 when he transitioned to an executive director role. The remuneration shown in this table is for his services as CEO only. Remuneration for his non-executive director role is shown in table 6.2.

[12] Barry Newstead received an additional STI payment for the month of July 2018, paid entirely in cash, and amounting to $12,760. This STI payment was made in respect of Mr Newstead's tenure as Chief Operating Officer between the end of the FY2018 STI period (i.e. 30 June 2018) and the 1 August 2018 date that Mr Newstead commenced his CEO compensation arrangement. The $12,760 value of this STI payment equalled the average monthly value of Mr Newstead's FY2018 STI award.

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6.2 NED Remuneration for the year ended 30 June 2020 [1]

		Short term benefits	Post-employment benefits	Share-based payments	
		Director Fees [2] $	Superannuation $	Share-based payments - Share options (Time based) [3] $	Total $
Non-executive directors					
Richard Cawsey [4]	**2020**	**94,803**	**-**	**29,658**	**124,461**
	2019	123,000	-	74,660	197,660
Ben Heap [5]	**2020**	**17,940**	**1,704**	**-**	**19,644**
	2019	-	-	-	-
Martin Hosking [6]	**2020**	**35,960**	**3,416**	**15,788**	**55,164**
	2019	46,125	-	27,818	73,943
Jenny Macdonald	**2020**	**64,760**	**2,864**	**37,194**	**104,818**
	2019	65,525	6,225	27,818	99,568
Grant Murdoch [7]	**2020**	**20,594**	**1,956**	**2,720**	**25,270**
	2019	65,297	6,203	43,396	114,896
Anne Ward	**2020**	**83,369**	**7,920**	**37,575**	**128,864**
	2019	74,658	7,092	32,341	114,091
Hugh Williams [8]	**2020**	**-**	**-**	**-**	**-**
	2019	56,375	-	27,095	83,470
Greg Lockwood [9]	**2020**	**-**	**-**	**-**	**-**
	2019	-	-	-	-
Total	**2020**	**317,426**	**17,860**	**122,935**	**458,221**
	2019	430,980	19,520	233,128	683,628

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

[2] In response to the COVID-19 health crisis and resulting economic uncertainty, RB Group non-executive directors agreed to a 20% reduction in the cash component of their remuneration, effective from 20 April 2020 until 30 June 2020.

[3] 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 Black-Scholes model.

[4] Richard Cawsey resigned effective 30 March 2020. His fees are paid to and options / rights are issued to Denali Venture Partners (Aust).

[5] Ben Heap was appointed effective 20 April 2020. In accordance with the NED remuneration policy Mr Heap is not granted equity remuneration until it is approved at the next AGM. Mr Heap is paid entirely in cash until this time.

[6] Martin Hosking was appointed as CEO on 18 February 2020. He was a non-executive director until 17 February 2020 when he transitioned to the CEO role. The remuneration shown in this table is for his services as a non-executive director from 1 July 2019 to 17 February 2020.

[7] Grant Murdoch resigned effective 23 October 2019.

[8] Hugh Williams resigned effective 29 May 2019. Amounts are provided for prior year comparatives.

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

7. Other Information

7.1 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.

2020	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
Non-executive directors								
Jenny Macdonald	19,711	27,798	-	-	47,509	19,711	27,798	8,217
Grant Murdoch [1]	120,649	-	-	-	120,649	120,649	-	9,553
Anne Ward	22,916	27,798	-	-	50,714	22,916	27,798	9,553
Executive director								
Martin Hosking	19,711	23,910 [2]	-	-	43,621	19,711	23,910	8,217
Former Executive director								
Barry Newstead [3]	3,491,940	232,937 [4]	-	772,917 [5]	2,951,960	2,440,811	511,149 [4]	370,699
Other key management personnel								
Emma Clark	-	233,097	-	-	233,097	-	233,097	-
Related party								
Denali Venture Partners Pty Ltd (Beneficiary: Richard Cawsey) [6]	39,423	47,820	39,423	27,895	19,925	-	19,925	16,428
Total	**3,714,350**	**593,360**	**39,423**	**800,812**	**3,467,475**	**2,623,798**	**843,677**	**422,667**

[1] Grant Murdoch resigned from his role as Director on 23 October 2019. The table above reports activity for his period of service up until resignation date.

[2] The options granted to Martin Hosking were for his services as a non-executive director (NED). Mr Hosking was appointed as CEO on 18 February 2020 and ceased as a NED on this date. The amount of options he will receive at his vest date will be subject to adjustment based on what proportion of the NED remuneration year that Mr Hosking was a NED for.

[3] Barry Newstead's role as CEO ceased effective 18 February 2020. The table above reports activity for his period of service up until 18 February 2020.

[4] The options granted to Mr Newstead during the year and all unvested options were forfeited or lapsed at the conclusion of his employment on 14 August 2020.

[5] As part of Mr Newstead's transition to the RECM a proportion of his equity entitlements under his earlier CEO Employment Agreement were cancelled, reflecting the proportion of the four year equity vesting period that was yet to be completed.

[6] Richard Cawsey resigned from his role as Chair on 30 March 2020. The table above reports activity for his period of service up until resignation date.

Share Appreciation Rights holdings

Share appreciation rights do not carry any voting or dividend rights.

2020	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Cancelled during the year	Balance at the end of the year	Vested and exercisable at the end of the year	Unvested at the end of the year	Vested during the year
Former Executive director								
Barry Newstead [1]	5,666,668	1,424,755 [2]	-	4,013,890 [3]	3,077,533	-	3,077,533 [2] [3]	-
Other key management personnel								
Emma Clark	-	1,069,298	-	-	1,069,298	-	1,069,298	-
Total	**5,666,668**	**2,494,053**	**-**	**4,013,890**	**4,146,831**	**-**	**4,146,831**	**-**

[1] Barry Newstead's role as CEO ceased effective 18 February 2020. The table above reports activity for his period of service up until 18 February 2020.

[2] The 1,424,755 SARs granted to Mr Newstead during the year and shown within the balance of unvested equity at the end of the year were subsequently forfeited on 14 August 2020 as he did not meet the service period vesting requirements.

[3] As part of Mr Newstead's transition to the RECM a proportion of his equity entitlements under his earlier CEO Employment Agreement were cancelled, reflecting the proportion of the four year equity vesting period that was yet to be completed. As noted in section 4.6 of this Report, 1,652,778 of Mr Newstead's SARs remain on foot subject to vesting conditions to be applied in August 2022 in accordance with Mr Newstead's CEO employment contract arrangements.

7.2 Shares on exercise of options/rights

2020	Nature of grant	Number of ordinary shares on exercise of options	Exercise price per option	Share price per share at exercise / settlement dates	Value at exercise / settlement dates [1]
Related party					
Denali Venture Partners (Aust) (Beneficiary: Richard Cawsey)	Options	39,423	$0.00	$1.91	75,298
Total		**39,423**			**75,298**

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

7.3 Shareholdings of Directors and KMP

2020 - Redbubble Limited ordinary shares [1]		Balance at the start of the year	Received on exercise of options / rights	Purchase of shares	Sale / transfer of shares	Balance at the end of the year
Non-executive directors						
Richard Cawsey [2]		1,440,000	-	-	-	1,440,000
Ben Heap [3]		-	-	-	-	-
Jennifer Macdonald		56,539	-	32,000	-	88,539
Anne Ward		100,000	-	-	-	100,000
Executive director						
Martin Hosking		2,393,552	-	-	-	2,393,552
Former Executive director						
Barry Newstead [4]		562,413	-	-	-	562,413
Other key management personnel						
Emma Clark		-	-	-	-	-
Related parties	**Beneficiary**					
Cawsey Superannuation Fund Pty Ltd	Richard Cawsey [2]	8,893,980	-	-	-	8,893,980
Denali Venture Partners Fund 1 LP	Richard Cawsey [2]	1,840,240	-	-	-	1,840,240
Denali Capital Managers Pty Ltd	Richard Cawsey [2]	654,560	-	-	-	654,560
Denali Investors Pty Ltd	Richard Cawsey [2]	875,200	-	-	(562,000)	313,200
Denali Venture Partners (Aust)	Richard Cawsey [2]	320,713	39,423	-	-	360,136
Denali Ventures Pty Ltd	Richard Cawsey [2]	41,856	-	-	-	41,856
Jellicom Pty Ltd as trustee for the Three Springs Family Trust	Martin Hosking	51,606,538	-	-	(5,000,000)	46,606,538
Three Springs Foundation Pty Ltd as trustee for the Three Springs Foundation	Martin Hosking	2,500,000	-	-	(1,000,000)	1,500,000
Piton Capital Venture Fund II LP	Greg Lockwood	5,537,291	-	-	-	5,537,291
Piton Capital Investments Cooperatief B	Greg Lockwood	927,840	-	-	-	927,840
G & M Murdoch Pty Ltd as trustee for the Murdoch Family Superannuation Fund	Grant Murdoch [5]	140,000	-	-	-	140,000
G & M Murdoch Pty Ltd as trustee for the Murdoch Family	Grant Murdoch [5]	80,971	-	-	-	80,971
Walros Pty Ltd as trustee for the Anagnostou Super Fund	Anne Ward	-	-	100,000	-	100,000
Total		**77,971,693**	**39,423**	**132,000**	**(6,562,000)**	**71,581,116**

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

[2] Richard Cawsey resigned as Chair on 30 March 2020. The total balance represents his shareholding at the date he ceased to be a KMP.

[3] Ben Heap was appointed effective 20 April 2020.

[4] Barry Newstead role as CEO ended effective 18 February 2020. The total balance represents his shareholding at the date he ceased to be a KMP.

[5] Grant Murdoch resigned as Director on 23 October 2019. The total balance represents his shareholding at the date he ceased to be a KMP.

7.4 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]
Non-executive directors								
Jenny Macdonald	01-Nov-19	27,798	Options	01-Nov-20	01-Nov-29	$0.00	$1.89	$52,497
Anne Ward	01-Nov-19	27,798	Options	01-Nov-20	01-Nov-29	$0.00	$1.89	$52,497
Executive director		(4)						
Martin Hosking	01-Nov-19	23,910	Options	01-Nov-20	01-Nov-29	$0.00	$1.89	$45,154
Former Executive director		(5)						
Barry Newstead	23-Oct-19	232,937	Options	01-Oct-20	23-Oct-29	$0.00	$1.42	$330,072
	23-Oct-19	1,424,755	SARs	01-Oct-20	01-Oct-24	$0.00	$0.62	$883,348
Other key management personr								
Emma Clark	24-Jun-20	233,097	Options	01-Oct-20	24-Jun-30	$0.00	$1.42	$330,298
	24-Jun-20	1,069,298	SARs	01-Oct-20	01-Oct-24	$0.00	$0.62	$662,965
Other related parties		(6)						
Denali Venture Partners (Aust) - (Beneficiary - Richard Cawsey)	01-Nov-19	47,820	Options	01-Nov-20	01-Nov-29	$0.00	$1.89	$90,308
Total		**3,087,413**						**$2,447,139**

[1] The vesting of equity is subject to the director or KMP (as applicable) remaining in service with Redbubble as at the vest date and, in relation to the SARs, the minimum health conditions being satisfied.

[2] If the director or KMP (as applicable) leaves Redbubble service then the expiry date is brought forward to be 90 days after the employment end date.

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

[4] The options granted to Martin Hosking were for his services as a non-executive director (NED). Mr Hosking was appointed as CEO on 18 February 2020 and ceased as a NED on this date. The amount of options he will receive at the vest date will be subject to adjustment based on what proportion of the NED remuneration year that Mr Hosking was a NED for.

[5] The options and SARs granted to Mr Newstead during the year were subsequently forfeited on 14 August 2020 as he did not meet the service period vesting requirements.

[6] Richard Cawsey resigned effective 30 March 2020. Under the terms of the NED remuneration policy he received a pro-rata portion of this grant to reflect his service period.

7.5 Other Transactions with KMP

Richard Cawsey, Redbubble's former Board Chair, is a Director and shareholder of Denali Holdings Pty Ltd, which is the owner of the 'Bondle' messaging application. Redbubble engaged Denali Holdings Pty Ltd in respect of a licence of the Bondle application in May 2019 and paid $4,788 at that time for a two year licence period. No further fees were paid for the Bondle application in FY2020. The engagement is on an arm's length basis and the fees charged are comparable to similar application licensors in the market. At the year end, there were no balances outstanding in relation to this engagement (also nil in 2019).

Consolidated statement of comprehensive income
for the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000 Restated [1]
Revenue from contracts with customers			
Marketplace revenue	3	**348,888**	256,889
Artists' revenue	3	**67,369**	50,065
Total revenue from contracts with customers		**416,257**	306,954
Operating expenses			
Artists' margin		**(67,369)**	(50,065)
Fulfiller expenses [2]		**(214,521)**	(162,354)
Employee and contractor costs	4	**(59,496)**	(47,603)
Marketing expenses	5	**(43,300)**	(28,577)
Operations and administration	6	**(24,342)**	(19,180)
Depreciation and amortisation	12, 13 & 14	**(13,727)**	(10,355)
Total operating expenses		**(422,755)**	(318,134)
Other income [3]		**342**	441
Other expenses [4]		**(2,838)**	(2,013)
Loss before income tax		**(8,994)**	(12,752)
Income tax benefit / (expense)	7(a)	**223**	(14,817)
Total loss for the year attributable to owners		**(8,771)**	(27,569)
Other comprehensive income / (loss)			
Items that will be reclassified subsequently to profit or loss			
Gain / (loss) on foreign currency translation		**1,512**	(52)
Total other comprehensive income / (loss) attributable to owners		**1,512**	(52)
Total comprehensive loss for the year attributable to owners		**(7,259)**	(27,621)
Loss per share attributable to the ordinary equity holders of the company			
Basic loss per share	8	**(0.03)**	(0.12)
Diluted loss per share	8	**(0.03)**	(0.12)

(1) The full retrospective approach has been selected by the Group in the first time application of AASB 16 Leases. Details regarding the change in accounting policy are in Note 29. The comparative information has been restated as outlined in Note 28.

(2) Fulfiller expenses comprise product and printing, shipping and transaction costs, and are equivalent to cost of goods sold.

(3) Other income includes finance income.

(4) Other expenses include interest expenses on lease liabilities and net foreign exchange losses.

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

Consolidated statement of financial position
as at 30 June 2020

REDBUBBLE

	Notes	2020 $'000	2019 $'000 Restated [1]	As at 1 July 2018 $000 Restated [1]
Current assets				
Cash and cash equivalents	9	**58,129**	29,030	21,247
Other receivables	10(c)	**5,236**	2,562	997
Prepayments		**4,063**	2,786	1,968
Net investment in sublease	14(b)	**994**	677	595
Current tax assets		**1,032**	-	-
Other assets	11	**7,328**	2,274	2,066
Total current assets		**76,782**	37,329	26,873
Non-current assets				
Property, plant and equipment	12	**2,229**	2,925	3,596
Intangible assets	13	**71,576**	71,417	10,532
Right of use assets	14(a)	**6,649**	8,378	8,509
Net investment in sublease	14(b)	**-**	571	1,184
Prepayments		**46**	132	129
Deferred tax assets	7(c)	**617**	72	13,956
Other assets	11	**1,621**	1,463	1,200
Total non-current assets		**82,738**	84,958	39,106
Total assets		**159,520**	122,287	65,979
Current liabilities				
Trade and other payables	15	**44,991**	26,520	19,524
Unearned revenue [2]		**28,855**	8,101	5,305
Employee benefit liabilities	16	**5,059**	2,423	2,045
Provisions		**1,780**	1,121	192
Tax liabilities		**-**	849	438
Lease liabilities	14(a)	**3,944**	3,278	2,252
Other liabilities	17	**1,326**	7,773	-
Total current liabilities		**85,955**	50,065	29,756
Non-current liabilities				
Lease liabilities	14(a)	**5,819**	8,570	10,198
Employee benefit liabilities	16	**198**	227	149
Deferred tax liabilities	7(c)	**-**	45	-
Other liabilities	17	**70**	-	-
Total non-current liabilities		**6,087**	8,842	10,347
Total liabilities		**92,042**	58,907	40,103
Net assets		**67,478**	63,380	25,876
Equity				
Contributed equity	18(a)	**145,438**	135,194	74,555
Treasury reserve	18(b)	**(5,303)**	(1,394)	(1,895)
Share based payment reserve	18(d)	**13,699**	8,677	4,692
Foreign currency translation reserve	18(d)	**(335)**	(1,847)	(1,795)
Accumulated losses		**(86,021)**	(77,250)	(49,681)
Total equity		**67,478**	63,380	25,876

[1] The full retrospective approach has been selected by the Group in the first time application of AASB 16 Leases. Details regarding the change in accounting policy are in Note 29. The comparative information has been restated as outlined in Note 28.

[2] Unearned revenue represents the value of goods paid for by customers that are not yet delivered. Higher sales volumes and increased delivery times at the end of the financial year have increased this balance.

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

Consolidated statement of changes in equity
as at 30 June 2020

REDBUBBLE

For the year ended 30 June 2020	Notes	Share capital $'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 2019 (restated)		**135,194**	**(1,394)**	**8,677**	**(1,847)**	**(77,250)**	**63,380**
Loss for the year		-	-	-	-	(8,771)	(8,771)
Other comprehensive income		-	-	-	1,512	-	1,512
Total comprehensive loss for the year		**-**	**-**	**-**	**1,512**	**(8,771)**	**(7,259)**
Exercise of share options	18(b)	3,556	-	-	-	-	3,556
Transfer to issued capital [2]		3,009	-	(3,009)	-	-	-
Share based payments expense		-	-	8,031	-	-	8,031
Shares issued to Employee Share Trust	18(b)	10,321	(10,321)	-	-	-	-
Shares issued / allocated to participants [3]	18(b)	(6,412)	6,412	-	-	-	-
Payment of withholding taxes [4]	18(b)	(230)	-	-	-	-	(230)
Balance as at 30 June 2020		**145,438**	**(5,303)**	**13,699**	**(335)**	**(86,021)**	**67,478**

(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.

(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.

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

Consolidated statement of changes in equity
as at 30 June 2020

REDBUBBLE

For the year ended 30 June 2019	Notes	Share capital $'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 2018		**74,555**	**(1,895)**	**4,692**	**(1,795)**	**(49,809)**	**25,748**
Effect of adoption of new accounting standards [2]		-	-	-	-	128	128
Balance as at 1 July 2018 (restated)		**74,555**	**(1,895)**	**4,692**	**(1,795)**	**(49,681)**	**25,876**
Loss for the year (restated)		-	-	-	-	(27,569)	(27,569)
Other comprehensive loss		-	-	-	(52)	-	(52)
Total comprehensive loss for the year (restated)		**-**	**-**	**-**	**(52)**	**(27,569)**	**(27,621)**
Exercise of share options	18(b)	2,249	-	-	-	-	2,249
Transfer to issued capital [3]		1,930	-	(1,930)	-	-	-
Share-based payments expense		-	-	5,915	-	-	5,915
Shares issued to Employee Share Trust	18(b)	7,515	(7,515)	-	-	-	-
Shares issued / allocated to participants [4]	18(b)	(8,016)	8,016	-	-	-	-
Payment of withholding taxes [5]	18(b)	(110)	-	-	-	-	(110)
Shares issued to fund the acquisition of TeePublic LLC		60,572	-	-	-	-	60,572
Transaction costs for above issued share capital		(3,501)	-	-	-	-	(3,501)
Balance at 30 June 2019 (restated)		**135,194**	**(1,394)**	**8,677**	**(1,847)**	**(77,250)**	**63,380**

(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.

(2) The comparative information has been restated as a result of the initial application of AASB 16 as discussed in Note 28.

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

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

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

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 2020

REDBUBBLE

	Notes	2020 $'000	2019 $'000
			Restated [1]
Cash flows from operating activities			
Receipts from customers		**471,973**	330,793
Payments to artists		**(63,114)**	(48,199)
Payments to fulfillers		**(217,810)**	(158,707)
Payments to other suppliers and employees		**(142,058)**	(115,499)
Payment of interest	14(a)	**(456)**	(527)
Receipt of interest		**232**	326
Income taxes received / (paid)		**(2,165)**	(349)
Net cash provided by / (used in) operating activities		**46,602**	7,838
Cash flows from investing activities			
Payment for property, plant and equipment		**(476)**	(428)
Acquisition of subsidiary (net of cash acquired)	19	**(7,104)**	(46,674)
Proceeds from net investment in subleases	14(b)	**785**	616
Payment for development of intangible assets	13	**(9,205)**	(9,412)
Net cash provided by / (used in) investing activities		**(16,000)**	(55,898)
Cash flows from financing activities			
Proceeds from exercise of share options	18(b)	**3,556**	2,249
Payment of withholding taxes to US tax authorities on settlement of restricted stock units funded by shares withheld	18(b)	**(230)**	(110)
Payments for lease liabilities	14(b)	**(3,576)**	(2,911)
Proceeds from issue of share capital	18(b)	**-**	60,572
Transaction costs arising from issue of share capital	18(b)	**-**	(3,501)
Net cash provided by / (used in) financing activities		**(250)**	56,299
Net increase / (decrease) in cash and cash equivalents held		**30,352**	8,239
Cash and cash equivalents at beginning of year		**29,030**	21,247
Effect of exchange rate changes on cash and cash equivalents		**(1,253)**	(456)
Cash and cash equivalents at the end of the financial year		**58,129**	29,030

[1] The comparative information has been restated as a result of the initial application of AASB 16 as discussed in Note 28.

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

1. Basis of preparation

The consolidated financial statements of Redbubble Limited and its controlled entities (the Group) for the year ended 30 June 2020 were authorised for issue by a resolution of the Directors on 21 August 2020. Redbubble Limited (the Company or the parent) is a limited 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.

At 30 June 2020, the Group had a net current asset deficiency of $9.2 million (2019: $12.7 million). Included in this is $7.0m of goods in transit and $28.9m of unearned revenue that is not a cash liability of the Group but will be recognised in the Statement of Comprehensive Income in the next financial year. The group also has $3.9m of lease liabilities in current liabilities but is required to report the corresponding right of use asset as a non-current asset. Excluding these items the Group is in a positive net current asset position. The Directors have satisfied themselves that the continued application of going concern basis is appropriate as it is expected that the Group will be able to fully repay its debts as and when they become due. The Directors have considered the potential impacts of trading volatility from COVID-19 in this assessment.

2. Changes in significant accounting policies

The Group applied AASB 16 *Leases* for the first time using the full retrospective approach that requires restatement of previous years financial statements. The nature and effect of the changes as a result of adoption of this new accounting standard are disclosed in Note 28.

The Group has also applied other amendments and interpretations for the first time in this period, but these do not have a material impact on the consolidated financial statements.

3. Revenue

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.

The Group has concluded that when the customer contracts with the Group, 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. However, as the Group controls a substantial part of the process it is construed to be the party primarily responsible for satisfying the performance obligation, the Group is determined (for accounting purposes) to be the principal in the sale.

Under *AASB 15 Revenue* 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.

As the Group is seen as 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.

Amounts disclosed as revenue are net of trade discounts, returns, rebates, taxes and transaction fraud.

All of the unearned revenue balance as at 30 June 2019 was recognised as revenue during the FY2020 year. High sales volumes at the end of the financial year combined with extended delivery times across all regions has led to an increase in the unearned revenue balance as at 30 June 2020. This balance is expected to be recognised as revenue within 12 months. 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 26.

4. Employee and contractor costs

	2020 $'000	2019 $'000
Salary costs	**39,113**	33,139
Contractor costs	**6,569**	5,974
Share-based payments expense	**8,031**	5,915
Superannuation and other pension related costs [1]	**2,708**	2,422
Termination benefits	**530**	153
Restructure costs	**2,545**	-
Total employee and contractor costs	**59,496**	47,603

(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

	2020 $'000	2019 $'000
Paid marketing [1]	**39,840**	27,051
Other marketing expenses	**3,460**	1,526
Total marketing expenses	**43,300**	28,577

(1) Paid marketing represents affiliate marketing and other paid marketing costs paid per click basis on search engines like Google, and advertising on social media platforms such as Instagram, Facebook, Pinterest and SnapChat.

6. Operations and administration

	2020 $'000	2019 $'000 Restated
Technology infrastructure and software costs	**14,704**	10,306
Travel expenses	**928**	1,133
Rental expenses [1]	**155**	111
TeePublic acquisition costs	**-**	1,235
Other operations and administration expenses	**8,555**	6,395
Total operations and administration	**24,342**	19,180

(1) Includes short-term leases with a lease term of 12 months or less. This amount is also recognised in the statement of cash flows as cash flows from operating activities.

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).

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.

7. Income tax (continued)

Current tax

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

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

Deferred tax

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

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

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

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

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

Critical accounting estimates and judgements

Deferred income taxes arise from temporary differences between the tax and financial statement recognition of revenue and expense, 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.

In the prior year the Group de-recognised $13.9m of the deferred tax asset balance during the year aligning the accounting position on recognition of pre and post IPO losses. This asset predominantly related to Australian carried

7. Income tax (continued)

Deferred tax (continued)

Critical accounting estimates and judgements (continued)

forward tax losses and non-refundable research and development (R&D) tax offsets. These losses remain in existence for taxation purposes.

The Group has in aggregate $83.7 million (2019: $72.0 million) of unrecognised losses and $8.7 million (2019: $7.6 million) of unrecognised R&D tax offsets. An unrecognised deferred tax asset of $33.9 million exists as at 30 June 2020 (2019: $29.2 million), in relation to these items.

(a) Income tax expense / (benefit)

	2020 $'000	2019 $'000
Current tax		Restated
Current tax expense / (benefit)	**339**	1,141
Under/(over) provision in prior years	**18**	(420)
Deferred tax		
Deferred tax expense / (benefit)[1]	**(530)**	13,848
Under/(over) provision in prior years	**(50)**	248
Total income tax expense / (benefit)	**(223)**	14,817

[1] In the prior year the group de-recognised its deferred tax asset on Australian tax losses. These losses remain in existence for taxation purposes.

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

	2020 $'000	2019 $'000
		Restated
Loss from ordinary activities before income tax expense / (benefit)	**(8,994)**	(12,752)
Income tax calculated @ 30%	**(2,698)**	(3,826)
Tax effect of amounts that are not deductible / (taxable) in calculating income tax:		
Tax effect of foreign jurisdictions' different tax rates	**(171)**	(412)
US income tax benefit due to exercise / disposition of employee stock options	**(163)**	165
Research and development	**(217)**	(57)
Share-based payments	**1,517**	1,217
Other non-deductible / non-assessable items	**226**	224
Effect of movements in foreign exchange	**193**	85
Over provision in prior year	**(32)**	(172)
Australian income tax benefit arising from deductibility of the issue of shares to Employee Share Trust	**(3,096)**	(2,255)
Unrecognised tax losses and R&D tax offsets	**4,218**	19,848
Income tax expense / (benefit) attributable to loss from ordinary activities	**(223)**	14,817

7. Income tax (continued)

(c) Deferred tax (liability) / assets

Classification of lease liabilities	2020 $'000	2019 $'000 Restated
Deferred tax assets	**617**	72
Deferred tax liabilities	**-**	(45)
Net deferred tax asset / (liability)	**617**	27

The balance comprises temporary differences attributable to:

	2020 $'000	2019 $'000 Restated
Amounts recognised in profit or loss:		
Employee benefits	**873**	71
Property, plant, equipment	**(275)**	(898)
Lease assets and liabilities	**395**	396
Unrealised FX	**1,347**	1,114
Intangible assets	**(1,395)**	(588)
Other items	**(328)**	(68)
Net deferred tax (liability) / assets	**617**	27
Movements:		
Opening balance at 1 July	**27**	13,956
Credited / (debited) due to the acquisition of TeePublic	**-**	161
Credited / (debited) to the consolidated statement of comprehensive income	**580**	(14,096)
Exchange differences	**10**	6
Closing balance at 30 June	**617**	27

8. Loss 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.

8. Loss per share (continued)

Potential ordinary shares

None of the options over ordinary shares and restricted stock units over ordinary shares 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 during the current as well as the prior year, 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.

Basic and diluted loss per share

Basic and diluted loss per share attributable to the ordinary equity holders of the company is $0.03 (2019: $0.12). The calculation for basic and diluted loss per share is detailed below.

	2020 $'000	2019 $'000
Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted loss per share	**(8,771)**	(27,569)

Weighted average number of shares used as the denominator

	2020	2019
Weighted average number of shares used as denominator in calculating basic and diluted loss per share	**259,379,690**	237,934,306

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

Cash and cash equivalents comprise cash on hand and short-term deposits which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

	2020 $'000	2019 $'000
Cash at bank and on hand [(1)]	**58,219**	18,028
Fixed term bank deposits [(2)]	-	11,002
Total cash and cash equivalents	**58,219**	29,030

[(1)] FY20 includes cash held in interest bearing accounts as described in note 10(b).

[(2)] Fixed term bank deposits attract interest at normal term deposit rates. They are placed for various periods of up to 12 months. All deposits are capable of being called at 31 days' notice with minimal financial impact.

9. Cash and cash equivalents (continued)

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

	Notes	2020 $'000	2019 $'000 Restated
Loss for the year		**(8,771)**	(27,569)
Non-cash items			
(Recognition) / de-recognition of net deferred tax asset	7(c)	**(580)**	14,096
Depreciation and amortisation		**13,727**	10,355
Amortisation of share-based payments		**8,031**	5,915
Net exchange differences		**2,233**	(93)
Net loss on the disposal / write off of property, plant and equipment and intangible assets		**171**	171
Unwinding of discount on deferred consideration		**188**	143
Change in operating assets and liabilities			
Net (increase) in trade and other receivables, prepayments and other financial assets		**(9,077)**	(1,004)
Net increase / (decrease) in current tax liabilities		**(1,881)**	415
Net increase in trade and other payables, employee benefit and other liabilities and provisions		**21,807**	4,412
Net increase in unearned revenue		**20,754**	997
Net cash provided by operating activities		**46,602**	7,838

(b) Changes in liabilities arising from financing activities

Lease liabilities	Notes	2020 $'000	2019 $'000
Opening balance at 1 July		**11,848**	12,450
Cash flows	14(a)	**(3,576)**	(2,911)
New leases	14(a)	**1,335**	1,807
Foreign exchange movement	14(a)	**156**	502
Closing balance 30 June		**9,763**	11,848

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.

	Notes	2020 $'000	2019 $'000
Financial assets			Restated
Cash and cash equivalents	9	**58,129**	29,030
Other receivables	10(b)	**5,236**	2,562
Security bonds	11	**1,930**	1,873
Net investment in sublease	14	**994**	1,248
Financial liabilities			
Fulfiller payables	15	**22,319**	14,877
Artist payables	15	**9,892**	4,663
Staff payables	15	**1,781**	1,252
Other payables	15	**5,453**	3,311
Deferred consideration	17	**1,227**	7,773
Lease liabilities	14(a)	**9,763**	11,848

The carrying value of the assets and liabilities disclosed in the table equals or closely approximates their fair value.

(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 natural hedge. Any surplus funds are converted in to the required currencies' operating accounts when management feels it is prudent to do so.

Increased sales volumes during the year have led to larger foreign currency cash balances as at 30 June 2020. 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, are as follows:

Net exposure (asset / (liability)	GBP $'000	USD $'000	EUR $'000	CAD $'000	Total $'000
30 June 2020	**4,206**	**(766)**	**(525)**	**2,984**	**5,899**
30 June 2019	(278)	380	(409)	242	(65)

10. Financial risk management (continued)

(a) Market risk (continued)

Foreign Currency Sensitivity

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

		Effect on profit before tax (amounts shown in AUD)				
		GBP	USD	EUR	CAD	Total
Year	Change in FX rate	$'000	$'000	$'000	$'000	$'000
30 June 2020	**+ 10%**	**421**	**(77)**	**(53)**	**298**	**590**
	- 10%	**(421)**	**77**	**53**	**(298)**	**(590)**
30 June 2019	**+ 10%**	(28)	38	(41)	24	(7)
	- 10%	28	(38)	41	(24)	7

(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.

The credit risk for net investment in subleases is considered negligible due to the credit worthiness of lessees.

Cash and bank balances / other financial assets

As at 30 June 2020, the Group holds $13 million (2019: $11.0 million) in bank deposits, classified as cash and cash equivalents and other assets, that attract interest at normal rates.

The Group's bank accounts are predominantly non-interest bearing accounts. These operating bank accounts are not concentrated with any one bank. Funds in excess of the short-term liquidity requirements are moved to 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.

10. Financial risk management (continued)

(b) Credit risk (continued)

Other receivables

The Group is not exposed to any significant credit risk on account of other receivables. The Group accepts payments either via credit card platforms, PayPal, Amazon Pay or Apple Pay. In any case, the Group ensures that cash is received prior to the product being manufactured. The other receivables balance as at 30 June 2020 represents amounts receivable from these payment service providers. It is believed that the credit risk from collections from payment service providers is low.

	2020 $'000	2019 $'000
Other receivables [(1)]	**5,236**	2,562
Total other receivables	**5,236**	2,562

[(1)] None of the other receivables balances 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% (2019: less than 0.1%) of marketplace revenue.

(c) Liquidity risk

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

Term deposits classified as cash and cash equivalents in the prior year are placed for various periods up to 12 months. These can, however, be called at 31 days' notice, with minimal financial impact.

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.

10. Financial risk management (continued)

Maturities of financial liabilities

Financial liabilities owed by the Group at 30 June 2020 are $55.8 million (2019: $41.4 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 2020	**Trade and other payables $'000**	**Lease liabilities $'000**	**Total $'000**
1 to 3 months	**44,991**	**1,169**	**46,160**
3 to 12 months	**-**	**3,315**	**3,315**
1 to 3 years	**-**	**3,864**	**3,864**
> 3 years	**-**	**2,458**	**2,458**
Total	**44,991**	**10,806**	**55,797**

Year ended 30 June 2019	Trade and other payables $'000	Lease liabilities $'000	Total $'000
1 to 3 months	26,520	984	27,504
3 to 12 months	-	2,975	2,975
1 to 3 years	-	5,443	5,443
> 3 years	-	4,038	4,038
Total	26,520	13,440	39,960

(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	
Consolidated	**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000
Security bonds	**309**	410	**1,621**	1,463
Goods in transit [1]	**7,019**	1,864	**-**	-
Total other assets	**7,328**	2,274	**1,621**	1,463

(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.

12. Property, plant and equipment (continued)

Depreciation

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

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

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

	Leasehold improvements $'000	Furniture and equipment $'000	Computer equipment $'000	Total $'000
Cost				
Balance at 1 July 2019	3,883	721	2,755	7,359
Additions	-	66	410	476
Disposals	-	(8)	(339)	(347)
Exchange differences	42	7	25	74
Balance at 30 June 2020	**3,925**	**786**	**2,851**	**7,562**
Balance at 1 July 2018	3,754	671	2,314	6,739
Additions	8	27	393	428
Disposals	-	-	(4)	(4)
Exchange differences	121	23	52	196
Balance at 30 June 2019	3,883	721	2,755	7,359
Accumulated depreciation				
Balance at 1 July 2019	(2,017)	(356)	(2,061)	(4,434)
Charge for the year	(560)	(140)	(459)	(1,159)
Disposals	-	3	282	285
Exchange differences	(7)	(1)	(17)	(25)
Balance at 30 June 2020	**(2,584)**	**(494)**	**(2,255)**	**(5,333)**
Balance at 1 July 2018	(1,360)	(227)	(1,556)	(3,143)
Charge for the year	(622)	(123)	(468)	(1,213)
Disposals	-	-	-	-
Exchange differences	(35)	(6)	(37)	(78)
Balance at 30 June 2019	(2,017)	(356)	(2,061)	(4,434)
Net book value				
As at 30 June 2020	**1,341**	**292**	**596**	**2,229**
As at 30 June 2019	1,866	365	694	2,925

12. Property, plant and equipment (continued)

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 2020 (2019: $nil).

13. Intangible Assets

Recognition and measurement

Capitalised development costs	Development expenditure is capitalised when future economic benefits are probable. Expenditure during the research phase of a project is recognised as an expense when incurred.
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).
Other intangible assets	Other intangible assets include brand name assets that have been acquired by the Group.

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.

13. Intangible Assets (continued)

Critical accounting estimates and judgements

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

The Group assesses the recoverability of its goodwill and brand name in the TeePublic CGU annually. Recoverable amounts have been determined based on a value in use calculation using cash flow projections over a 5 year period. 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 long-term business growth rate 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 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 12.2%. 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 of the Group 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 2020. 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.

13. Intangible Assets (continued)

	Brand name $'000	Capitalised development costs $'000	Goodwill $'000 Restated	Total $'000
Cost				
Balance at 1 July 2019	6,756	39,692	50,501	96,949
Additions	-	9,205	-	9,205
Disposals	-	(109)	-	(109)
Exchange differences	122	3	988	1,113
Balance at 30 June 2020	**6,878**	**48,791**	**51,489**	**107,158**
Balance at 1 July 2018	-	29,077	-	29,077
Additions	-	9,412	-	9,412
Acquisition of a subsidiary	6,694	1,216	49,916	57,826
Disposals	-	(185)	-	(185)
Exchange differences	62	172	585	819
Balance at 30 June 2019	6,756	39,692	50,501	96,949
Accumulated amortisation				
Balance at 1 July 2019	-	(25,532)	-	(25,532)
Charge for the year	-	(10,041)	-	(10,041)
Exchange differences	-	(9)	-	(9)
Balance at 30 June 2020	**-**	**(35,582)**	**-**	**(35,582)**
Balance at 1 July 2018	-	(18,545)	-	(18,545)
Charge for the year	-	(6,873)	-	(6,873)
Exchange differences	-	(114)	-	(114)
Balance at 30 June 2019	-	(25,532)	-	(25,532)
Net book value				
As at 30 June 2020	**6,878**	**13,209**	**51,489**	**71,576**
As at 30 June 2019	6,756	14,160	50,501	71,417

No intangible assets have been impaired in the financial year ending 30 June 2020 (2019: 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 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:

	Right of use assets Total $'000	Lease liabilities Total $'000
Balance at 1 July 2019	8,378	11,848
Additions	1,348	1,335
Disposals [1]	(654)	-
Depreciation and amortisation expense	(2,527)	-
Interest expense	-	456
Lease liability repayment	-	(4,032)
Exchange differences	104	156
Balance as at 30 June 2020	**6,649**	**9,763**
Balance at 1 July 2018	8,509	12,450
Additions	1,807	1,807
Disposals	-	-
Depreciation and amortisation expense	(2,269)	-
Interest expense	-	527
Lease liability repayment	-	(3,438)
Exchange differences	331	502
Balance as at 30 June 2019	**8,378**	**11,848**

(1) The disposal is a result of recognising net investment in sublease during the year.

Classification of lease liabilities	2020 $'000	2019 $'000
Current	**3,944**	3,278
Non-current	**5,819**	8,570
Total lease liabilities	**9,763**	11,848

Amounts recognised in the statement of cashflow	2020 $'000	2019 $'000
Operating – payments of interest	**(456)**	(527)
Financing – payments of principal	**(3,576)**	(2,911)
Total cash (outflow) relating to leases	**(4,032)**	(3,438)

The Group has several lease contracts that include an extension. 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:

14. Leases (continued)

a) Group as a lessee (continued)

	Within five years $'000	More than five years $'000	Total $'000
Extension options expected not to be exercised	3,025	8,386	11,411

b) Group as a lessor

The Group has sub-let offices in the United States. These subleases have original terms of up to 4 years. Set out below are the carrying amounts of net investment in sublease and the movements during the year:

	Net investment in sublease Total $'000
Balance at 1 July 2019	1,248
Additions	500
Disposals	-
Interest income	53
Net investment in sublease receipts	(838)
Exchange differences	31
Balance as at 30 June 2020	**994**
Balance at 1 July 2018	1,779
Additions	-
Disposals	-
Interest income	69
Net investment in sublease receipts	(685)
Exchange differences	85
Balance as at 30 June 2019	**1,248**

Classification of net investment in sublease	**2020 $'000**	2019 $'000
Current	**994**	677
Non-current	**-**	571
Total net investment in sublease	**994**	1,248

Amounts recognised in the statement of cashflow

	2020 $'000	2019 $'000
Operating – receipt of interest	**53**	69
Investing – receipt of principal	**785**	616
Total cash inflow relating to leases	**838**	685

The table below on page 74 summarises the maturity profile of the Group's net investment in sublease based on contractual undiscounted receipts with a reconciliation to the carrying amount of net investment in sublease:

14 Leases (continued)

b) Group as a lessor (continued)

Undiscounted lease receipts	2020 $'000	2019 $'000
Year 1	**1,046**	754
Year 2	-	611
Year 3	-	-
> 3 years	-	-
Total undiscounted lease receipts	**1,046**	1,365
Less: unearned finance income	**(22)**	(52)
Exchange differences	**(30)**	(65)
Net investment in sublease	**994**	1,248

15. Trade and other payables

	2020 $'000	2019 $'000
Fulfiller payables	**22,319**	14,877
Artist payables	**9,892**	4,663
Staff payables	**1,781**	1,252
Sales tax payables	**5,546**	2,417
Other payables [1]	**5,453**	3,311
Total trade and other payables	**44,991**	26,520

[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.

16. Employee benefit liabilities (continued)

Defined contribution schemes

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

Termination benefits and restructure costs

Termination benefits are those benefits paid to an employee as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group also implemented a restructure program in the current year. Termination payments made and restructure costs payable to employees are disclosed in Note 4. Termination benefits and restructure costs are recorded as a provision when the Group can no longer withdraw the offer of those benefits.

	Current		Non-current	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Annual leave	**2,572**	2,058	**-**	-
Long service leave	**307**	212	**198**	227
Termination benefits	**2,180**	153	**-**	-
Total employee benefit liabilities	**5,059**	2,423	**198**	227

17. Other liabilities

	Current		Non-current	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Deferred consideration payable [1]	**1,227**	7,773	**-**	-
Other	**99**	-	**70**	-
Total other liabilities	**1,326**	7,773	**70**	-

(1) A US $4.8 million (AU $7.1 million) payment of deferred consideration in relation to the TeePublic acquisition in May 2020. The estimated fair value of the remaining deferred consideration at 30 June 2020 was US $0.8 million (AU $1.2 million).

18. Contributed equity and reserves

(a) Share capital

	Consolidated and parent entity			
	2020	2019	**2020**	**2019**
	Shares	Shares	**$'000**	**$'000**
Ordinary shares [1]				
Issued and fully paid	**263,462,966**	256,156,543	**135,965**	128,730
Transferred from share based payments reserve	**-**	-	**9,473**	6,464
Total share capital	**263,462,966**	256,156,543	**145,438**	135,194

(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.

18. Contributed equity and reserves (continued)

(b) Movements in ordinary share capital

	Number of shares	$'000
Balance at 1 July 2019	**256,156,543**	**128,730**
Exercise of options / warrants	**4,521,415**	**3,556**
Settlement of restricted stock units (RSUs)	**465,844**	**-**
Shares issued to Employee Share Trust	**7,267,000**	**10,321**
Shares allocated to participants from the Employee Share Trust	**(4,795,461)**	**(6,412)**
Payment of withholding taxes to US tax authorities (1)	**(152,375)**	**(230)**
Balance at 30 June 2020 (including treasury shares)	**263,462,966**	**135,965**
Treasury shares - unallocated (2)	**(3,865,657)**	**(5,303)**
Balance at 30 June 2020 (excluding treasury shares)	**259,597,309**	**130,662**

	Number of shares	$'000
Balance at 1 July 2018	209,940,096	70,021
Shares issued to fund the acquisition of TeePublic LLC	40,381,447	60,572
Transaction costs for issued share capital	-	(3,501)
Exercise of options / warrants	5,151,049	2,249
Settlement of restricted stock units (RSUs)	353,095	-
Shares issued to Employee Share Trust	5,835,000	7,515
Shares allocated to participants from the Employee Share Trust	(5,432,588)	(8,016)
Payment of withholding taxes to US tax authorities (1)	(71,556)	(110)
Balance at 30 June 2019 (including treasury shares)	**256,156,543**	**128,730**
Treasury shares - unallocated (2)	(1,394,118)	(1,394)
Balance at 30 June 2019 (excluding treasury shares)	**254,762,425**	**127,336**

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

(2) The unallocated treasury shares balance represents book value of shares held by the Trust for future issue to participants on exercise of options / restricted stock units.

(c) Dividends

No dividends were declared or paid during the year (2019: $nil). The Group's franking account balance is $nil (2019: $nil).

(d) Nature and purpose of reserves

Share based payment reserve

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

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.

18. Contributed equity and reserves (continued)

(d) Nature and purpose of reserves (continued)

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.

19. Business combinations

There were no business combinations entered into in the current period. In the prior period the Group acquired 100% of TP Apparel LLC and its subsidiary TP Apparel Europe Limited (TeePublic). Details of this business combination were disclosed in Note 17 of the Group's annual financial statements for the year ended 30 June 2019. US $4.8 million (AU $7.1m) of deferred consideration in relation to this acquisition was paid during the financial year.

20. Interests in subsidiaries

Information about subsidiaries

The consolidated financial statements of the Group include:

Name of entity	Country of incorporation	Principal activities	**Equity holding 2020 %**	Equity holding 2019 %
Redbubble Incorporated	USA	Provider of global sales, marketing and distribution services in respect of the Redbubble marketplace	**100**	100
Redbubble Europe 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
TP Apparel Europe Limited [(1)]	Ireland	Marketing and distribution services in Europe	**-**	100

(1) The TP Apparel Europe Limited entity was voluntarily deregistered during the year.

21. Parent entity financial information

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

(a) Summary financial information

Statement of financial position	2020 $'000	2019 $'000 Restated
Assets		
Current assets	**51,499**	49,092
Non-current assets	**15,006**	12,932
Total assets	**66,505**	62,024
Liabilities		
Current liabilities	**5,828**	3,921
Non-current liabilities	**381**	1,476
Total liabilities	**6,209**	5,397
Equity		
Contributed equity	**145,438**	135,194
Share based payment reserve	**13,699**	8,677
Treasury reserve	**(5,303)**	(1,394)
Accumulated losses	**(93,538)**	(85,850)
Total equity	**60,296**	56,627
Loss and other comprehensive income		
Loss for the year	**(7,686)**	(31,554)
Total comprehensive loss	**(7,686)**	(31,554)

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees as at 30 June 2020 (2019: $nil).

(c) Contingent liabilities of the parent entity

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 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.

(d) Capital commitments

The parent entity had no capital commitments as at 30 June 2020 (2019: $nil).

22. Commitments and contingencies

(a) Capital commitments

The Group had no capital commitments as at 30 June 2020 (2019: $nil).

(b) Contingencies

Legal claim contingencies

As at the date of these financial statements there are current lawsuits filed against some of the entities within the 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 should any of the actions ultimately be successful (at first instance or on appeal, as applicable). The Group 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 Group.

23. Share-based payments

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

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

The fair value of zero priced options and restricted stock units is equal to 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.

23. Share-based payments (continued)

Critical accounting estimates and judgements (continued)

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 Board members, employees (including senior executives) and contractors. 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 10 years from the grant date); and

(b) 90 days after ceasing to be a Director, 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.

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

Share appreciation rights have been granted to the Chief Executive Officer and the Executive team. The rights are subject to the achievement of health metrics as agreed by the Board and are subject to a share price exercise hurdle. Refer to the Remuneration Report for further details.

23. Share-based payments (continued)

(a) Movement

The table below summarises the movement in the number of options / restricted stock units during the year:

	2020 Number	2020 WAEP ($) [1]	2019 Number	2019 WAEP ($) [1]
Options over ordinary shares				
Outstanding at 1 July	**23,376,683**	**0.76**	22,111,251	0.74
Granted during the year [2]	**2,921,778**	**0.04**	9,472,033	0.73
Exercised during the year	**(4,521,415)**	**0.77**	(5,151,049)	0.44
Forfeited during the year	**(2,788,674)**	**0.83**	(2,014,819)	1.00
Expired during the year	**(478,314)**	**1.28**	(1,040,733)	1.18
Outstanding at 30 June	**18,510,058**	**0.85**	23,376,683	0.76
Exercisable at 30 June	**9,510,335**	**0.81**	10,656,430	0.79
Restricted stock units				
Outstanding at 1 July	**727,766**	-	337,707	-
Granted during the year	**2,110,590**	-	789,201	-
Settled during the year	**(465,844)**	-	(353,095)	-
Forfeited during the year	**(172,112)**	-	(46,047)	-
Outstanding at 30 June	**2,200,400**	-	727,766	-
Share appreciation rights (SARs) [3]				
Outstanding at 1 July	**5,666,668**	-	-	-
Granted during the year	**6,029,146**	-	5,666,668	-
Forfeited during the year	**(4,419,653)**	-	-	-
Outstanding at 30 June	**7,276,161**	-	5,666,668	-
Exercisable at 30 June	-	-	-	-

(1) WAEP stands for Weighted Average Exercise Price.

(2) 2,846,778 options granted during the year have a zero exercise price (2019: 900,431). The expiry period for options and RSU grants made during the current and prior year is 10 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 during the year.

	2020 Number	2019 Number
Accelerated vesting of unvested options over ordinary shares upon termination	**154,082**	180,619
Total	**154,082**	180,619

23. Share-based payments (continued)

(c) Additional disclosures

Weighted average fair value of	2020 $	2019 $
Share at the date of exercise of options / settlement of restricted stock units during the year	**1.63**	1.39
Share options and share appreciation rights granted during the year	**0.87**	0.63
Restricted stock units granted during the year	**1.58**	1.55

Weighted average remaining contractual life of	2020 (years)	2019 (years)
Share options and share appreciation rights outstanding at the end of the year	**7.81**	7.57

Inputs to pricing models for options and SARs granted during the year (weighted average)	2020	2019
Expected volatility (%) [1]	**68.41**	33.08
Risk-free interest rate (%)	**0.41**	2.58
Expected life (years)	**4.29**	6.20
Fair market value of share ($) [2]	**1.42**	1.35

(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 $1.62 (2019: $nil to $1.62).

(2) The fair market value of a share has been calculated using the volume weighted average price over the seven trading days preceding grant date.

24. Related party transactions

Compensation of the key management personnel of the Group

	2020 $	2019 $
Short-term employee benefits	**1,412,539**	1,337,755
Post-employment benefits	**77,658**	94,520
Share-based employee benefits	**822,393**	1,706,107
Other long-term benefits	**(21,984)**	13,622
Termination benefits	**316,976**	-
Total transactions with key management personnel	**2,607,582**	3,152,004

Transactions with related parties

Richard Cawsey, Redbubble's former Board Chair, is a director and shareholder of Denali Holdings Pty Ltd, which is the owner of the 'Bondle' messaging application. Redbubble engaged Denali Holdings Pty Ltd in respect of a licence of the Bondle application in May 2019 and paid $4,788 at that time for a two year licence period. No further fees were paid for the Bondle application in FY2020. The engagement is on an arm's length basis and the fees charged are comparable to similar application licensors in the market. At the year end, there were no balances outstanding in relation to this engagement (also nil in 2019).

25. Remuneration of auditors

Ernst & Young (Australia)	2020 $	2019 $
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	**280,144**	278,342
Fees for other services:		
Taxation services	**39,400**	18,250
Other services [1]	-	147,715
Remuneration of Ernst & Young	**319,544**	444,307

[1] Other services for FY2019 include a one-off cost relating to the acquisition of TeePublic of $93k.

26. Segment information

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

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

	2020		2019	
	Revenue $'000	Non-current assets [1] $'000	Revenue $'000	Non-current assets [1] $'000
Australia	**22,624**	**14,708**	19,215	12,838
United States	**287,810**	**66,564**	200,061	70,337
United Kingdom	**43,299**	-	34,277	1
Rest of the world	**62,524**	**176**	53,401	792
Total	**416,257**	**81,448**	306,954	83,968

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

27. Events occurring after the balance sheet date

The financial report was authorised for issue on 21 August 2020 by the Board of Directors.

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

28. Impact of new accounting standard

AASB 16 Leases

AASB 16 supersedes AASB 117 *Leases*. The date of initial application of AASB 16 for the Group is 1 July 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases. Short-term leases and leases of low value assets are exempt. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged other than in respect of sub-leases for which lease classification is performed by reference to the head lease right-of-use asset rather than the underlying asset. The impact of the adoption of AASB 16 on the Group's consolidated financial statements is described below.

The Group's leasing activities

The Group leases various offices in Australia, the United States and Germany. Rental contracts are typically made for fixed periods of between 1 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The new definition in AASB 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

Impact on lease accounting

Former operating lease

AASB 16 changes how the Group accounts for leases previously classified as operating leases under AASB 117. Leases classified as operating leases under AASB 16 have been amended under AASB 16 to bring values onto the Consolidated statement of financial position which were previously off balance sheet.

Applying AASB 16, for all leases (except as noted below), the Group:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in consolidated statement of comprehensive income; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

28. Impact of new accounting standard (continued)

AASB 16 *Leases* (continued)

Impact on lease accounting (continued)

Former operating lease (continued)

Lease incentives (e.g. a rent-free period) are now recognised as part of the measurement of the right- of-use assets and lease liabilities. In contrast under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

AASB 16 requires right-of-use assets to be tested for impairment in accordance with AASB 136 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within operations and administration expenses in statement of comprehensive income.

Impact on lessor accounting

AASB 16 does not substantially change how a lessor accounts for leases. Under AASB 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. Under AASB 117, subleases were previously accounted for as an operating lease and has now been classified under AASB 16 as a finance lease as the sublease has the majority of the remaining term to the main lease.

Under AASB 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset.

Because of this change, the Group has reclassified some of its sub-lease agreements as finance leases and recognised a net investment in sublease.

The tables below shows the amount of adjustments for each financial statement line item affected by the application of AASB 16 for prior years.

The impact on profit/(loss) for the year ended 30 June 2019 is outlined below with explanatory notes on page 86.

28. Impact of new accounting standard (continued)

AASB 16 *Leases* (continued)

Summary of impacts

Impact on profit/(loss) for the year	30 June 2019 As previously reported $'000	AASB 16 Adjustments $'000	30 June 2019 As restated $'000
Operations and administration [1]	(22,338)	3,158	(19,180)
Depreciation and amortisation [1]	(8,086)	(2,269)	(10,355)
Other income [7]	1,053	(612)	441
Other expenses [1]	(1,486)	(527)	(2,013)
Deferred tax (expense)/benefit [5]	(15,162)	345	(14,817)
Increase/(decrease) in profit for the year		**95**	

Impact on assets, liabilities and equity as at 1 July 2018

	As previously reported $'000	AASB16 Adjustments $'000	As restated $'000
Right-of-use assets [1]	-	8,509	8,509
Net investment in sub-lease – current & non-current [7]	-	1,779	1,779
Deferred rent received – current & non-current [7]	60	(60)	-
Deferred tax assets [6]	13,952	4	13,956
Net impact on total assets	**14,012**	**10,232**	**24,244**
Lease liabilities – current & non-current [1]	-	(12,450)	(12,450)
Lease incentive liability - current & non-current [2]	(1,450)	1,450	-
Deferred rent – current & non-current [7]	(842)	842	-
Rent received in advance [7]	(54)	54	-
Net impact on total liabilities	**(2,346)**	**(10,104)**	**(12,450)**
Retained earnings		**128**	

The implementation of AASB 16 resulted in an increase in net assets (over what was reported in the prior period) of $128,000 at 1 July 2018.

28. Impact of new accounting standard (continued)

AASB 16 *Leases* (continued)

Summary of impacts (continued)

Impact on assets, liabilities and equity as at 30 June 2019

	As previously reported $'000	AASB16 Adjustments $'000	As restated $'000
Right-of-use assets (1)	-	8,378	8,378
Net investment in sub-lease – current & non-current (7)	-	1,248	1,248
Deferred rent received – current & non-current (7)	60	(60)	-
Intangibles (4)	71,492	(75)	71,417
Prepayments (3)	2,804	(18)	2,786
Deferred tax assets (6)	-	72	72
Net impact on total assets	**74,356**	**9,545**	**83,901**
Lease liabilities – current & non-current (1)	-	(11,848)	(11,848)
Lease incentive liability – current & non-current (2)	(807)	807	-
Deferred rent – current & non-current (7)	(1,377)	1,377	-
Deferred tax liabilities – non-current (6)	(296)	251	(45)
Net impact on total liabilities	**(2,480)**	**(9,413)**	**(11,893)**
Retained earnings		**132**	

The implementation of AASB 16 resulted in an increase in net assets (over what was reported in the prior period) of $132,000 at 30 June 2019.

The Group as a lessee:

1. The application of AASB 16 to leases previously classified as operating leases under AASB 117 resulted in the recognition of right-of-use assets and lease liabilities. It also resulted in a decrease in rent expenses for the year ended 30 June 2019 of $3,158,000, an increase in depreciation of $2,269,000 and interest expenses of $527,000.
2. Lease incentive liabilities previously recognised with respect to operating leases have been derecognised and factored into the measurement of the right-of-use assets.
3. Prepaid rent has been derecognised and factored into the measurement of right-of-use assets.
4. The value of Goodwill has reduced due to a change in the fair value of identifiable net assets of TeePublic on acquisition.
5. Deferred tax expense has decreased by $345,000.
6. Deferred tax assets have been recognised in relation to the right-of-use assets and lease liabilities.

28. Impact of new accounting standard (continued)

AASB 16 *Leases* (continued)

Impact on lessor accounting (continued)

The Group as an intermediate lessor:

7. The Group, as an intermediate lessor, has reclassified its sub-lease agreements as finance leases and recognised a net investment in sublease. Deferred rent received in relation to the sub-lease has been derecognised and a net investment in sublease of has instead been recognised. Rental income of $612,000 has been de-recognised.

The consolidated statement of cash flows of the Group has been amended in accordance with AASB 16 as follows:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments are not included in the measurement of the lease liability as part of operating activities;
- Cash received and paid for the interest portion of net investment in sublease and lease liability respectively are presented as operating activities, as permitted by AASB 107 *Statement of Cash Flows*;
- Cash receipts for the principal portion of the net investment in sublease are presented as part of investing activities; and
- Cash payments for the principal portion of the lease liability are presented as part of financing activities.

AASB 117 required all lease payments on operating leases to be presented as part of cash flows from operating activities. Consequently, under AASB 16 the net cash generated by operating activities has increased by $2,295,000, being the lease liability payments (now shown in net cash used in financing activities) and proceeds from net investment in subleases (now shown in net cash used in investing activities).

29. Other significant accounting policies

(a) Principles of consolidation

Subsidiaries are all entities over which the Group has control. Control is established when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which the Group gains control. They would be deconsolidated from the date that control ceases. A list of the subsidiaries is provided in note 20 to the financial statements.

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

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of

29. Other significant accounting policies (continued)

(b) Business combinations and goodwill (continued)

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.

(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.

29. Other significant accounting policies (continued)

(c) Foreign currency transactions (continued)

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 statement of comprehensive income, 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) Inventories

Inventories of packaging materials are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and are net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

29. Other significant accounting policies (continued)

(f) 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 assesses at the end of each financial reporting period whether there is any objective evidence that a financial asset is impaired. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

(g) 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.

(h) 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.

(i) 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.

Critical accounting estimates and judgements

The Group currently collects and remits sales tax on sales made in a number of States in the United States where management believes that a sales tax nexus may exist.

(j) Leases

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

Group as a lessee

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.

Group as a lessor (subleases)

In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows:

- if the head lease is a short-term lease, the Group will classify the sublease as an operating lease.
- otherwise, the sublease will be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

Sublease classified as finance lease

The Group recognises net investment in sublease at the commencement date of the sublease (i.e., the date the underlying asset is subleased) due to the term of the sublease constituting a major part of the economic life of the

(j) Leases (continued)

Group as a lessor (subleases) (continued)

Sublease classified as finance lease (continued)

right-of-use asset relating to the head lease. The net investment in the sublease is measured using the discount rate for the head lease. The Group dercognises the right-of-use asset relating to the head lease that it transfers to the sublessee and replaces it with a net investment in the sublease. Any difference between the right-of-use asset and the net investment in the sublease is recognised in profit or loss. The lease liability relating to the head lease is retained and represents the lease payments owed to the head lessor. During the term of the sublease, the Group recognises both interest income on the sublease and interest expense on the head lease.

Sublease classified as operating lease

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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.

Practical expedients applied

In applying AASB 16 for the first time, the Group has used the practical expedients permitted by the standard. The Group has made use of the practical expedient on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly only leases in existence at 1 July 2019 have been assessed and transitioned into the new standard. The definition of a lease in accordance with AASB 117 *Leases* and Interpretation 4 Determining whether and Arrangement contains a Lease will continue to be applied for those leases entered or modified before 1 July 2019.

REDBUBBLE

29. Other significant accounting policies (continued)

(k) Accounting standards issued but not yet effective

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

There are other new accounting standards, interpretations or amendments issued but not yet effective, however they are not considered relevant to the activities of the Group and are not expected to have a material impact on the financial statements of the Group.

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 50 to 94 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 2020 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
Chair
Melbourne
21 August 2020

Martin Hosking
Chief Executive Officer
Melbourne
21 August 2020

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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 2020, 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 2020 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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Capitalised development costs

Why significant	How our audit addressed the key audit matter
As disclosed in Note 13 to the financial statements, the carrying value of capitalised development costs in the consolidated statement of financial position at 30 June 2020 was $13.2m. The accounting for capitalised development costs involves judgment, including considering technical 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, and determining the useful lives for capitalised development costs. 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 it, the value of development cost assets relative to total assets, the rapid technological 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; • considering whether there were any indicators of impairment; and • evaluation of the disclosures in Note 13 of the financial report.

Revenue recognition

Why significant	How our audit addressed the key audit matter
As disclosed in Note 3 to the financial report, 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 suppliers whereby suppliers 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: • Testing the operating effectiveness of controls over the capture 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 2020 were appropriately included as unearned revenue as at that date; • 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.

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 2020 Annual Report other than the financial report and our auditor’s report thereon. We obtained the Directors’ Report that is to be included in the Annual Report, prior to the date of this auditor’s report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor’s report.

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 49 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Redbubble Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

K Bodenham

Kylie Bodenham
Partner
Melbourne
21 August 2020

Corporate Information

Directors	Anne Ward (Chair, appointed as Chair 30 March 2020) Richard Cawsey (Chair, resigned 30 March 2020) Barry Newstead (Managing Director, Chief Executive Officer) (ended effective 18 February 2020) Martin Hosking (appointed as interim Managing Director, Chief Executive Officer 18 February 2020) Ben Heap (appointed 20 April 2020) Jennifer (Jenny) Macdonald Greg Lockwood Grant Murdoch (resigned 23 October 2019)
Company Secretaries	Corina Davis (US) Paul Gordon (Australia)
Registered Office	Level 3, 271 Collins Street Melbourne VIC 3000 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	Commonwealth Bank of Australia
Stock Exchange Listing	Redbubble shares are listed in the Australian Securities Exchange (ASX: RBL)
Website	Redbubble.com
Investor Centre	Shareholders.redbubble.com