REDBUBBLE

ANNUAL REPORT 2019

Contents

Founded in 2006, the Redbubble Group incorporates Redbubble Limited and its subsidiaries, including TP Apparel LLC (TeePublic). The Redbubble Group owns and operates the leading global online marketplaces hosted at Redbubble.com and TeePublic.com, powered by over one million independent artists. The Redbubble Group's community of passionate creatives sell uncommon designs on high-quality, everyday products such as apparel, stationery, housewares, bags, wall art and so on. Through the Redbubble and TeePublic marketplaces, independent artists are able to profit from their creativity and reach a new universe of adoring fans. For customers, it's the ultimate in self-expression. A simple but meaningful way to show the world who they are and what they care about.

This report covers Redbubble Limited as a consolidated entity consisting of Redbubble Limited (referred to in this report as Redbubble or the Company) and its controlled entities. Redbubble is a company limited by shares, incorporated and domiciled in Australia (ACN 119200592). Its registered office is at Level 3, 271 Collins Street, Melbourne VIC 3000. Redbubble is listed on the Australian Securities Exchange (ASX:RBL). Through the use of the internet, the Company ensures that our corporate reporting is timely, complete and available globally. All press releases, financial reports and other information are available on the Redbubble Investor Centre at shareholders.redbubble.com

Year in Review

Key financial highlights (year on year comparison)	FY19 $'m	FY18 $'m	Change %
		Restated [1]	
Total reported revenue from services	**307.0**	**218.7**	**40%**
Less Artists' margin	(50.1)	(35.9)	40%
Marketplace revenue	**256.9**	**182.8**	**41%**
Gross profit	**94.5**	**63.9**	**48%**
Gross profit margin on Marketplace revenue	**36.8%**	**35.0%**	**5%**
Paid acquisition costs (marketing)	(27.1)	(16.8)	61%
Gross Profit After Paid Acquisition costs (GPAPA)	**67.5**	**47.1**	**43%**
GPAPA % (on marketplace revenue)	**26.3%**	**25.8%**	**2%**
Operating expenses	(63.7)	(51.0)	25%
Operating EBITDA	**3.8**	**(3.8)**	**200%**
Operating EBITDA % (on marketplace revenue)	**1.5%**	**(2.1%)**	**172%**
Other income/expenses	(8.5)	(3.5)	143%
EBITDA (loss/profit)	**(4.7)**	**(7.4)**	**36%**

(1) On 1 July 2018 the Group adopted AASB 15 - Revenue from Contracts with Customers using the full retrospective method of adoption. Prior year comparatives have been restated to align the accounting treatment across both periods.

Highlights & Commentary

FY2019 Financial Performance

Key financial measures for the consolidated Redbubble Group ("RB Group") in FY2019 (with year on year ("YoY") growth rates, where applicable) are:

- Marketplace Revenue of $257 million, up 41% (up 34% on a constant currency basis).
- Gross profit of $95 million, up 48% (up 41% on a constant currency basis).
- Gross profit margin up 1.8pp to 36.8% (based on Marketplace Revenue).
- Cash operating expenses of $64 million, up 25% (up 20% on a constant currency basis).
- Operating EBITDA profit of $3.8 million, an improvement of $7.7 million from a FY2018 loss of $3.8 million.
- EBITDA loss of $4.7 million, an improvement of $2.7 million from a FY2018 loss of $7.4 million.
- Income tax expense of $15.2 million resulting predominantly from Management's position to write off the deferred tax asset as communicated at the time of the July Appendix 4C.
- Net loss after tax of $27.7 million compared to $10.0 million in FY2018, mainly due to the write off of the deferred tax asset.

FY2019 Cashflows

The total cash balance for FY2019 increased by $7.8 million compared to a $6.6 million decrease in FY2018. The closing cash balance at 30 June 2019 was $29.0 million. Aggregate operating and investing cash outflow (negative free cash flow) was $3.1 million in FY2019, improved by 56% compared to $6.9 million in FY2018. The RB Group has no debt.

Business Update

The RB Group continues to make progress in areas of strategic investment that are critical to long term marketplace growth and profitability. FY2019 metrics are reported below and outlined in the July Investor Presentation:

- Product revenue[1] from authentic sellers[2] at Redbubble grew by 39% and represented 76% of Redbubble product revenue
- Marketplace revenue from members grew by 109%, equating to 29% of Redbubble marketplace revenue
- The RB Group has on-boarded a total of 48 brands, with 25 new brands in 4Q FY2019. In addition, licensed content increased 46% from 3Q totaling 350,000 works
- Five new products were launched resulting from re-platforming work enabling efficient and fast new product launches
- 140% growth in marketplace revenue from the iOS app. Work has commenced on the development of the Android app

1 Product revenue is the portion of Marketplace revenue derived from Product sales. It excludes Shipping revenue.

2 Defined as those artists that tend to upload high quality, original works which resonate well with customers. Data Science work during 2018 has helped identify this critical segment at Redbubble and significant development investment has been focused on increasing the output of this group. TeePublic's artists are yet to be segmented.

Highlights & Commentary
(continued)

Looking Forward

The RB Group is targeting long term growth in a large addressable market. The priorities remain:

- Grow customer base and increase loyalty through personal "creative adventures" and member experiences
- Launch and sell products that artists want to design for and customers will love
- Build deeper relationships with authentic artists by increasing their commercial success
- Launch and expand partnerships with the world's leading fan art brands
- Maintain strong growth and synergy value of TeePublic, leveraging new product, on-boarding content partnerships and geographic growth opportunities
- Persist in current discipline to improve the Group's take rate, extract maximum value from marketing channels, and maintain operating expenses and cash discipline

This strategic work will underpin reaching the milestone of $1 billion in sales.

Chair's Letter

We are pleased to present the Redbubble Group's 2019 Annual Report.

The Redbubble Group's mission is to bring more creativity into the world. That guides everything we do. We are proud of our ever-expanding community of authentic artists and the quality of art and design work they bring to the Redbubble and TeePublic marketplaces.

Overcoming the adverse impact of changes that Google made to their display algorithms, the Redbubble Group delivered strong financial results this year and invested for the future. We are proud of our achievements during the period, including:

- generating our first positive Operating EBITDA since IPO, without compromising on strategic investments for the long term;
- completing the acquisition of TeePublic and taking early advantage of business synergies;
- transitioning successfully to a new CEO and CFO, Barry Newstead and Emma Clark, who have both made strong starts in their roles; and
- Redesigning our executive compensation structures to better align with our strategy and long-term value creation. Details are set out in the Remuneration Report.

We are particularly excited about the potential of our Fan Art licensing initiatives. We have achieved a remarkable number of new content partnerships. We look forward to realising the potential of this key segment so our artists can capitalise on their new freedom to create fan artwork and our customers can enjoy innovative art based on their favourite brands.

The Redbubble Group continues to make a positive contribution to the community in many ways. In addition to our success in bringing more creativity into the world, our employees have engaged in some wonderful community initiatives in the last 12 months such as 'Create Some Good' and the Community Collective, further described in this Report.

We thank the Redbubble Group employees. The Group's ability to grow, evolve and deliver against its purpose would not be possible without the work of our talented and committed Executive team and the strong contribution from the hard-working employees of Redbubble and TeePublic around the globe. We also thank artists, content partners, customers and fulfillers for their continued support in the past year.

I would personally like to thank my fellow board members for their guidance and counsel. It is a strong board who are experienced, knowledgeable and strategic. We are delighted with the contributions that our newer board members, Anne Ward and Jenny Macdonald, have both made since they joined in early 2018. Their broad experience in ASX, commercial, operating and governance areas have enhanced the board. We thank our departing board members, Grant Murdoch and Hugh Williams, for the terrific contributions they have made during their tenure.

Finally, many thanks to you, our shareholders. We will continue to focus on building a company of enduring value and look forward to rewarding you for your support.

Yours faithfully,

Richard Cawsey

CEO's Review

This year the Redbubble Group achieved an important milestone. The Group delivered its first positive Operating EBITDA since IPO, in the amount of $3.8 million. We achieved this milestone without compromising on strategic investments for the long term and made our first acquisition, which is already adding significantly to the Group. Redbubble Group is a business with real momentum and huge potential.

Redbubble and TeePublic are still in our early years and we see a revolution in retail commerce that will open up a large market opportunity. Our vision is to connect authentic artists and content partners with millions of loyal customers enabling personalised adventures in creativity.

This revolution is powered by three forces that have been building in retail commerce:

- The 'gig' economy that has brought hundreds of thousands of artists to Redbubble and TeePublic to monetise their artistic content with no financial risk or operational hassle;
- On-demand technologies that allow us to leverage our huge long tail content library to make and deliver personalised, quality, affordable products at the same standard as traditional retailers; and
- Global consumers who want more personal retail experiences that enable self-expression rather than mass market sameness.

The Redbubble Group is a much bigger market play than many people appreciate. The marketplace model extends into a wide array of consumer product markets. We can access these markets as we scale up, build our brand and consumers realise they don't need to compromise between personalisation, quality, speed and affordability. We deliver a great experience that is differentiated and is becoming more so.

The Group is uniquely positioned to win, as we are a flywheel business that is hard to replicate and our moat gets stronger as each strategic initiative reinforces the system. Competitors face a daunting investment challenge to try and reach a similar scale. Our strategy aims to solidify our advantage.

First, we are the artist & content leader that is a magnet for authentic artists. The 24 million strong back catalog of content is evergreen, generating long running value at a tiny cost to maintain. Artists continue to join and upload at negligible costs of acquisition. The Group is the most attractive play for "no hassle" monetisation. In the near term, the offering for artists will only get more attractive as we roll out new services including art theft prevention, promotional tools, and value-added marketing offers for high potential artists to better manage their business.

For content partners, Redbubble and TeePublic present a new way to engage fans and evolve their merchandise business in partnership with artists. We are working with them to create a truly scalable way to manage thousands of brands and ultimately license and market millions of content units at a global level. This will extend our content advantage.

Second, we have a diverse product catalogue that multiplies the value of an art work. This is what makes new products so attractive in the marketplace as we instantly create a massive personalised catalogue for each new product we launch. We will launch many more products in the coming years on both platforms to build category leadership.

Our supply advantage is solidified by the fulfillment and operational capabilities we've built over a decade. Our third party network can make and deliver any of over 90 products to a North American or European customer in 3-5 business days with standard shipping. Our supply economics continue to improve as the business reaches scale.

The supply side is our essential moat. We are a business with exceptional and diverse content. Going forward, we have the ability to professionally turn this content into hundreds of monetisable products via a global supply chain that delivers a great customer experience.

Third, is our customer strategy. For customers, content is king and Redbubble and TeePublic continue to have the best content. The business is deepening relationships with customers to enrich the experience. Redbubble customers are signing up as members at rapid rates and flocking to

CEO's Review
(continued)

Redbubble's iOS app. Members are provided with deeply personalised experiences via improving recommendations, personalised service, enhanced merchandising and human connections to artists. We will also extend TeePublic into new markets and progressively replicate the member experience that is proving to be so valuable on Redbubble.

Fourth and finally, Redbubble and TeePublic continue to generate a lot of inbound organic search and social traffic, which keeps marketing costs low. The Group has well established paid search capabilities, which provide profitable growth. What is emerging is a powerful shift toward brand and content-based marketing partnerships that are enabling new sources of growth. We have the potential to take our brands to scale by partnering with people who love our content; our artists, our customers, our partners and influencers. This is starting to happen now:

- In the final quarter of FY2019, theme-based influencer campaigns such as Pride and Asteroid Day featured unique content and helped extend the Redbubble brand to new audiences
- Fan art is widening our reach as artists, partners, affiliates and influencers share this amazing licensed content with the huge audiences for brands like Rick & Morty, Star Trek and Billions
- Our referral programs and brand ambassadorships help loyal customers extend the brands by rewarding word of mouth
- And we are seeing organic growth of the brands into youth-focused social media, especially Snapchat and TikTok, allowing for new avenues of low cost acquisition. Redbubble-tagged videos on TikTok have received millions of views

As we look forward, there is the opportunity to really scale up the brands and new customer acquisition at low-cost. And as customer life-term value grows from membership and app penetration, this will create additional marketing avenues.

Beyond the current growth priorities, we see an opportunity to take on wider retail and wholesale business areas. Redbubble and TeePublic have a long and profitable growth investment runway ahead of us. We are building for this opportunity. This is a formidable business with all of the advantages of some of the best marketplaces on earth.

As part of my first year as CEO, it was a priority to ensure that we have the leadership in place for the next phase. We have promoted five people to the executive team from within and transitioned to a new CFO, Emma Clark, who has made an immediate impact. We have retained key leadership at TeePublic and added key talent.

Redbubble has a strong, committed board who have been very supportive in the CEO and executive transitions. They helped us navigate the waters over the past year retaining a focus on the strategy.

One of the defining characteristics of businesses that are "Built to Last" is that they develop talent from within and always ensure they have the 'right people on the bus'. The board and executive team that leads the Redbubble Group has a proven track record and a clear vision for what it is going to take to realise the opportunities ahead of us.

We have a team that knows what it takes to win. Now that we reached the profitability goal, our next milestone is to grow to a billion dollars in sales. This is within our grasp.

Thank you for your commitment to the Redbubble Group. I look forward to realising our mission and creating value for customers, artists, employees and shareholders.

Barry Newstead

Barry Newstead

Chief Executive Officer

DIRECTORS' REPORT

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 2019 (referred to hereafter as the RB Group or Group).

Directors

The following persons were Directors of the Company during the 2019 financial year and to the date of this Report:

Richard Cawsey	Chair, Non-executive Director
Barry Newstead	CEO and Managing Director (appointed effective 1 August 2018)
Martin Hosking	Non-executive Director (effective 1 October 2018) - previously CEO and Managing Director (up to 1 August 2018) and Executive Director (from 1 August 2018 to 30 September 2018)
Jennifer (Jenny) Macdonald	Non-executive Director
Anne Ward	Non-executive Director
Greg Lockwood	Non-executive Director
Grant Murdoch	Non-executive Director (resigning at the end of the October 2019 AGM)
Hugh Williams	Non-executive Director (resigned effective 29 May 2019)

Principal activities

RB 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.

In November 2018, the Company's wholly-owned subsidiary, Redbubble Inc., completed the acquisition of TP Apparel LLC, which owns and operates the TeePublic business. The acquisition was funded by a capital raising via an institutional placement and entitlement offer. The total consideration for the acquisition was US $41 million. A deferred consideration payment of US $6 million is due to be paid in May 2020. The fair value of this consideration is US $5.5 million (A$7.8 million). The fair value of the deferred consideration has been reduced since acquisition by the payment of pre-acquisition expenses.

Apart from the acquisition of the TeePublic business, there was no significant change in the nature of RB Group's activities during the year.

Review of operations

FY2019 Financial Performance

RB Group FY2019 financial performance demonstrated the core strengths of the marketplace while benefiting from management discipline across the income statement and the value of the TeePublic acquisition. Key FY2019 RB Group financial measures (with YoY growth rates, where applicable) including TeePublic for the eight months to 30 June 2019 are:

- Marketplace Revenue of $257 million, up 41% (up 34% on a constant currency basis).
- Gross profit of $95 million, up 48% (up 41% on a constant currency basis).
- Gross profit margin up 1.8pp to 36.8% (based on Marketplace Revenue).

- Cash operating expenses of $64 million, up 25% (up 20% on a constant currency basis).
- Operating EBITDA profit of $3.8 million, an improvement of $7.7 million from a FY2018 loss of $3.8 million.
- EBITDA loss of $4.7 million, an improvement of $2.7 million from a FY2018 loss of $7.4 million.
- Income tax expense of $15.2 million resulting predominantly from Management's position to write off the deferred tax asset as communicated at the time of the 4C.
- Net loss after tax of $27.7 million compared to $10.0 million in FY2018, mainly due to the write off of the deferred tax asset.

Marketplace Revenue growth has been driven by the accelerating TeePublic business. At Redbubble, results from strategic investments lay the groundwork for a return to healthy topline growth.

The Group continues to strengthen gross margins leveraging scale and localisation benefits in fulfillment and shipping along with pricing optimisation to increase its effective take rate.

Across the Group, FY2019 marketing spend, while increasing from FY2018, represented 10.5% of Marketplace Revenue, well below many online marketplaces / ecommerce peers. Both businesses continue to generate profitable paid marketing growth.

The Group achieved significant operating leverage during FY2019 with 48% Gross Profit growth outpacing growth of 34% in expenses (aggregate of Operating Expenses and Marketing) during FY2019. This leverage has been achieved as teams focus on productivity and investments are made in automation.

The total cash balance for FY2019 increased by $7.8 million compared to a $6.6 million decrease in FY2018. The closing cash balance at 30 June 2019 was $29.0 million. Aggregate operating and investing cash outflow (negative free cash flow) was $3.1 million in FY2019, improved by 56% compared to $6.9 million in FY2018. The Redbubble Group has no debt.

As flagged at the time of the July Appendix 4C release, management has taken a conservative view and has written off its deferred tax asset from the balance sheet derived from post-IPO taxation losses. As at the end of FY2019, the Group has, in aggregate, $97 million of losses (FY2018 $75 million). The Group's position on tax losses is now completely consistent, with all losses de-recognised but still remaining in existence for taxation purposes.

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	2019 $'m [2]	2018 $'m [2]
		Restated [3]
Total reported revenue from services	**307.0**	**218.7**
Less Artists' margin	(50.1)	(35.9)
Marketplace revenue	**256.9**	**182.8**
Fulfiller expenses	**(162.4)**	**(118.9)**
Gross profit	**94.5**	**63.9**
Gross profit margin on Marketplace revenue	**36.8%**	**35.0%**
Paid acquisition costs	(27.1)	(16.8)
Gross Profit After Paid Acquisition costs (GPAPA)	**67.5**	**47.1**
Cash Operating Expenses	(63.7)	(51.0)
Operating (Cash) earnings before interest, tax, depreciation and amortisation (EBITDA)	**3.8**	**(3.8)**
Depreciation and amortisation	(8.1)	(7.8)
Other expenses	(1.5)	(0.8)
Share based payments	(5.9)	(2.7)
TeePublic acquisition costs	(1.2)	-
Interest and other income tax	0.4	0.4
Total Loss before income tax	**(12.5)**	**(14.7)**
Income tax (expense)/benefit [4]	(15.2)	4.7
Reported total loss for the year	**(27.7)**	**(10.0)**

(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 are based on unrounded numbers.

(3) On 1 July 2018 the Group adopted AASB 15 - Revenue from Contracts with Customers 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 Management's decision to write off the deferred tax asset during the year.

Business Update

RB Group is making progress in areas of strategic investment that are critical to long term marketplace growth and profitability.

For the Redbubble business, key initiatives are starting to power the business:

- Artists: Product Revenue[5] from authentic sellers at Redbubble grew by 39% in FY2019 and now represent 76% of Redbubble Product Revenue;
- Membership: During FY2019, Marketplace Revenue from members grew by 109%, being 29% of Redbubble Marketplace Revenue, and there were 5.7 million active members on Redbubble;
- Mobile App: Redbubble iOS app saw growth in Marketplace Revenue of 140% in FY2019 and work is underway on the development of an Android app. In 4Q, the iOS app represented 8% of Redbubble Marketplace Revenue;
- Branded Marketing: A strengthening brand is allowing a shift of spend to lower cost channels e.g. direct and branded search. RB Group 4Q marketing spend was only 9.7% of Marketplace Revenue;
- Content Partners: RB Group has on-boarded a total of 48 brands, added 25 new brands in 4Q, and the volume of licensed content grew to 350,000, up 46% quarter-on-quarter;
- New Products: 5 new products (throw blankets, bathmats, shower curtains, glossy and transparent stickers) were launched in 4Q, after the completion of re-platforming work enabling efficient and faster new product launches;
- Fulfilment: Continued to reduce fulfilment costs while increasing customer NPS by 3 points to 68 which is an excellent score; and
- Operating Costs: Redbubble operating expenses grew by only 12% in FY2019, achieved by management spending discipline.

For the TeePublic business, significant progress has been made across the following aspects:

- Paid Marketing: Grew and scaled efficiently across paid channels, particularly Google Shopping;
- Content Partners: Built core process for fan art and onboarded first brands, including Star Trek;
- Europe: Expanded fulfilment network and enhanced market coverage via localisation;
- Supply Chain Improvements: Enabled additional US fulfilment and migrated to faster, lower cost shipping service; and
- Improving Margins: Leveraged Group scale to achieve improved fulfilment costs and sharing insights on pricing and promotions.

These initiatives have provided individual benefit for TeePublic as well as some collective benefits across the RB Group.

Strategy and likely developments in operations

RB Group is targeting long term growth in a large addressable market. The business has demonstrated progress across a number of strategic initiatives aimed at diversifying the Group's sources of growth and profitability. The priorities remain:

- Grow customer base and increase loyalty through personal "creative adventures" and member experiences;
- Launch and sell products that artists want to design for and customers will love;
- Build deeper relationships with authentic artists by increasing their commercial success;
- Launch and expand content partnerships with the world's leading fan art brands;
- Maintain strong growth and synergy value of TeePublic, leveraging new product, on-boarding content partnerships and geographic growth opportunities; and
- Persist in current discipline to improve the Group's take rate, extract maximum value from marketing channels, and maintain operating expenses and cash discipline.

The business is focused on the strategic work to reach the milestone of $1 billion in sales and current economics demonstrate that this can be achieved profitably.

Significant changes in the state of affairs

In the Directors' opinion, apart from the acquisition of the TeePublic business noted above, there have been no significant changes in the state of affairs of RB Group during the 2019 financial year.

5 Product revenue is the portion of Marketplace revenue derived from Product sales. It excludes Shopping revenue.

Significant events after end of the 2019 financial year

In the Directors' opinion, there have been no matters or circumstances arising since the end of the 2019 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 2019 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 and fulfilment partners 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 (further details can be found on Redbubble's Corporate Sustainability page at redbubble.com/social-responsibility/giving-back/community-collective):

- **'Create Some Good'**
  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.
- **'Community Collective'**
  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 see 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.

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.

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). The product does not exist unless and until the customer orders it, which means less waste.

A Small Footprint
Around 95% of the Redbubble's marketplace packages originate within the same region from which they are ordered. 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 reforestation in the United States and a cookstove replacement program to reduce emissions in India.

Ethical Production
RB Group is committed to ethically-sourced apparel. Only independent third-party manufacturers 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 manufacturers hold formal social compliance approvals such as Worldwide Responsible Accredited Production (WRAP) or equivalent certifications.

Redbubble also requires that all third-party printers participating in the marketplace ensure safe working conditions, minimise environmental impact, and treat their employees with respect and dignity. To ensure these requirements are met, they must adhere to the Fair Labor Association (FLA) Code of Conduct.

Redbubble coordinates with identified 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 Redbubble marketplace 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
Redbubble 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 and collecting data ahead of compliance with the first mandatory report due by December 2020.

Health and Safety
RB Group is committed to ensuring the health and safety of its employees, contractors and visitors by conducting its business in accordance with all workplace health and safety laws, standards and codes of practice. RB Group strives to provide a safe work environment for the physical and mental health, safety and welfare of team members and visitors, including by:

- developing and maintaining safe systems of work, and a safe working environment;
- consulting with staff on safety;
- providing information and training for team members where necessary;
- assessing all risks before work starts on new areas of operation, for example, buying new equipment and setting up new work methods;
- removing unacceptable risks to safety where feasible; and
- providing staff with adequate facilities and specific health and safety programs, as further detailed below.

The Group has maintained a strong safety record with very few health and safety incidents.

A comprehensive employee wellness program is offered which includes complementary flu vaccinations, healthy snacks and ergonomic support. In recognition that the risk of mental health issues is rising, wellbeing initiatives are aimed at preventing future mental health incidents. The Group offers an Employee Assistance Program, providing confidential telephonic and face to face support for employees and contractors.

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 providing oversight of the risk management framework and assurance on the management of significant risks to the CEO and the Board.

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 is 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 Group believes that this approach contributes to the achievement of its 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 the Group's risk appetite is to foster a culture of innovation. The 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 Redbubble Board encourages prudent risk taking by staff that balances the risks of action versus inaction and subject always to applicable Group policies.

The Group has adopted a risk management strategy that aims to identify and minimize the potential for loss while also maximising strategic opportunities for growth and enhanced service delivery and profitability. The risk framework is based on the principles contained in AS/NZ ISO Risk Management Principles:

Identifying and analysing risks;

- Evaluating those risks – making judgments about whether they are acceptable or not;
- Implementing and Documenting appropriately designed control systems to manage these risks;
- Treating unacceptable risks – formulating responses following the identification of unacceptable risks, including action plans to reduce the probability or consequences of an event occurring; and
- Ongoing monitoring, communication, and review.

The risk framework outlines the responsibilities for risk management at all levels in the organization and supports these responsibilities by defining a risk reporting structure, expectations and the resources and tools required.
The risk management process includes risk assessment methodology with identification, analysis, evaluation and treatment in 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 focusing on ensuring that its marketplaces provide a market leading experience for artists and customers. The RB Group has 24.1 million active works providing a substantial barrier to new entrants.
- **Google search channel risk** - RB Group continues to focus on customer loyalty, engagement and member relationships as a strategic priority to reduce dependence on organic search.
- **Costs risk arising from consolidation in fulfillment market** - 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 is encountering increased competition for technology talent in Melbourne. This risk is being mitigated with the introduction of a new executive compensation plan and compensation adjustments for key talent roles. In recruitment, the RB Group has built effective employment branding to attract new talent.
- **Technology Security Risk** - This risk covers categories of risk around the security and reliability of the technology infrastructure and processes used to operate the marketplaces. As a technology-focused business, managing security, and taking care of consumer and customer data is essential. To manage this risk, The Company has developed and tested its disaster recovery capability and procedures, implemented high availability infrastructure and architectures, and continually monitor our systems for signs of poor performance, intrusion or interruption. The Company maintains appropriate data management, security and compliance policies, procedures and practices in place.
- **Litigation brought against Redbubble for intellectual property infringement** - This arises from RB Group's role as an intermediary for user-generated content. RB Group mitigates this risk by responding expeditiously to content takedown notices from intellectual property rights-holders, engaging in collaborative relationships with rights-holders to promote the integrity of website content (including through the RB Group Fan Art Licensing Program), as well as software tools that automate the content management activities.
- **Privacy and Data Protection Compliance Risk** - To minimise the impact of this compliance risk we have undergone an extensive compliance framework initiative with the enactment of the European General Data Protection Regulation (GDPR) 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.

Change in key management personnel during the 2019 financial year and since the end of that financial year

The "Key Management Personnel" for the purposes of the FY2019 Remuneration Report have been determined to be:

- Barry Newstead - Chief Executive Officer;
- Emma Clark - Chief Financial Officer from 1 June 2019 and as at the date of this Report;
- Chris Nunn - Chief Financial Officer until 1 June 2019; and
- Martin Hosking, who resigned from his role as Chief Executive Officer and Managing Director with effect from 1 August 2018 and continued as an executive director from that date until his retirement from RB Group employment on 30 September 2018. Martin then became a non-executive director and he remains a non-executive director as at the date of this Report.

Whilst each of the Executive Team members listed on page 21 and 22 are considered key employees, only the individuals above, together with Non-executive directors, 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 six 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.

Details of the number of Board and Board Committee meetings held during the year and Directors' attendance at those meetings are shown on page 19 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 2019 financial year are listed below.

Directors' qualifications and experience

Mr Richard Cawsey

Non-executive Director and Chair of the Board
Member of Audit and Risk Committee

Richard Cawsey has a 32 year track record of building high-performing organisations in Australia, Europe, North America and Asia. In addition to chairing Redbubble, he is the executive chair of Denali Venture Partners, a consultancy that works with fast growing companies to realise their potential and chairs two private companies.

Richard has held a number of board and senior executive roles for ASX listed companies including St. George Bank (then Australia's 5th largest). Prior to returning to Australia, Richard was a managing director with Morgan Stanley working senior roles in Europe, the US and Asia. Richard has a Bachelor of Commerce (Hons) degree from Australian National University and is a graduate of the Australian Institute of Company Directors.

Richard has not held any other listed company directorships in the 3 years to 30 June 2019.

Mr Barry Newstead

CEO and Managing Director

Barry Newstead has been CEO and Managing Director since August 2018. He joined Redbubble in 2013 as Chief Operating Officer. Prior to joining Redbubble, Barry held internet focused executive roles at the Wikimedia Foundation (which runs Wikipedia) in San Francisco and at Australia Post. He spent 14 years as a strategy consultant with the Boston Consulting Group and the Bridgespan Group (an affiliate of Bain & Company). Barry has lived and worked in North America, Asia, Europe and Australia. He is based in Melbourne and travels to the US regularly.

Barry earned his bachelor's degree from Ivey Business School, Canada, and Master's degree from Harvard University, USA. Barry is a graduate of the Australian Institute of Company Directors. He is a board member of the Foundation for Young Australians.

Barry has not held any other listed company directorships in the 3 years to 30 June 2019.

Mr Martin Hosking

Non executive Director
Member of the People and Nomination Committee

Martin Hosking is a co-founder of Redbubble. He 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 (upon the appointment of Barry Newstead as CEO and Managing Director) and transitioned from Executive Director to Non-executive Director on 1 October 2018.

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 2019.

Ms Jennifer (Jenny) Macdonald

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

Jenny Macdonald is a professional company director, currently serving on the board and audit committee 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 Limited (ASX:BAP). Jenny was appointed a Non-executive Director of Property Guru Pte Ltd on 10 September 2019. She previously held Non-executive Director roles at online services marketplace hipages Group, and non-profit organisation Fitted for Work. 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 2019:

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

Ms Anne Ward

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

Anne Ward is a professional company director with over 30 years 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. Anne is independent Chairman of Colonial First State Investments Ltd and recently retired as Chairman of Qantas Superannuation Ltd and a Director of ASX listed MYOB Group Ltd (ASX:MYO). She is currently 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 2019:

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

Mr Greg Lockwood

Independent Non-executive Director

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 2019.

Mr Grant Murdoch

Independent Non-executive Director
Chair of Audit and Risk Committee

Grant Murdoch joined the Board as an independent Non-executive director and Chair of the Audit and Risk Committee in January 2016. Grant has more than 39 years' chartered accounting experience. From 2004 to 2011, Grant led the corporate finance team for Ernst & Young Queensland and was an audit and corporate finance partner with Deloitte from 1980 to 2000. Grant has extensive experience in providing advice in relation to mergers, acquisitions, takeovers, corporate restructures, share issues, pre acquisition pricing due diligence advice, expert reports for capital raisings and initial public offerings. Grant is currently a director and the chair of the audit committees for each of ALS limited (formerly Campbell Brothers), Lynas and OFX Limited (previously Ozforex Limited). He was previously a Director and the Chair of the Audit committees for QIC from 2011 to 2017. He is a senator of the University of Queensland (as well as Chair of the risk committee and a member of the finance committee), an adjunct professor at the University of Queensland Business School and a director of UQ Holdings Limited. Grant has a Master's degree in Commerce (Honours) from the University of Canterbury, New Zealand, is a graduate of the Kellogg Advanced Executive Program and the Advanced Leadership Program at Northwestern University. He is fellow of both the Institute of Chartered Accountants in Australia and New Zealand and of the Australian Institute of Company Directors. He is a member of the AICD State Council for Queensland for the Australian Institute of Company Directors. Grant will retire from the board of Redbubble at the end of the 2019 AGM (on 23 October 2019).

Grant has held the following listed company directorships in the 3 years to 30 June 2019:

- ALS Limited (from 1 September 2011 to present)
- Lynas Limited (from 1 November 2017 to present)
- OFX Group Limited (from 19 September 2013 to present)

Board and Committee Meetings - attendance during FY2019

	Board		Audit and Risk Committee		People and Nomination Committee	
	Held whilst in office	Attended whilst in office	Held whilst in office	Attended whilst in office	Held whilst in office	Attended whilst in office
Richard Cawsey	18	17	3	3	-	-
Barry Newstead	17	17	-	-	-	-
Martin Hosking*	18	18	-	-	1	1
Greg Lockwood	18	16	-	-	-	-
Jenny Macdonald	18	18	3	3	5	4
Anne Ward	18	18	-	-	5	5
Grant Murdoch*	18	15	3	3	4	4
Hugh Williams	16	10	-	-	-	-

* Martin Hosking was appointed to the People and Nomination Committee upon Grant Murdoch's retirement from that Committee, in April 2019.

Directors' interests and shares and options

The Directors' interests in shares and options as at 28 August 2019 was as follows:

	Shareholdings	Options outstanding	Share appreciation rights outstanding
Richard Cawsey	14,066,549	39,423	-
Barry Newstead	562,413	3,360,690	5,666,668
Martin Hosking	56,500,090	19,711	-
Greg Lockwood	6,465,131	-	-
Jennifer Macdonald	56,539	19,711	-
Grant Murdoch	220,971	120,649	-
Anne Ward	100,000	22,916	-
Hugh Williams	47,670	-	-
Total interests	**78,019,363**	**3,583,100**	**5,666,668**

Share options granted

During the financial year and since the end of the financial year to 28 August 2019, an aggregate 2,022,402 share options and 5,666,668 share appreciation rights were granted to the Directors and to the five highest remunerated officers of the Company and its controlled entities as part of their remuneration.

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.

As noted above, Grant Murdoch is not seeking re-election at the 2019 AGM and will retire at the end of that AGM.

Barry Newstead, 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. Corina oversees the Company's legal function and 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
Regional Counsel and Company Secretary (Australia)

Paul Gordon joined Redbubble in early 2015. Paul has broad corporate and commercial legal experience, gained in-house and in private practice in Australia, the UK and New Zealand. Before joining RB Group, Paul was the General Counsel at ASX-listed REA Group. Before that Paul was a Senior Corporate Associate at Nabarro LLP in the 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

Please see above for the biographies of the following Executive Team members:

- **Barry Newstead,** *Chief Executive Officer and Managing Director*
- **Corina Davis,** *Executive Vice President, Business Development, Chief Legal Officer and Company Secretary*

Biographies for the remaining Executive Team members follow:

Ms Emma Clark
Chief Financial Officer

Emma Clark joined Redbubble as Chief Financial Officer in June 2019. Prior to this she spent ten years at ANZ Bank holding a variety of executive roles, with the most recent being CFO of ANZ's Technology Division. Emma has previously been both CFO and Managing Director for the Diners Club business in Australia. CPA qualified, Emma has a Bachelor of Business from Monash University, and is also active on Boards, most recently spending four years as Treasurer for the Ovarian Cancer Research Foundation.

Mr Daniel Vydra
Chief Technology Officer

Daniel Vydra has been with Redbubble since 2012, working across the engineering organisation in strategy and infrastructure leadership roles. Prior to that, Daniel worked as a software consultant in the media, travel and telecommunications industries, spending several years working with the technology team at The Guardian newspaper in London. Daniel has a Bachelor of Information Systems degree from The University of Melbourne.

Ms Vanessa Freeman
Chief People and Culture Officer

Vanessa Freeman joined Redbubble as Chief People and Culture Officer in August 2015. Vanessa previously held senior human resources and strategy roles at Pacific Brands and McKinsey & Company - London, where she focused on corporate strategy, post-merger management and operational transformation. Vanessa has Bachelor of Arts and Bachelor of Commerce degrees from Auckland University and an MBA from Stanford University, California.

Mr Arnaud Deshais
Chief Supply Chain Officer

Arnaud Deshais joined Redbubble in 2014 and oversees the Global Operations function. Arnaud has a wide range of supply chain experience with particular expertise in the areas of fulfillment, logistics, quality and customer experience. Before joining Redbubble, Arnaud was the Director of Supply Chain for Art.com. Earlier, he was a Consultant Manager for Cap Gemini Ernst and Young within the Supply Chain and High Tech Practices. Arnaud is an active member of APICS and ISM. Arnaud holds an MBA from Clemson University, USA and ESC Rennes, France.

Ms Sadie Stoumen
Vice President - Product

Sadie Stoumen joined Redbubble in 2017 and oversees the Product Management and Design functions. During her time at Redbubble, Sadie has worked across fulfilment systems, product launches, and scalable platforms. Prior to joining Redbubble, Sadie held product management and product marketing positions at Intuit and Google, and led content strategy at a venture-backed marketplace. Sadie has a Bachelor of Arts in International Relations and Economics from Wellesley College, Massachusetts.

Mr Georg Friedrich
Head of Platforms / Vice President - Engineering

Georg Friedrich joined Redbubble in 2009 and has held various leadership roles within the engineering team. He has contributed to most of Redbubble's code base since the earliest days. Georg's experience spans 20 years of software development roles in industries ranging from printing to online fundraising and e-commerce. In 2007, he co-founded 'betterplace.org' and developed an online donation platform which remains Germany's largest of its kind. Georg holds a degree in business informatics from the Berlin School of Economics.

Mr Anuj Luthra
Head of Artists & Content / Vice President - Engineering

Anuj Luthra joined Redbubble in 2012 as a senior engineer and has been in various leadership roles within the engineering team. He has been the driving force behind building the search platform, paid marketing platform and product engineering discipline. Currently, he leads our Artist and Content user group. Before Redbubble, he ran his own business (36 Zeroes) in software consulting & product development and worked as a senior engineer for Sealink Travel Group. Anuj has a Bachelor's of Computer Science from Jodhpur University and a Masters of Information Technology from the University of South Australia.

Dr Sadegh (Sam) Kharazmi
Head of Customer Experience / Vice President - Engineering & Data Science

Sam Kharazmi joined Redbubble in 2015 to build the company's data science and machine learning capability and currently leads customer experience and data science. Sam holds a PhD in Computer Science from RMIT where he specialised in machine learning and information retrieval. He has held research positions at RMIT and National ICT Australia, and collaborated with Microsoft Research and Yahoo Research. His prior experiences also include a number of senior technical, operational and advisory positions at several startups.

Dr Brett Watson
Chief Commercial Officer

Brett Watson joined Redbubble in 2016 as a Senior Strategy Manager and has provided strategic and commercial leadership across the Redbubble marketplace, being promoted to the role of Chief Commercial Officer in August 2019. Prior to Redbubble Brett has held senior strategy positions at Coles and as a consultant with KPMG and Pacific Strategy Partners. Brett has a Bachelor of Mechanical Engineering from Curtin University and a PhD in Engineering from Monash University.

Mr Adam Schwartz
CEO - TeePublic

Adam Schwartz joined the RB Group in November 2018 as TeePublic's CEO after TeePublic was acquired. Prior to the acquisition, Adam was TeePublic's Co-Founder and Chief Operating Officer. Previously, Adam was Chief Operating Officer of BustedTees.com and a Co-Founder of Le Souk. In 2016, Adam was named to Forbes 30 Under 30. He is a start-up mentor for ERA Ventures and an advisory board member for Bombas, The Loyalist, Attentive, Pathspark and Curos. He holds a Bachelor's of Science from the University of Florida in Telecommunications Operations Management and Business.

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 2019 financial year.

	Number of options / performance rights granted	Number of ordinary shares under options /performance rights	Number of share appreciation rights granted
Richard Cawsey	39,423	39,423	-
Barry Newstead	920,304	920,304	5,666,668
Martin Hosking	19,711	19,711	-
Greg Lockwood	-	-	-
Jennifer Macdonald	19,711	19,711	-
Grant Murdoch	22,916	22,916	-
Anne Ward	22,916	22,916	-
Hugh Williams	19,711	19,711	-
Corina Davis	337,023	337,023	-
Arnaud Deshais	480,658	480,658	-
Chris Nunn	29,447	29,447	-
Jorie Waterman	110,582	110,582	-
Total options	**2,022,402**	**2,022,402**	**5,666,668**

There are no options or performance rights granted to this group since the end of the 2019 financial year to 28 August 2019.

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	20,949,164	31 July 2029
Share appreciation rights (1)	5,666,668	1 August 2025
Performance Rights (2)	723,600	
Total awards outstanding	**27,339,432**	

(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) Performance rights granted do not have an expiry date. Ordinarily these vest and are settled according to a participant's vesting schedule, and any outstanding performance rights 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 2019 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 2019 financial year, to the date of this Report:

	Number	Exercise price paid $
Settlement of vested performance rights	4,166	-
Exercise of options	1,697,684	1,162,358
Total	**1,701,850**	**1,162,358**

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 2019 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 the Company

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 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 26 to 45 and forms part of the Directors' Report for the financial year ended 30 June 2019.

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 2019 financial year.

On 27 August 2019, the Directors approved the extension of the appointment of the Company's Audit Partner, Ms Kylie Bodenham, for a further period of two years (pursuant to Section 324DAA of the Corporations Act 2001). The Directors' approval followed an Audit and Risk Committee recommendation to extend the appointment, including a statement by the Committee members that they were satisfied that the extension:

- would be consistent with maintaining the quality of the audit provided to the Company; and
- would not give rise to a conflict of interest situation as defined in section 324CD of the Corporations Act.

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 2019 and 2018 financial years are set out below.

	2019 $	2018 $
Non-audit services		
Taxation services	18,250	19,750
Other services [1]	147,715	48,751
Total	**165,965**	**68,501**

(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 2019 and 2018 financial years are set out in Note 23 to the Consolidated Financial Statements.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration, as required under section 307C of the Corporations Act, is set out on page 25. 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.

Richard Cawsey
Chair
28 August 2019

Building a better working world

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Auditor's Independence Declaration to the Directors of Redbubble Limited

As lead auditor for the audit of the financial report of Redbubble Limited for the financial year ended 30 June 2019, 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

Kylie Bodenham
Partner
28 August 2019

REMUNERATION REPORT

LETTER FROM THE PEOPLE AND NOMINATION COMMITTEE

Dear Shareholder,

On behalf of the Board of Redbubble Limited (referred to as "RB Group" or "Group"), I am pleased to present our Remuneration Report for FY2019.

The role of the People and Nomination Committee is to ensure RB Group has a remuneration structure which attracts and retains quality global and local talent, motivates them to build a company of enduring value and encourages and rewards innovation and long-term focus.

Reflecting the changing needs of a growing, global, ASX listed company, the Group's approach to remuneration continues to evolve. During FY2019, the People and Nomination Committee conducted a full 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. A process is now underway to transition the executive team to the new model.

The objectives of the RB Group executive remuneration model are to:

- Clearly link executive performance with RB Group's strategic goals;
- Motivate executives to create sustainable, long term value for shareholders;
- Unify the global executive leadership team by providing consistent goals in a single model which is easy to understand and encourages a long-term focus; and
- Attract and retain exceptional talent in globally competitive, highly mobile markets.

FY2019 Key Management Personnel (KMP) remuneration arrangements

In August 2018 Barry Newstead was appointed Chief Executive Officer (CEO) of RB Group and in June 2019 Emma Clark was appointed Chief Financial Officer (CFO).

The CEO contract agreed with Barry Newstead and approved by shareholders included fixed cash compensation, a short-term incentive (STI) comprising zero priced options and a multi-year long-term incentive (LTI) of share appreciation rights (SARs) with exercise conditions. This remuneration structure reflects a number of the objectives which were later incorporated into the new executive remuneration model, including:

- A shift away from cash-based STIs;
- The introduction of share-price exercise conditions for LTIs; and
- The introduction of SARs as the LTI instrument.

It is intended that Barry Newstead will transition to the new executive remuneration model to be fully aligned with the rest of the executive team.

Emma Clark joined as CFO in June 2019 on the new executive remuneration structure, with a total target remuneration benchmarked to Redbubble's ASX peer group and comprising cash compensation, long-term equity (LTE) in the form of zero-priced options and long-term incentive (LTI) in the form of share appreciation rights (SARs) with exercise conditions.

FY2019 KMP remuneration outcomes

Based on the Group's financial performance in FY2019, the CEO will receive 40% of his target short-term incentive, reflecting the partial achievement of the CEO's performance goals for the year.

The outgoing CFO will receive 47.5% of his target short-term incentive, reflecting partial achievement of the CFO's performance goals for the year.

Executive remuneration model

As described in more detail in the Remuneration Report, the new executive remuneration model will comprise cash compensation, long term equity grants with restrictions on disposal and LTI with long term vesting and exercise conditions based on compound annual share price growth.

The Committee is confident that the new Executive Remuneration Model will provide a strong foundation for the RB Group for the future.

RB Group People and Nomination Committee Chair
Anne Ward

Contents

1. Remuneration Report overview

The Directors of Redbubble Limited present the Remuneration Report (the Report) for the Group for the financial year ended 30 June 2019. 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). KMP are those persons who have authority and responsibility for planning, directing and controlling the activities of the Group.

The table below outlines the KMP of the Group and changes during FY2019:

	Name	Position
Non-executive Directors	Richard Cawsey	Chair, Non-executive director
	Martin Hosking	Non-executive director (retired as Managing Director and Chief Executive Officer (CEO) 1 August 2018 and remained a Director)
	Greg Lockwood	Non-executive director
	Jennifer (Jenny) Macdonald	Non-executive director
	Grant Murdoch	Non-executive director
	Anne Ward	Non-executive director
	Hugh Williams	Non-executive director (resigned 29 May 2019)
Executive Director	Barry Newstead	Managing Director and Chief Executive Officer (CEO) (appointed 1 August 2018)
Other key management personnel	Chris Nunn	Chief Financial Officer (CFO) (resigned as CFO 1 June 2019)
	Emma Clark	Chief Financial Officer (CFO) (appointed as CFO 1 June 2019)

2. Overview of executive remuneration

2.1 Changes in Key Management Personnel (KMP)

During the year the following transitions occurred:

- Martin Hosking resigned from his role as Chief Executive Officer and Managing Director with effect from 1 August 2018. Mr Hosking continued as an Executive Director from that date until his retirement from Redbubble Group employment on 30 September 2018. Mr Hosking then became a Non-executive Director and he remains a Non-executive Director as at the date of this Report.
- Barry Newstead transitioned from Chief Operating Officer to Chief Executive Officer and Managing Director, effective 1 August, 2018.
- Chris Nunn stepped down from his role as Chief Financial Officer on 1 June 2019, continuing in an executive advisory capacity before his retirement from RB Group, effective 1 July 2019.
- Emma Clark joined RB Group on 1 June 2019 as Chief Financial Officer.

2.2 Group remuneration strategy

FY2019 was a transitional year for RB Group's executive remuneration strategy.

As indicated in last year's report, RB Group is moving to a new Executive Compensation Model, which is expected to be fully effective for FY2020. RB Group's newly appointed Chief Financial Officer, Emma Clark, is the first executive to be hired under the new model. Emma Clark joined the RB Group on June 1, 2019. A process is now underway to transition the executive team to the new model.

RB Group's vision is to build a global leading retail commerce platform and an enduring organisation that delivers sustainable value for shareholders over the long term. The Group's new Executive Compensation Model is designed to attract and retain proven, global executive talent who will successfully execute on the Groups vision and strategy in a manner that aligns with the company's values.

RB Group's Executive Compensation Model 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.

In FY2019, the Board undertook a full review of RB Group's executive remuneration structure, and a new model has been introduced. Initial thinking on the new model was underway when Barry Newstead was appointed as CEO and was partially reflected in his contract. Emma Clark is the first executive hired under the new model and it is intended that Barry Newstead will transition to the new model for FY2020, following shareholder approval at the October 2019 AGM. Non-KMP executives will transition onto the new model for FY2020.

The new executive remuneration model is made up of the following components:

Component	Definition and approach
Cash compensation 35%-60%	Base salary and superannuation [1]. Guaranteed salary. Intended to provide the executive with the financial resources commensurate with executives at companies of a similar size in that location. No significant change from RB Group's previous remuneration approach.
Long-term Equity (LTE) 15% - 20%	Annual grant of restricted stock units (RSUs) or zero-priced options, with one year vesting and one year disposal restriction period. Intended to reduce the guaranteed compensation gap to more established players and encourage long-term share ownership.
Long-term Incentive (LTI) 25% - 50%	Annual grant of share appreciation rights (SARs) intended to align executives with long-term value creation. SARs have vesting conditions based on time and achievement of minimum business health metrics, and exercise conditions based on achieving a 10% compound annual share price growth rate over the five-year performance period.

(1) Australia only.

2. Overview of executive remuneration (continued)

2.2 Group remuneration strategy (continued)

Redbubble executives will no longer have a short-term incentive as part of their compensation package. Redbubble believes that traditional short-term incentives may not be aligned to long-term value creation and may encourage a within year focus at the expense of long term outcomes. For RB Group, this is compounded by the difficulty of setting short-term targets in a fast-paced operating environment where priorities can change rapidly. Under the new model, the value of LTE and LTI components is variable and dependent on share price performance, aligning executives with shareholder interests.

The objectives of the RB Group executive remuneration model are to:

LINK

executive performance with RB Group's innovation and growth goals

MOTIVATE

executives to create sustainable, long term value for shareholders

UNIFY

the leadership team by providing consistent goals in one model for the whole team which is easy to understand and encourages a long-term focus

ATTRACT

and retain exceptional talent in globally competitive, highly mobile markets

The main changes from prior remuneration arrangements are:

- Move away from STIs tied to within year targets;
- No longer make large upfront equity grants that vest over time, without performance hurdles. These models were more suited to the Group pre and immediately post- IPO;
- The introduction of annual equity grants;
- The split of equity grants into a long-term equity (LTE) component and a long-term incentive (LTI) component, with the LTI component having exercise conditions dependent on the achievement of multi-year share price appreciation; and
- Focusing on the fair-market value of total annual remuneration, and targeting total annual remuneration at levels that are competitive with our ASX listed and global talent competitors.

The Group benchmarks its KMP against a group of Australian listed companies in the technology sector with similar values for market capitalisation, employee headcount and revenue.

Executive remuneration levels are reviewed annually by the People and Nomination Committee with reference to the Group's remuneration strategy, group performance, talent market activity and external benchmarks.

2.3 Elements of remuneration

The remuneration of the KMP is set out in section 6 (Statutory and Share-based reporting).

The CEO and CFO transitions during FY2019 resulted in each KMP being on unique compensation structures for the period.

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

2. Overview of executive remuneration (continued)

2.3 Elements of remuneration (continued)

	Cash compensation	Short-term Incentive	Long-term Equity	Long-term Incentive
Martin Hosking (CEO to 31 July 2018) **Chris Nunn (CFO to 31 May 2019)**	The fixed component comprises base salary, allowances and superannuation.	STI awards are granted under the Group's Short Term Incentive Plan (STI Plan). The actual STI award for a participant is determined by performance against group and personal key performance indicators (KPIs). STI awards are paid 50% in cash, with the remainder given in the form of performance rights under the Group's Employee Equity Plan with a two-year deferral. The Group's Board retains discretion in approving STI awards.	Executives have received equity grants (stock options and performance rights) that vest monthly or annually over multiple years.	
Barry Newstead (CEO from 1 August 2018) *	The fixed component comprises base salary, allowances and superannuation.	Quantum of RSUs based on the dollar value of a percentage of base salary. Awarded based on the delivery of the strategic plan as agreed between the Board and executive.		A grant of Share Appreciation Rights (SARs) intended to cover the life of the contract (4 years), with share price performance exercise condition.
Emma Clark (CFO from 1 June 2019)	The fixed component comprises base salary, allowances and superannuation.		Annual grant of restricted stock units (RSUs) or zero-priced options.	Annual grant of share appreciation rights (SARs) SARs have vesting conditions based on time and achievement of minimum business health metrics, and exercise conditions based on share price performance exercise condition.

* *Note that it is intended that Barry will transition to the new Executive Compensation Plan for FY2020 (pending shareholder approval)*

2. Overview of executive remuneration (continued)

2.3 Elements of remuneration (continued)

Technical conditions of the long-term equity

The long-term equity component of the new executive compensation plan operates as outlined below. These terms apply to Emma Clark's compensation arrangements.

LTE instrument	RSUs (US) Zero-priced options (Australia) i.e. an option with a strike price of $0
VWAP	90 day VWAP calculated on either 1 October or 3 days after the October 4C release (if RB Group is still required to release a 4C). 90 days is elapsed calendar days, not trading days
Granting date	Grants are made in October, following the setting of total compensation for the year and Board approval and the issue of the 4C
Vesting date	Grants vest after 12 months, with Board discretion on pro-rata vesting for good leavers
Holding period	12 months following vesting
Clawback	Clawback under certain business failure or bad actor conditions
Termination	Employees forfeit grants that have not vested. Board discretion for pro-rata vesting for good leavers

Technical conditions of the long-term incentive

The long-term incentive component of the new executive compensation plan operates as outlined below. These terms apply to Emma Clark's compensation arrangements.

LTE instrument	Share appreciation rights (SARs)
Grant quantum	Fair market dollar value of LTI grant set as a percent of total compensation as part of an executive's contract. The dollar amount converted to SARs at fair market value determined at the beginning of grant period based on Monte Carlo valuation of the LTI instrument.
Granting date	Grants are made on either 1 October or 3 days after the October 4C release. Grants are made in October at the start of the compensation year. E.g. Grant for FY2020 will be made in October 2019. 90 (calendar) day VWAP calculated on either 1 October or 3 days after the October 4C release.
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 having agreed that the minimum business health metrics for the year have been achieved (all or part). See notes below on minimum health conditions. 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 will be able to be exercised at any time over the 4 years after the first year's time based vesting and minimum health conditions have been met, subject to the RBL share-price achieving a compound annual growth of 10% and maintaining that price for 90 consecutive calendar days at any point over the 5 year grant period. As noted below, it is possible that the exercise condition could be met in year one, in which case executives could exercise after the time-based vesting and minimum health conditions have been met.

2. Overview of executive remuneration (continued)

2.3 Elements of remuneration (continued)

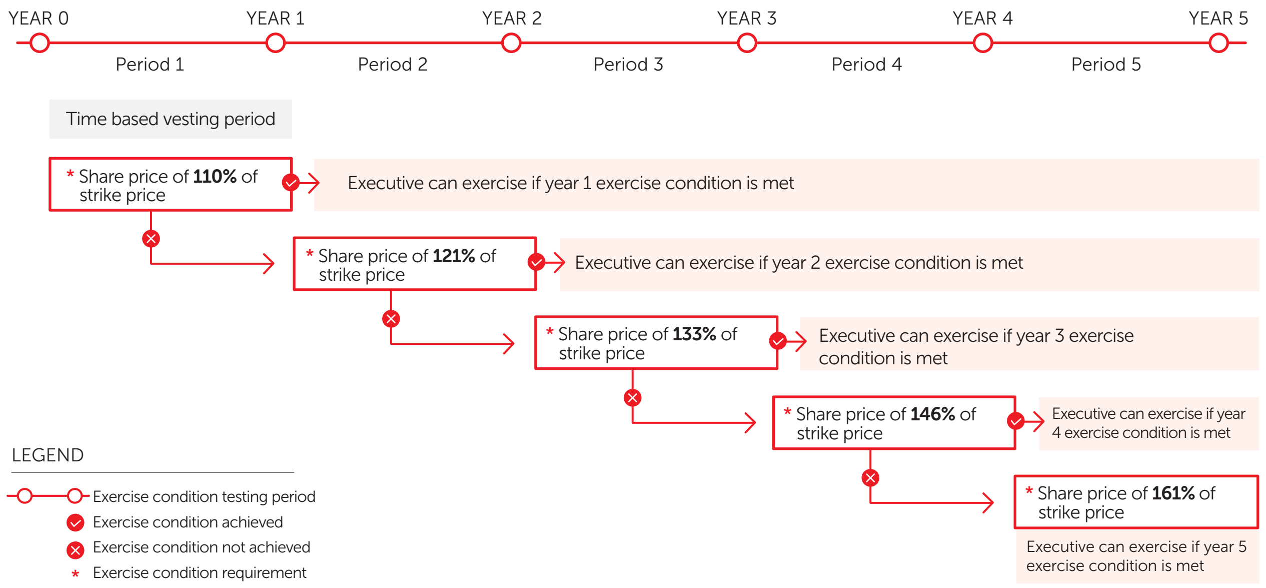
Technical conditions of the long-term incentive (continued)

Company health condition	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 minimum 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 business 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 minimum 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 5 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 5 year exercise period. The exercise condition may be met at any time up to 5 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.
Clawback	Clawback 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. Where the exercise condition has been met, but the executive has not yet exercised, the executive would have 90 calendar days to exercise.
Strike price	Strike price is set in October of the financial year when grant and vesting commence (e.g. October 2019 for FY2020). The strike price will be set based on the 90 (calendar) day VWAP prior to the grant.
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 5 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.

2. Overview of executive remuneration (continued)

2.3 Alignment of the Group's remuneration strategy to shareholders' interests (continued)

Vesting and exercise periods for the long-term incentive of the new plan



CEO remuneration arrangements for FY2019

In FY2019 Barry Newstead's CEO compensation arrangements had the following elements:

- A base salary of $500,000 (inclusive of superannuation).
- A short-term incentive of 218,750 RSUs per annum, vesting based on the delivery of the strategic plan as agreed between the Board and executive.
- A grant of 5,666,668 Share Appreciation Rights (SARs), exercisable based on share price performance, implying an annual grant value of $524k that expire 7 years from grant.

The SARs in Barry Newstead's contract have the following conditions:

- Each SAR has a strike price of $1.60.
- The SARs are only able to be exercised once time-based vesting conditions are met.
- The number of SARs that are then exercisable depends on the performance of RB shares over the 4 year period. Specifically:

Share Price	SARs to be granted (% of total)
$2.34 or less (approximately 10% per annum compound share price growth from grant date over a 4 year period)	Nil
Between $2.34 and $3.32	0%-100% (1)
$3.32 or higher (approximately 20% per annum compound share price growth from grant date over the 4 year period)	100%

(1) Should the Group's share price be greater than $2.34 but less than $3.32 then a proportion of SARs will be granted. Each $0.01 increase in the share price over $2.34 results in a 1% increase (approximately) to the amount SARs granted.

3. Performance and executive remuneration outcomes in FY2019

The FY2019 short-term incentives of Barry Newstead included an assessment of financial performance of RB.

The FY2019 short-term incentives of Chris Nunn included as assessment against financial targets for the Group.

The Group's key financial measures of performance over the last 5 years are summarised in the table below:

Key indicators	2019	2018	2017	2016	2015
Revenue ($'m)	307.0 (1)	218.7 (1)	141.0	114.6	71.1
Gross profit after paid acquisition (GPAPA)($'m)	67.5	47.1	37.9	31.3	19.8
Earnings before interest, taxes, depreciation and amortisation (EBITDA)($'m)	(4.7)	(7.4)	(8.1)	(10.7)	(6.5)
Cash balance ($'m) (2)	29.0	21.2	27.8	42.0	14.0
Share price at year end (3) ($)	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 FY19 and FY18 revenues disclosed in the table above include the impact of this new standard. Please refer to Note 1 in the Group's financial statements for further information about this change.

(2) 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.

(3) Redbubble Ltd was listed on 16 May 2016.

3.1 Performance against STI measures

The Group's performance against key financial measures are as follows for FY2019:

Financial Measure (1)	Assessment
Revenue Growth	Threshold not achieved
Operating EBITDA	Threshold not achieved
Operating Cash Flow Neutrality	Target achieved

(1) For assessment of performance against STI measures, Revenue growth is assessed on a constant currency basis. Operating EBITDA and cash flow neutrality are assessed using budgeted rates.

Barry Newstead's FY2019 STI is awarded taking into account performance against company financial measures appropriate to his position. The Board granted 40% of the total potential STI award for Barry Newstead for FY2019.

Chris Nunn has 50% of his STI awarded based on company financial measures and the remaining 50% based on non-financial measures appropriate to his position, selected to focus on sustainable growth of the Group's platform. The Board granted 47.5% of the total potential STI award for Chris Nunn for FY2019.

The Group's performance against key financial measures are as follows for FY2019:

Name	% of target STI granted	% of target STI forfeited
Barry Newstead	40.0%	60.0%
Chris Nunn	47.5%	52.5%
Martin Hosking (1)	-	-
Emma Clark (2)	-	-

(1) Martin Hosking resigned from his role as CEO and Managing Director on 1 August 2018 and was not granted STI in relation to the FY2019 financial year.
(2) Emma Clark was appointed 1 June 2019 and was not granted STI in relation to the FY2019 financial year.

4. How remuneration is governed

4.1 People and Nomination Committee role

The People and Nomination 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 short and long term incentive 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 People and Nomination Committee which then provides recommendations to the Board.

The members of the Committee during FY2019 were: Anne Ward (Committee Chair), Jenny Macdonald, Grant Murdoch (ceased 1 May 2019) and Martin Hosking (commenced 1 May 2019).

4.2 Use of remuneration advisors

The People and Nomination Committee engaged 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 FY19.

4.3 Clawback of remuneration

In the event of serious misconduct or a material misstatement of the Group's financial statements, the Board has the discretion to reduce, cancel or clawback any unvested STI or LTI.

4.4 Executive employment agreements

CEO and Managing Director

The employment of Martin Hosking, as the Group's CEO and Managing Director, was governed by an employment contract dated 30 June 2017. The employment of Barry Newstead, as the Group's CEO and Managing Director, is governed by an employment contract dated 26 June 2018 (commencement date of 1 August 2018).

Upon appointment as CEO on 1 August 2018 Barry Newstead receives base salary (inclusive of superannuation) of $500,000 per annum. In FY2019 Barry Newstead's target STI award was 218,750 zero-priced options. In FY2019 40% of the target STI award was granted.

Martin Hosking received base salary (inclusive of superannuation) of $536,550 per annum up until his resignation as CEO on 1 August 2018. In FY2019 no STI award was granted to Martin, reflecting his retirement effective 1 August 2018.

Other senior employment arrangements

All other executives are employed on open ended individual employment contracts that set out the terms of their employment. Each agreement varies according to the individual executive but typically includes:

- Termination provisions incorporating notice periods and payments of six months;
- Performance and confidentiality obligations on the part of both the employer and employee; and
- Eligibility to participate in the Group's Employee Equity Plan.

Termination provisions

All KMP including the CEO have 6 month termination notice periods to manage business continuity risk during any KMP 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 6 months' salary.

4. How remuneration is governed (continued)

4.4 Executive employment agreements (continued)

Transition arrangements

Martin Hosking retired from RB Group on 30 September 2018. Martin Hosking received no retirement benefits or payment for notice as part of his transition. Vesting was accelerated for 37,500 zero-priced options relating to prior years' short-term incentive and 101,352 options with a strike price of 78 cents being the portion of LTI granted in the prior year relating to FY2018. Martin Hosking's FY2018 short-term incentive was paid entirely in cash.

Chris Nunn ceased to be Key Management Personnel on 1 June 2019, prior to his retirement on 1 July 2019. Chris Nunn received no retirement benefits or payment for notice as part of his transition. Vesting was accelerated for zero-priced options relating to prior years' short-term incentive. Chris Nunn's FY2019 short-term incentive will be paid in cash. Vesting was accelerated for 94,047 options, being the remainder of Chris Nunn's on-hire long-term incentive and for share options granted under the FY2017 and FY2018 STI plan. Chris Nunn will receive an ex-gratia payment of $16,830 in July 2019 for assistance with transition to the new CFO.

5. Overview of Non-executive Director (NED) remuneration

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

The elements of the NED remuneration policy are as follows:

- The NED remuneration year runs from 1 November to the following 31 October;
- NED remuneration is paid two-thirds in cash and one-third in Deferred Stock (share options with a zero-exercise price) to provide for alignment with shareholders and the 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 the Group's previous financial year performance i.e. following the release of the Appendix 4C results for the final quarter for the previous financial year; and
- The Deferred Stock vests in 1/12th equal monthly instalments over the 12 months commencing from the grant date.

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 FY2019 the NEDs' Deferred Stock remuneration was priced at $1.56 cents per share option (based on the Group's share price in July 2018. The fair value of the awards at grant date (November 2018) was $1.53 cents per share option.

The Board Chair, Audit and Risk Committee Chair and People and Nomination Committee Chair receive additional remuneration as follows (with the same cash/equity split applying to the full remuneration package):

1. the Board Chair is paid twice the NED remuneration amount; and
2. the Chairs of the Audit and Risk Committee and People and Nomination Committee both receive an additional $15,000.

5. Overview of Non-executive Director (NED) remuneration (continued)

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.

The annual remuneration packages for NEDs from 1 November 2018 are as follows:

Non-executive directors	Cash component $	Deferred stock component $	Total $
Richard Cawsey	123,000	61,500	184,500
Martin Hosking	61,500	30,750	92,250
Jenny Macdonald	61,500	30,750	92,250
Grant Murdoch	71,500	35,750	107,250
Anne Ward	71,500	35,750	107,250
Hugh Williams	61,500	30,750	92,250
Total	**450,500**	**225,250**	**675,750**

The policy applies to all the Group's NEDs except for Greg Lockwood. Greg is a partner with Piton Capital, a private equity firm with a shareholding in Redbubble Limited. 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.

Directors are also reimbursed for all reasonable travelling and other expenses properly incurred by them in attending Board meetings or any meetings of committees of Directors, in attending any general meetings of the Group or otherwise in connection with the business or affairs of the Group. Directors may be paid additional or special remuneration if they, with the approval of the Board, perform any extra services or make special exertions for the benefit of the Group.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

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. Shortly before the Group listed on the ASX in May 2016, the Board fixed this amount 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 and share-based reporting

6.1 Executive KMP remuneration for the year ended 30 June 2019

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 (including STI amounts in respect of performance during the year which are paid following the end of the year)

		Short term benefits			Post-employment benefits	Long-term benefits	Share-based payments						
		Cash salary [1] $	Cash bonus [2] $	Non-monetary benefits [3] $	Superannuation [4] $	Long service leave [5] $	Performance rights (Time based) [6] $	Share options (Performance based) [6] $	Share options (Time based) [6] $	Share appreciation rights (Performance based) [7] $	Deferred STI [8] $	Total remuneration $	Performance - related [9] %
Executive director													
Barry Newstead (appointed as CEO 1 August 2018) [10]	**2019**	**487,312**	**-**	**-**	**25,000**	**13,456**	**23,411**	**484,900**	**233,192**	**453,930**	**44,096**	**1,765,297**	**56%**
	2018	347,512	76,563	600	25,000	4,991	86,463	122,855	219,221	-	45,438	928,643	26%
Martin Hosking (retired as CEO 1 August 2018) [11]	**2019**	**87,125**	**-**	**150**	**25,000**	**2,474**	**23,914**	**23,428**	**28,181**	**-**	**3,395**	**193,667**	**14%**
	2018	489,970	183,750	600	25,000	39,934	112,234	92,948	44,561	-	19,989	1,008,986	29%
Other key management personnel													
Emma Clarke (appointed 1 June 2019)	**2019**	**37,500**	**-**	**-**	**-**	**23**	**-**	**-**	**5,246**	**10,491**	**-**	**53,260**	**20%**
	2018	-	-	-	-	-	-	-	-	-	-	-	
Chris Nunn (resigned as CFO 1 June 2019) [12]	**2019**	**237,606**	**56,733**	**350**	**25,000**	**(2,332)**	**-**	**-**	**98,491**	**-**	**40,304**	**456,152**	**21%**
	2018	317,362	49,766	-	25,000	1,698	-	-	133,553	-	29,818	557,197	14%
Total	**2019**	**849,543**	**56,733**	**500**	**75,000**	**13,621**	**47,325**	**508,328**	**365,110**	**464,421**	**87,795**	**2,468,376**	
	2018	1,154,844	310,079	1,200	75,000	46,623	198,697	215,803	397,335	-	95,245	2,494,826	

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

(2) Represents cash bonus accrued for the year.

(3) Non-monetary benefits include wellness benefits for all the executives.

(4) Staff can elect to have their superannuation capped at $25,000 (2018: $25,000 or $35,000 (aged based)), with any amount above this included in cash salary. These amounts include superannuation on bonus paid during the year.

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

(6) Amounts disclosed reflect the value of remuneration consisting of performance rights/options, based on the value of options expensed during the year. The fair value of rights is equivalent to fair value of shares at the grant date and the fair value of options is ascertained using Black-Scholes model and is amortised over the vesting period.

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

(8) Includes share based payment expenses recognised during the year over the vesting period, in relation to deferred STI awards for prior years and share based payment expense accrued during the year for STI award for the current year.

(9) 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.

(10) Barry Newstead was appointed as CEO on 1 August 2018. Prior to his appointment as CEO Barry was the Group's Chief Operating Officer (COO) and was considered a KMP. The remuneration shown in this table is for his services as COO from 1 July 2018 to 31 July 2018 and as CEO and executive director from 1 August 2018 .

(11) Martin Hosking retired as CEO on 1 August 2018 and remained an executive director of the Group until 30 September 2018 when he transitioned to a non-executive director role. The remuneration shown in this table is for his services as CEO and executive director until 30 September 2018.

(12) Chris Nunn resigned as CFO on 1 June 2019. The remuneration shown in this table is for his services as CFO up until this date. As he did not meet the threshold for long service leave at retirement, amounts accrued in prior years were written back in the current period.

6. Statutory and share-based reporting (continued)

6.2 NED remuneration for the year ended 30 June 2019 (1)

		Short term benefits	Post-employment benefits	Share-based payments	
		Director fees $	Superannuation $	Share options (Time based) (2) $	Total $
Non-executive directors					
Richard Cawsey (3)	**2019**	**123,000**	**-**	**74,660**	**197,660**
	2018	117,000	-	50,442	167,442
Martin Hosking (4)	**2019**	**46,125**	**-**	**27,818**	**73,943**
	2018	-	-	-	-
Jenny Macdonald (5)	**2019**	**65,525**	**6,225**	**27,818**	**99,568**
	2018	29,702	2,822	-	32,524
Grant Murdoch	**2019**	**65,297**	**6,203**	**43,396**	**114,896**
	2018	57,230	5,437	39,217	101,884
Anne Ward (6)	**2019**	**74,658**	**7,092**	**32,341**	**114,091**
	2018	25,859	2,457	-	28,316
Hugh Williams (7)	**2019**	**56,375**	**-**	**27,095**	**83,470**
	2018	96,232	-	11,673	107,905
Teresa Engelhard (8)	**2019**	**-**	**-**	**-**	**-**
	2018	37,500	3,563	-	41,063
Greg Lockwood (9)	**2019**	**-**	**-**	**-**	**-**
	2018	-	-	-	-
Total	**2019**	**430,980**	**19,520**	**233,128**	**683,628**
	2018	363,523	14,279	101,332	479,134

(1) The NED remuneration table has been prepared in accordance with Australian Accounting Standards and Section 300A of the Corporations Act 2001 (Cth). The information in this table is different to the contracted amounts shown in section 5 of this report which is a voluntary non-statutory disclosure showing annual contracted remuneration amounts.

(2) Amounts disclosed reflect the value of remuneration consisting of rights/options, based on the value of rights/options expensed during the year. The fair value of rights/options is ascertained using Black-Scholes model.

(3) Richard Cawsey's fees are paid to and options/performance rights are issued to Denali Venture Partners (Aust).

(4) Martin Hosking retired as CEO on 1 August 2018. He remained an executive director until 30 September 2018 when he transitioned to a non-executive director role. The remuneration shown in this table is for his services as a non-executive director from 1 October 2018.

(5) Jennifer Macdonald was appointed effective 22 February 2018.

(6) Anne Ward was appointed effective 22 March 2018.

(7) Hugh Williams resigned effective 29 May 2019. Hugh Williams's fees are paid to Via Alto Advisors Pty Ltd and options are issued to Los Gatos Pty Ltd ATF Los Gatos Investment Trust.

(8) Teresa Engelhard resigned effective 25 October 2017. The director fees and superannuation reported above includes remuneration for services rendered until this date.

(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. Equity instruments held by Directors and KMP

7.1 Option, performance rights and warrant holdings

The tables below disclose the number of share options, performance rights and warrants 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.

2019	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								
Martin Hosking (1)	2,087,505	19,711	1,670,952	416,553	19,711	11,494	8,217	322,154
Jenny Macdonald	-	19,711	-	-	19,711	11,494	8,217	11,494
Grant Murdoch	97,733	22,916	-	-	120,649	111,096	9,553	30,892
Anne Ward	-	22,916	-	-	22,916	13,363	9,553	13,363
Executive Director								
Barry Newstead	2,750,303	6,586,972	178,667	-	9,158,608	2,070,112		420,995
Other key management personnel								
Chris Nunn (2)	856,628	29,447	522,163	-	363,912	255,699	108,213	322,408
Related party								
Denali Venture Partners Pty Ltd (Beneficiary: Richard Cawsey)	72,353	39,423	72,353	-	39,423	22,995	16,428	53,144
Jellicom Pty Ltd as trustee for the Three Springs Family Trust (Beneficiary - Martin Hosking)	1,600,200	-	1,600,200	-	-	-	-	-
Los Gatos Pty Ltd ATF Los Gatos Investment Trust (Beneficiary - Hugh Williams) (3)	36,176	19,711	-	8,217	47,670	47,670	-	26,570
Total	**7,500,898**	**6,760,807**	**4,044,335**	**424,770**	**9,792,600**	**2,543,923**	**7,248,677**	**1,201,020**

(1) Martin Hosking resigned from his role as CEO and Managing Director on 1 August 2018. The remaining unvested options connected with his employment as CEO were cancelled. Martin has remained a Director and the options granted during the year represent compensation for his services as a Non-executive Director.

(2) Chris Nunn resigned from his role as CFO on 1 June 2019. The table above reports activity for his period of service up until retirement date.

(3) Hugh Williams resigned from his role as Non-executive Director on 29 May 2019. The table above reports activity for his period of service up until resignation date. Any unvested options at the date of resignation were cancelled. Any vested options held at resignation date must be exercised within 90 days or they also will be forfeited.

7. Equity instruments held by Directors and KMP (continued)

7.1 Option, performance rights and warrant holdings (continued)

Performance rights holdings

Performance rights do not carry any voting or dividend rights.

2019	Balance at the start of the year	Settled during the year	Balance at the end of the year	Unvested at the end of the year	Vested during the year
Non-executive directors					
Martin Hosking	65,890	65,890	-	-	65,890
Executive director					
Barry Newstead	60,304	60,304	-	-	60,304
Total	**126,194**	**126,194**	**-**	**-**	**126,194**

7.2 Shares on exercise of options/rights

2019	Nature of grant	Number of ordinary shares on exercise of options / settlement of performance rights	Exercise price per option	Share price per share at exercise/ settlement dates (1)	Value at exercise/ settlement dates (2)
Non-executive director					
Martin Hosking	Options	1,670,952	Between $0.00 and $0.78	$0.96	770,852
	Performance rights	65,890	-	Between $1.55 and $1.69	105,835
Executive director					
Barry Newstead	Options	178,667	-	$0.87	155,440
	Performance rights	60,304	-	Between $1.55 and $1.69	96,148
Other key management personnel					
Chris Nunn	Options	522,163	Between $0.00 and $0.85	Between $1.47 and $1.67	403,288
Related party					
Denali Venture Partners (Aust) (Beneficiary: Richard Cawsey)	Options	72,353	-	$1.15	83,206
Jellicom Pty Ltd as trustee for the Three Springs Family Trust (Beneficiary - Martin Hosking)	Options	1,600,200	$0.14	$1.55	2,252,282
Total		**4,170,529**			**3,867,051**

(1) Performance rights have monthly vestings and are hence settled over multiple dates. The share price per share at settlement dates represents VWAP for the previous 5 trading days.

(2) Value at exercise / settlement date is calculated as:

- for options: share price on exercise date less exercise price paid, multiplied by number of options exercised

- for performance rights: share price on settlement date, multiplied by the number of performance rights settled

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

7. Equity instruments held by Directors and KMP (continued)

7.3 Shareholdings of Directors and KMP

2019 - Redbubble Limited ordinary shares (1)		Balance at the start of the year	Received during the year on exercise of options / settlement of performance rights	Purchase of Shares	Sale / transfer of shares	Balance at the end of the year
Non-executive Directors						
Richard Cawsey		1,440,000	-	-	-	1,440,000
Martin Hosking		656,710	1,736,842	-	-	2,393,552
Jennifer Macdonald		20,000	-	36,539	-	56,539
Anne Ward		-	-	100,000	-	100,000
Executive Directors						
Barry Newstead		302,112	238,971	21,330	-	562,413
Other key management personnel						
Chris Nunn (2)		-	522,163	-	(469,620)	52,543
Related parties	**Beneficiary**					
Cawsey Superannuation Fund Pty Ltd	Richard Cawsey	9,043,980	-	-	(150,000)	8,893,980
Denali Venture Partners Fund 1 LP	Richard Cawsey	1,840,240	-	-	-	1,840,240
Denali Capital Managers Pty Ltd	Richard Cawsey	654,560	-	-	-	654,560
Denali Investors Pty Ltd	Richard Cawsey	725,200	-	-	150,000	875,200
Denali Venture Partners (Aust)	Richard Cawsey	248,360	72,353	-	-	320,713
Denali Ventures Pty Ltd	Richard Cawsey	41,856	-	-	-	41,856
Jellicom Pty Ltd as trustee for the Three Springs Family Trust	Martin Hosking	48,006,338	1,600,200	2,000,000	-	51,606,538
Three Springs Foundation Pty Ltd as trustee for the Three Springs Foundation	Martin Hosking	2,500,000	-	-	-	2,500,000
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	75,187	-	5,784	-	80,971
G & M Murdoch Pty Ltd as trustee for the Murdoch Family	Grant Murdoch	130,000	-	10,000	-	140,000
Overan Holdings Pty Ltd as trustee for the Nunn Family Super Fund (2)	Chris Nunn	76,000	-	-	469,620	545,620
Total		**72,225,674**	**4,170,529**	**2,173,653**	**-**	**78,569,856**

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

(2) Chris Nunn resigned as CFO on 1 June 2019. The total balance represents his shareholding at the date he ceased to be a KMP.

8. Details of equity awards granted

	Grant date	# of options / rights granted	Vest period/date	Expiry date	Exercise price	Value per options/ right at grant date	Value of options / rights at grant date (1)
Non-executive Directors							
Martin Hosking	02-Nov-18	19,711	1/12 per Month from Vesting Start Date	02-Nov-28	$0.00	$1.53	$30,158
Jenny Macdonald	02-Nov-18	19,711	1/12 per Month from Vesting Start Date	02-Nov-28	$0.00	$1.53	$30,158
Grant Murdoch	02-Nov-18	22,916	1/12 per Month from Vesting Start Date	02-Nov-28	$0.00	$1.53	$35,061
Anne Ward	02-Nov-18	22,916	1/12 per Month from Vesting Start Date	02-Nov-28	$0.00	$1.53	$35,061
Executive Director							
Barry Newstead	02-Nov-18	875,000	1/4 vest every year subject to performance hurdles	02-Nov-25	$0.00	$1.53	$1,338,750
	02-Nov-18	45,304	50% End of Year 1 / 50% End of Year 2	02-Nov-28	$0.00	$1.53	$69,315
	02-Nov-18	5,666,668	4 year vesting period subject to performance hurdles	02-Nov-25	$0.00	$0.37	$2,095,687(1)
Other key management personnel							
Chris Nunn	30-Aug-18	29,447	All vest on 1 July 2019	30-Aug-28	$0.00	$1.69	$49,765
Other related parties							
Denali Venture Partners (Aust) - (Beneficiary - Richard Cawsey)	02-Nov-18	39,423	1/12 per Month from Vesting Start Date	02-Nov-28	$0.00	$1.53	$60,317
Los Gatos Pty Ltd ATF Los Gatos Investment Trust (Beneficiary - Hugh Williams)	02-Nov-18	19,711	1/12 per Month from Vesting Start Date	02-Nov-28	$0.00	$1.53	$30,158
Total		**6,760,807**					**$3,774,430**

(1) The value at grant date for options / performance rights has been determined by 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.

9. Loans, transactions and other balances with KMP and their related parties

9.1 Other transactions with KMP

Chris Nunn, the Group's former Chief Financial Officer, is a director of Elite Executive Services Pty Ltd, which provided executive relocation services to the employees of the Group during the year for which the fees totaled $5,434 (2018: $22,944). The engagement is on an arm's length basis and the fees charged are comparable to similar service providers in the market. At the year end, there were no balances outstanding in relation to this engagement (2018: $5,334).

Martin Hosking, Non-executive Director and former Managing Director, sub-underwrote up to A$3.0 million of Shares under the retail component of the Entitlement Offer with respect to the funding of the acquisition of TeePublic. Mr Hosking was paid a fee of A$45,000 (equal to 1.5% of his A$3.0 million sub-underwriting commitment) by the underwriters for providing this sub-underwriting commitment.

Richard Cawsey, Board Chair, is a director and shareholder of Denali Holdings Pty Ltd, which is the owner of the 'Bondle' messaging application. The Group engaged Denali Holdings Pty Ltd in respect of a licence of the Bondle application and paid licence fees totalling $4,788 for the year (2018: nil). 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 2018).

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of comprehensive income
for the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
			Restated [1]
Revenue from contracts with customers			
Marketplace revenue	3	**256,889**	182,811
Artists' revenue [1]	3	**50,065**	35,907
Total revenue from contracts with customers		**306,954**	218,718
Operating expenses			
Artists' margin [1]		**(50,065)**	(35,907)
Fulfiller expenses [2]		**(162,354)**	(118,886)
Employee and contractor costs	4	**(47,603)**	(34,701)
Marketing expenses	5	**(28,577)**	(18,334)
Operations and administration	6	**(22,338)**	(17,959)
Depreciation and amortisation	11 & 12	**(8,086)**	(7,797)
Total operating expenses		**(319,023)**	(233,584)
Other income [3]		**1,053**	957
Other expenses [4]		**(1,486)**	(769)
Loss before income tax		**(12,502)**	(14,678)
Income tax benefit/(expense)	7	**(15,162)**	4,654
Total loss for the year attributable to owners		**(27,664)**	(10,024)
Other comprehensive income / (loss)			
Items that will be reclassified subsequently to profit or loss			
Gain / (loss) on foreign currency translation		**39**	(660)
Total other comprehensive income / (loss) attributable to owners		**39**	(660)
Total comprehensive loss for the year attributable to owners		**(27,625)**	(10,684)
Loss per share attributable to the ordinary equity holders of the company			
Basic loss per share	8	**(0.12)**	(0.05)
Diluted loss per share	8	**(0.12)**	(0.05)

(1) On application of AASB 15 Revenue from Contracts with Customers (AASB 15), the Group is deemed (for accounting purposes only) to be the principal in the sale of goods bearing artists' designs. Artists' revenue is included in revenue with the corresponding artists' margin being recognised in operating expenses. Refer to note 2 for details of the restatement of the prior year comparatives.

(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 and lease income.

(4) Other expenses include finance expenses 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 2019

	Notes	2019 $'000	2018 $'000
Current assets			Restated (1)
Cash and cash equivalents	9	**29,030**	21,247
Other receivables	10 (b)	**2,562**	997
Prepayments		**2,804**	1,968
Other assets (2)		**2,299**	2,073
Total current assets		**36,695**	26,285
Non-current assets			
Property, plant and equipment	11	**2,925**	3,596
Intangible assets	12	**71,492**	10,532
Prepayments		**132**	129
Deferred tax assets	7 (c)	**-**	13,952
Other assets		**1,498**	1,254
Total non-current assets		**76,047**	29,463
Total assets		**112,742**	55,748
Current liabilities			
Trade and other payables	13	**26,520**	19,524
Unearned revenue (3)		**8,101**	5,305
Employee benefit liabilities	14	**2,423**	2,045
Provisions		**1,121**	192
Tax liabilities		**849**	438
Other liabilities	15	**8,282**	406
Total current liabilities		**47,296**	27,910
Non-current liabilities			
Employee benefit liabilities	14	**227**	149
Deferred tax liabilities	7 (c)	**296**	-
Other liabilities	15	**1,675**	1,941
Total non-current liabilities		**2,198**	2,090
Total liabilities		**49,494**	30,000
Net assets		**63,248**	25,748
Equity			
Contributed equity	16 (a)	**135,194**	74,555
Treasury reserve	16 (b)	**(1,394)**	(1,895)
Share based payment reserve	16 (d)	**8,677**	4,692
Foreign exchange translation reserve	16 (d)	**(1,756)**	(1,795)
Accumulated losses		**(77,473)**	(49,809)
Total equity		**63,248**	25,748

(1) Prior period comparatives have been restated upon the implementation of AASB 15. Refer to note 2 for details of the restatement of the prior year comparatives.

(2) Other assets include deferred costs relating to the implementation of AASB 15, refer to note 2, and current financial assets as detailed within note 10 (b).

(3) Unearned revenue represents the consideration paid by customers for goods that are not yet delivered.

The above consolidated statement of financial position should be read in conjunction with accompanying notes.

Consolidated statement of changes in equity
for the year ended 30 June 2019

For the year ended 30 June 2019		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**
Loss for the year		-	-	-	-	(27,664)	(27,664)
Other comprehensive loss		-	-	-	39	-	39
Total comprehensive loss		**-**	**-**	**-**	**39**	**(27,664)**	**(27,625)**
Exercise of share options	16 (b)	2,249	-	-	-	-	2,249
Transfer to issued capital(2)		1,930	-	(1,930)	-	-	-
Share-based payments expense		-	-	5,915	-	-	5,915
Shares issued to Employee Share Trust		7,515	(7,515)	-	-	-	-
Shares issued/allocated to participants(3)	16 (b)	(8,016)	8,016	-	-	-	-
Payment of withholding taxes(4)	16 (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		**135,194**	**(1,394)**	**8,677**	**(1,756)**	**(77,473)**	**63,248**

(1) The Group operates an Employee Share Trust (the Trust) for the purpose of issuance of shares to participants on exercise of options / settlement of performance rights. 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 / settlement of performance rights.

(2) Transfer to issued capital on issuance of shares for exercised options / settled performance rights.

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

(4) Payment of withholding taxes to US tax authorities on settlement of performance rights 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
for the year ended 30 June 2019

For the year ended 30 June 2018	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 2017		**72,594**	**(2,475)**	**3,412**	**(1,135)**	**(38,747)**	**33,649**
Effect of adoption of new accounting standards [2]		-	-	-	-	(1,038)	(1,038)
Balance as at 1 July 2017 (restated)		72,594	(2,475)	3,412	(1,135)	(39,785)	32,611
Loss for the year		-	-	-	-	(10,024)	(10,024)
Other comprehensive loss		-	-	-	(660)	-	(660)
Total comprehensive loss for the year		**-**	**-**	**-**	**(660)**	**(10,024)**	**(10,684)**
Exercise of share options	16 (b)	1,257	-	-	-	-	1,257
Transfer to issued capital [3]		1,421	-	(1,421)	-	-	-
Share-based payments expense		-	-	2,701	-	-	2,701
Shares issued to Employee Share Trust		2,866	(2,866)	-	-	-	-
Shares issued / allocated to participants [4]	16 (b)	(3,446)	3,446	-	-	-	-
Payment of withholding taxes [5]	16 (b)	(137)	-	-	-	-	(137)
Shares issued to fund the acquisition of TeePublic LLC		-	-	-	-	-	-
Transaction costs for above issued share capital		-	-	-	-	-	-
Balance at 30 June 2018		**74,555**	**(1,895)**	**4,692**	**(1,795)**	**(49,809)**	**25,748**

(1) The Group operates an Employee Share Trust (the Trust) for the purpose of issuance of shares to participants on exercise of options / settlement of performance rights. 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 / settlement of performance rights.

(2) On application of AASB 15, the Group adopted the full retrospective approach which resulted in changes to the opening accumulated loss position. Refer to note 2 for details of the restatement of the prior year comparatives in relation to this.

(3) Transfer to issued capital on issuance of shares for exercised options / settled performance rights.

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

(5) Payment of withholding taxes to US tax authorities on settlement of performance rights 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 2019

	Notes	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		**330,793**	236,242
Payments to artists		**(48,199)**	(35,601)
Payments to fulfillers		**(158,707)**	(116,595)
Payments to other suppliers and employees		**(118,937)**	(82,629)
Other income received		**942**	913
Income taxes received / (paid)		**(349)**	14
Net cash provided by / (used in) operating activities [1]		**5,543**	2,344
Cash flows from investing activities			
Payment for property, plant and equipment		**(428)**	(904)
Acquisition of subsidiary (net of cash acquired)	17	**(46,674)**	-
Payment for development of intangible assets	12	**(9,412)**	(8,380)
Net cash provided by / (used in) investing activities		**(56,514)**	(9,284)
Cash flows from financing activities			
Proceeds from exercise of share options / warrants	16 (b)	**2,249**	1,257
Payment of withholding taxes to US tax authorities on settlement of performance rights funded by shares withheld	16 (b)	**(110)**	(137)
Proceeds from issue of share capital	16 (b)	**60,572**	-
Transaction costs arising from issue of share capital	16 (b)	**(3,501)**	-
Net cash provided by / (used in) financing activities		**59,210**	1,120
Net increase / (decrease) in cash and cash equivalents held		**8,239**	(5,820)
Cash and cash equivalents at beginning of year		**21,247**	27,809
Effect of exchange rate changes on cash and cash equivalents		**(456)**	(742)
Cash and cash equivalents at the end of the financial year		**29,030**	21,247

(1) Net cash provided by operating activities includes $1.2 million of transaction costs associated with the acquisition of TP Apparel LLC and its wholly owned subsidiary TP Apparel Europe Limited (TeePublic).

The above consolidated statement of cash flows should be read in conjunction with accompanying notes.

Notes to the consolidated financial statements
for the year ended 30 June 2019

1. Basis of preparation

The consolidated financial statements of Redbubble Limited and its controlled entities (the Group) for the year ended 30 June 2019 were authorised for issue by a resolution of the Directors on 28 August 2019. 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.

In November 2018, Redbubble Limited's (the Company's) wholly-owned subsidiary, Redbubble Inc., completed the acquisition of TP Apparel LLC, which owns and operates the TeePublic business (TeePublic). The acquisition was funded by a capital raising via an institutional placement and entitlement offer. Apart from the acquisition of TeePublic, there was no significant change in the nature of the Group's activities during the year.

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 2019, the Group had a net current asset deficiency of $10.6 million (2018: $1.6 million). Included in this are non-cash items totaling $11m. 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.

2. Changes in significant accounting policies

AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 15 supersedes the prior standards for revenue recognition including, AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations. AASB 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers and is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted AASB 15 using the full retrospective method of adoption. The following tables show the impact of this new standard on the reported 30 June 2018 comparative figures.

Impact on Statement of Comprehensive Income

The impact on the Statement of Comprehensive Income for the year to 30 June 2018 is as follows:

	Reported 30 June 2018 $'000	AASB15 Adjustments $'000	Restated 30 June 2018 $'000
Revenue			
Marketplace revenue	182,769	42	182,811
Artists' revenue	-	35,907	35,907
Total revenue impact	**182,769**	**35,949**	**218,718**
Operating expenses			
Fulfiller expenses	(118,879)	(7)	(118,886)
Artists' margin	-	(35,907)	(35,907)
Operating expenses impact	**(118,879)**	**(35,914)**	**(154,793)**
Net profit impact	**63,890**	**35**	**63,925**

Prior to the adoption of AASB 15 the Group had determined, for accounting purposes, that it was acting as the artists' agent in arranging for the selling of artists' goods to customers on the basis that the Group's agency capacity is confirmed in the Group's user agreement. This agreement is the contractual basis upon which artists upload their work, sell products to customers and upon which the Group provides marketplace services (including acting in an agency capacity in the transaction between artist and customer). Whilst the Group retains that view of its legal position (the user agreement remains unchanged) it has been determined under AASB 15 that the Group is acting as principal for accounting purposes.

Under AASB 15, 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. The performance obligation is satisfied when control of the goods is transferred to the customer (in the Group's case, when delivered to the customer).

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.

2. Changes in significant accounting policies (continued)

Impact on Statement of Financial Position

The impact on the Statement of Financial Position as at 30 June 2018 is as follows:

	Reported 30 June 2018 $'000	AASB15 Adjustments $'000	Restated 30 June 2018 $'000
Assets			
Other assets	248	1,825	2,073
Liabilities			
Unearned revenue	2,477	2,828	5,305
Equity			
Accumulated losses	(48,806)	(1,003)	(49,809)
Net assets	**26,751**	**(1,003)**	**25,748**

The impact on the Statement of Financial Position as at 1 July 2017 is as follows:

	Reported 1 July 2017 $'000	AASB15 Adjustments $'000	Restated 1 July 2017 $'000
Assets			
Other assets	413	1,833	2,246
Liabilities			
Unearned revenue	2,527	2,871	5,398
Equity			
Accumulated losses	(38,747)	(1,038)	(39,785)
Net assets	**33,649**	**(1,038)**	**32,611**

Prior to the implementation of AASB 15, unearned revenue represented amounts received from customers for products that were not yet shipped. Once the item was shipped, revenue was recognised. Under the new standard 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. This has impacted the timing of revenue recognition and increased the unearned revenue balance at 30 June 2018. The corresponding cost of goods that have been manufactured but are in transit to customers is not recognised as an expense until control of the goods is transferred to the customer.

There is no impact on the Statement of Cash Flows or basic and diluted EPS.

AASB 9 Financial Instruments

AASB 9 Financial Instruments (AASB 9) replaces AASB 139 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. Due to the nature of the Group's financial instruments, the implementation of AASB 9 has not had a material impact on the Group.

2. Changes in significant accounting policies (continued)

Other changes in accounting policies

The Group has also applied several 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 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 the new standard 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.

All of the unearned revenue balance as at 30 June 2018 was recognised as revenue during the FY2019 year.

For information regarding disaggregated revenue required under AASB 8 Operating Segments, refer to note 24.

4. Employee and contractor costs

	2019 $'000	2018 $'000
Salary costs	**33,292**	24,976
Contractor costs	**5,974**	4,887
Share-based payments expense	**5,915**	2,701
Superannuation costs and other pension related costs [1]	**2,422**	2,137
Total employee and contractor costs	**47,603**	34,701

(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

	2019 $'000	2018 $'000
Paid marketing [1]	**27,051**	16,766
Other marketing expenses	**1,526**	1,568
Total marketing expenses	**28,577**	18,334

(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

	2019 $'000	2018 $'000
Technology infrastructure and software costs	**10,306**	7,194
Travel expenses	**1,133**	1,700
Rental expense on operating leases	**3,269**	2,177
TeePublic acquisition costs	**1,235**	-
Other operations and administration expenses	**6,395**	6,888
Total operations and administration	**22,338**	17,959

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.

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 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.

7. Income tax (continued)

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", scheduled reversals of deferred tax liabilities, projected future taxable income and results of recent operations. This evaluation requires significant management judgment.

The Group wrote back $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 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 $97.3 million (2018: $74.6 million) of unrecognised losses and R&D tax offsets. An unrecognised deferred tax asset of $29.2 million exists as at 30 June 2019 (2018: $9.0 million), in relation to these items.

(a) Income tax expense / (benefit)

	2019 $'000	2018 $'000
Current tax		
Current tax expense / (benefit)	1,141	599
Over provision in prior years	(420)	(27)
Deferred tax		
Deferred tax expense / (benefit)	14,193	(5,127)
Under provision in prior years	248	(99)
Total income tax expense / (benefit)	15,162	(4,654)

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

	2019 $'000	2018 $'000
Loss from ordinary activities before income tax expense / (benefit)	(12,502)	(14,713)
Income tax calculated @ 30%	(3,751)	(4,414)
Tax effect of amounts that are not deductible / (taxable) in calculating income tax:		
Tax effect of foreign jurisdictions' different tax rates (1)	(412)	(60)
US income tax benefit due to exercise / disposition of employee stock options	165	(388)
Research and development	(57)	(146)
Share-based payments	1,217	838
Other non-deductible / non-assessable items	494	475
Effect of movements in foreign exchange	85	27
Over provision in prior year	(172)	(126)
Australian income tax benefit arising from deductibility of the issue of shares to Employee Share Trust	(2,255)	(860)
Unrecognised tax losses and R&D tax offsets	19,848	-
Income tax expense / (benefit) attributable to loss from ordinary activities	15,162	(4,654)

(1) Within the prior year, effective 1 January 2018, the corporate federal income tax rate applicable to the Group in the United States of America reduced from 34% to 21%.

7. Income tax (continued)

(c) Deferred tax (liability) / assets

The balance comprises temporary differences attributable to:

	2019 $'000	2018 $'000
Amounts recognised in profit or loss:		
Employee benefits	71	751
Carry forward state tax credits	-	266
Deferred expenditure - other	10	248
Carried forward tax losses	21	13,395
Property, plant, equipment and intangible assets	(1,486)	(1,708)
IPO costs	-	542
Lease incentive	73	300
Other items	1,015	158
Net deferred tax (liability) / assets	(296)	13,952
Movements:		
Opening balance at 1 July	13,952	8,707
Credited / (debited) due to the acquisition of TeePublic	161	-
Credited / (debited) to the consolidated statement of comprehensive income	(14,441)	5,226
Exchange differences	32	19
Closing balance at 30 June	(296)	13,952

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.

Potential ordinary shares

None of the options over ordinary shares and performance rights 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.

8. Loss per share (continued)

Basic and diluted loss per share

Basic and diluted loss per share attributable to the ordinary equity holders of the company is $0.12 (2018: $0.05). The calculation for basic and diluted loss per share is detailed below.

	2019 $'000	2018 Restated $'000
Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted loss per share	**(27,664)**	(10,024)

Weighted average number of shares used as the denominator

	2019	2018
Weighted average number of shares used as denominator in calculating basic and diluted loss per share	**237,934,306**	208,949,685

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.

	2019 $'000	2018 $'000
Cash at bank and on hand	**18,028**	3,247
Fixed term bank deposits [1]	**11,002**	18,000
Total cash and cash equivalents	**29,030**	21,247

(1) 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)

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

	Note	2019 $'000	2018 $'000
Loss for the year		**(27,664)**	(10,024)
Non-cash items			
De-recognition / (recognition) of net deferred tax asset	7 (c)	**14,441**	(5,226)
Depreciation and amortisation		**8,086**	7,797
Amortisation of share-based payments		**5,915**	2,701
Net exchange differences		**(93)**	(103)
Net loss on the disposal / write off of property, plant and equipment and intangible assets		**171**	107
Lease incentive offset		**(231)**	(143)
Unwinding of discount on deferred consideration		**143**	-
Change in operating assets and liabilities			
Net increase in trade and other receivables, prepayments, inventories and other financial assets		**(1,004)**	(914)
Net increase in current tax liabilities		**415**	605
Net increase in trade and other payables, employee benefit and other liabilities and provisions		**4,367**	7,608
Net increase / (decrease) in unearned revenue		**997**	(64)
Net cash provided by operating activities		**5,543**	2,344

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.

10. Financial risk management (continued)

	Notes	2019 $'000	2018 $'000
Financial assets			
Cash and cash equivalents	9	**29,030**	21,247
Other receivables	10 (b)	**2,562**	997
Other financial assets	10 (b)	**1,675**	1,359
Financial liabilities			
Fulfiller payables	13	**14,877**	11,322
Artist payables	13	**4,663**	2,755
Staff payables	13	**1,252**	1,617
Other payables	13	**3,311**	1,922
Deferred consideration	15	**7,773**	-

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.

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 below:

Net exposure (asset / (liability))	GBP $'000	USD $'000	EUR $'000	CAD $'000	Total $'000
30 June 2019	**(278)**	**380**	**(409)**	**242**	**(65)**
30 June 2018	278	717	(244)	(268)	483

Since the foreign currency exposure at year end for each currency is minimal, the impact of movement in foreign exchange rates on the Group's net profit and equity would be immaterial.

(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.

10. Financial risk management (continued)

(b) Credit risk (continued)

Cash and bank balances / other financial assets

As at 30 June 2019, the Group holds $11.0 million (2018: $18.0 million) in bank deposits, classified as cash and cash equivalents, that attract interest at normal term deposit rates. All the term deposits are placed with one bank.

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 term deposit accounts.

The other financial assets include certain other operational deposits over and above the deposits placed with banks as security.

	Current		Non-current	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Security held with banks	**-**	-	**1,094**	1,063
Deposits/advances	**387**	158	**194**	138
Total other assets	**387**	158	**1,288**	1,201

The banks with which securities are held are reputable financial institutions and hence the credit risk is considered low.

Other receivables

The Group is not exposed to any significant credit risk on account of other receivables. The Group accepts payments either via credit card platforms, PayPal, Amazon Pay 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 2019 represents amounts receivable from these payment service providers. It is believed that the credit risk from collections from payment service providers is low.

	2019 $'000	2018 $'000
Other receivables (1)	**2,562**	997
Total other receivables	**2,562**	997

(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% (2018: less than 0.3%) of marketplace revenue.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and ensuring that all term deposits can be converted to funds 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 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 are current and anticipated to be repaid over the normal payment terms, usually 30 days.

10. Financial risk management (continued)

(c) Liquidity risk (continued)

Financial arrangements

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

Maturities of financial liabilities

Trade and other payables of $26.5 million and the deferred consideration of $7.8 million were the only financial liabilities owed by the Group at 30 June 2019 (2018: $19.5 million). These items are based on contractual undiscounted payments. Trade and other payables have a contractual maturity ranging between one to three months in both the current and the prior year. The deferred consideration is due to be paid in May 2020.

(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. Property, plant and equipment

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

Depreciation

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

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

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

11. Property, plant and equipment (continued)

Cost	Leasehold improvements $'000	Furniture and equipment $'000	Computer equipment $'000	Work in progress $'000	Total $'000
Balance at 1 July 2018	3,754	671	2,314	-	6,739
Additions	8	27	393	-	428
Transfers	-	-	-	-	-
Disposals	-	-	(4)	-	(4)
Exchange differences	121	23	52	-	196
Balance at 30 June 2019	**3,883**	**721**	**2,755**	**-**	**7,359**
Balance at 1 July 2017	1,908	470	1,822	82	4,282
Additions [1]	1,652	327	462	62	2,503
Transfers	87	53	3	(143)	-
Disposals	-	(194)	(6)	-	(200)
Exchange differences	107	15	33	(1)	154
Balance at 30 June 2018	3,754	671	2,314	-	6,739
Accumulated depreciation					
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)**
Balance at 1 July 2017	(857)	(264)	(1,016)	-	(2,137)
Charge for the year	(484)	(89)	(520)	-	(1,093)
Disposals	-	127	-	-	127
Exchange differences	(19)	(1)	(20)	-	(40)
Balance at 30 June 2018	(1,360)	(227)	(1,556)	-	(3,143)
Net book value					
As at 30 June 2019	**1,866**	**365**	**694**	**-**	**2,925**
As at 30 June 2018	2,394	444	758	-	3,596

(1) Of the total additions during the year to 30 June 2018, $2.0 million related to new leasehold premises at 111 Sutter Street, San Francisco. These additions included leasehold improvements amounting to $1.5 million which were funded by the landlord.

11. 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 2019 (2018: $nil).

12. 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 less their estimated residual values 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
Brand name asset (attributable to the TeePublic CGU):	Indefinite

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

Critical accounting estimates and judgements
Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The Group assesses the recoverability of its intangible assets annually. The recoverable amount of the TeePublic business has been determined based on a value in use calculation using cash flow projections over a 5 year period approved by management. The key assumptions in the calculation are as follows:

(a) Growth rate

The long-term business growth rate used in the forecast is based upon Management's experience with the growth of Redbubble and applied to the TeePublic business. Cash flows beyond the forecast period are projected using a growth rate of 2.5%.

12. Intangible Assets (continued)

Critical accounting estimates and judgements
Key assumptions used in value in use calculations and sensitivity to changes in assumptions (continued)

(b) Gross margins

Gross margins are based on the average values achieved in the period since the acquisition of TeePublic. These values are increased over the forecast period for anticipated efficiency improvements as the TeePublic business scales.

(c) Discount rates

The pre-tax discount rate applied to cash flow projections is 17%. 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 2019. Using the above assumptions, it was concluded that the carrying value of the TeePublic CGU does not exceed its value in use and therefore no impairment charge has been recognised.

There is no reasonable possible change in a key assumption used to determine the recoverable amount that would result in impairment.

12. Intangible Assets (continued)

Cost	Brand name $'000	Capitalised development costs $'000	Goodwill $'000	Total $'000
Balance at 1 July 2018	-	29,077	-	29,077
Additions	-	9,412	-	9,412
Acquisition of a subsidiary	6,694	1,216	49,991	57,901
Disposals	-	(185)	-	(185)
Exchange differences	62	172	585	819
Balance at 30 June 2019	**6,756**	**39,692**	**50,576**	**97,024**
Balance at 1 July 2017	-	20,612	-	20,612
Additions	-	8,380	-	8,380
Disposals	-	(37)	-	(37)
Exchange differences	-	122	-	122
Balance at 30 June 2018	-	29,077	-	29,077
Accumulated depreciation				
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)**
Balance at 1 July 2017	-	(11,759)	-	(11,759)
Charge for the year	-	(6,704)	-	(6,704)
Exchange differences	-	(82)	-	(82)
Balance at 30 June 2018	-	(18,545)	-	(18,545)
Net book value				
As at 30 June 2019	**6,756**	**14,160**	**50,576**	**71,492**
As at 30 June 2018	-	10,532	-	10,532

No intangible assets have been impaired in the financial year ending 30 June 2019 (2018: nil).

13. Trade and other payables

	2019 $'000	2018 $'000
Fulfiller payables	**14,877**	11,322
Artist payables	**4,663**	2,755
Staff payables	**1,252**	1,617
Sales tax payables	**2,417**	1,908
Other payables (1)	**3,311**	1,922
Total trade and other payables	**26,520**	19,524

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

14. Employee benefit liabilities

Wages, salaries, annual and long service leave

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

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

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

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

Defined contribution schemes

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

Termination benefits

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.

Termination benefits are recorded as a provision when the Group can no longer withdraw the offer of those benefits.

	Current		Non-current	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Annual leave	**2,058**	1,659	**-**	-
Long service leave	**212**	230	**227**	149
Termination benefits	**153**	156	**-**	-
Total employee benefit liabilities	**2,423**	2,045	**227**	149

15. Other liabilities

	Current		Non-current	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Deferred rent	**191**	129	**616**	714
Lease incentive liability (1)	**318**	223	**1,059**	1,227
Deferred consideration payable (2)	**7,773**	-	**-**	-
Other	**-**	54	**-**	-
Total other liabilities	**8,282**	406	**1,675**	1,941

(1) *The Group has recognised a lease incentive liability for the additions to leasehold improvements funded by the landlord at 111 Sutter Street, San Francisco. The benefit of this lease incentive is being released in line with the treatment of the corresponding lease.*

(2) *US $6.0 million of deferred consideration in relation to the TeePublic acquisition is to be paid 18 months from the date of acquisition (May 2020). The estimated fair value of the deferred consideration at 30 June 2019 is US $5.5 million (AU $7.8 million).*

16. Contributed equity and reserves

(a) Share capital

	Consolidated and parent entity			
	2019 Shares	2018 Shares	2019 $'000	2018 $'000
Ordinary shares (1)				
Issued and fully paid	**256,156,543**	209,940,096	**128,730**	70,021
Transferred from share based payments reserve	**-**	-	**6,464**	4,534
Total share capital	**256,156,543**	209,940,096	**135,194**	74,555

(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.*

(b) Movements in ordinary share capital

	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 vested performance rights	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 / settlement of performance rights.*

16. Contributed equity and reserves (continued)

(b) Movements in ordinary share capital (continued)

	Number of shares	$'000
Balance at 1 July 2017	208,440,096	69,481
Exercise of options / warrants	2,676,107	1,257
Settlement of vested performance rights	911,766	-
Shares issued to Employee Share Trust	1,500,000	2,866
Shares issued / allocated to participants from the Employee Share Trust	(3,480,043)	(3,446)
Payment of withholding taxes to US tax authorities (1)	(107,830)	(137)
Balance at 30 June 2018 (including treasury shares)	**209,940,096**	**70,021**
Treasury shares -unallocated (2)	(991,706)	(1,895)
Balance at 30 June 2018 (including treasury shares)	**208,948,390**	**68,126**

(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 / settlement of performance rights.*

(c) Dividends

No dividends were declared or paid during the year (2018: $nil). The Group's franking account balance is $nil (2018: $nil).

(d) Nature and purpose of reserves

Share based payment reserve

The share-based payments reserve arises on issue of share options / performance rights 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 net investment to which it relates is disposed of.

Treasury reserve

The treasury reserve is used to hold the book value of shares held by the Employee Share Trust for future issue to participants on exercise of options / settlement of performance rights.

17. Business combinations

In November 2018, the Group acquired 100% of TP Apparel LLC and its wholly owned subsidiary TP Apparel Europe Limited (TeePublic). Like Redbubble, TeePublic is a global online marketplace that enables designers from around the world to sell their artwork on products produced and fulfilled by a network of third party suppliers. The Group has acquired TeePublic to expand its market coverage and achieve operating leverage from greater scale and shared technology. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of TeePublic for the eight-month period from the acquisition date.

Critical accounting estimates and judgements

A third-party valuations team was engaged in a valuation assessment of the identifiable intangible assets acquired in the purchase of TeePublic.

17. Business combinations (continued)

Critical accounting estimates and judgements (continued)

The valuation techniques used for measuring the fair value of identified intangible assets acquired were as follows.

Assets acquired	Valuation technique
Capitalised development costs	The capitalised development costs were valued using the depreciated replacement cost method.
Brand name	The brand name asset was valued using the relief-from-royalty method.

At 31 December 2018 provisionally determined values were reported in the Group's Interim Financial Report. Subsequent to 31 December 2018, final fair values for the business combination were determined. The restated fair values of the identifiable assets and liabilities of TeePublic as at the date of acquisition were:

	Provisional fair value $000	Adjustment $000	Final fair value $000
Assets			
Cash and cash equivalents	2,605	-	2,605
Other receivables (1)	271	947	1,218
Inventories	16	-	16
Prepayments	501	-	501
Other financial assets	174	-	174
Deferred tax asset (2)	-	161	161
Capitalised development costs	1,216	-	1,216
Brand name (3)	16,813	(10,119)	6,694
Total assets	**21,596**	**(9,011)**	**12,585**
Liabilities			
Trade and other payables (4)	3,141	50	3,191
Unearned revenue (1)	325	1,460	1,785
Settlement provision (5)	-	495	495
Deferred tax liability (2)	43	(43)	-
Other liabilities (4)	314	(48)	266
Total liabilities	**3,823**	**1,914**	**5,737**
Total identifiable assets and liabilities at fair value	**17,773**	**(10,925)**	**6,848**
Goodwill arising on acquisition (6)	39,428	10,563	49,991
Total goodwill and identifiable assets and liabilities at fair value	**57,201**	**(362)**	**56,839**

(1) The movement in other receivables and unearned revenue is due to the implementation of AASB 15 upon acquisition.
(2) Deferred tax movements resulted from finalisation of the acquisition tax accounting.
(3) A detailed review of values assigned to intangible assets in the preliminary valuation has resulted in a change in the value of the brand name asset.
(4) The increase to trade and other payables is due to a reclassification from other liabilities.
(5) The settlement provision relates to a litigation claim that existed at acquisition.
(6) Goodwill is deductible for tax purposes in the United States.

17. Business combinations (continued)

Total consideration comprises:

	Provisional fair value $000	Adjustment $000	Final fair value $000
Cash	(49,279)	-	(49,279)
Deferred consideration (7)	(7,922)	362	(7,560)
Total consideration	**(57,201)**	**362**	**(56,839)**

(7) The total consideration for the acquisition was US$41 million. US$35 million (A$49.3 million) has been paid with a further US$6.0 million of deferred consideration to be paid 18 months from the date of acquisition (May 2020). The estimated fair value of the deferred consideration is US$5.5 million (A$7.8 million). The fair value of the deferred consideration has reduced since acquisition due to the payment of pre-acquisition expenses.

Analysis of cash flows on acquisition	
Cash paid	(49,279)
Net cash acquired (included in cash flows from investing activities)	2,605
Net cash flow on acquisition	**(46,674)**

Since the date of acquisition, TeePublic has contributed $43.2 million of revenue and $3.3 million of net profit before tax from the continuing operations of the Group. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been $59.7 million and the profit from continuing operations for the period would have been $4.1 million. The goodwill recognised is primarily attributable to TeePublic's position in its market, the high growth potential of that market and the expected synergies between TeePublic and Redbubble.

Transaction costs of $1.2 million have been expensed and are included in administrative expensed in the statement of comprehensive income and are included as part of operating cash flows in the statement of cash flows.

18. Interests in subsidiaries

Information about subsidiaries

The consolidated financial statements of the Group include:

Name of Entity	Country of incorporation	Principal activities	Equity holding 2019 %	Equity holding 2018 %
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**	n/a
TP Apparel Europe Limited	Ireland	Marketing and distribution services in Europe	**100**	n/a

19. Parent entity financial information

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

(a) Summary financial information

	2019 $'000	2018 $'000
Statement of financial position		
Assets		
Current assets	**48,893**	18,860
Non-current assets	**11,163**	24,377
Total assets	**60,056**	43,237
Liabilities		
Current liabilities	**3,165**	19,658
Non-current liabilities	**451**	519
Total liabilities	**3,616**	20,177
Equity		
Contributed equity	**135,194**	75,002
Share based payment reserve	**8,684**	4,700
Treasury reserve	**(1,394)**	(2,340)
Accumulated losses	**(86,044)**	(54,302)
Total equity	**56,440**	23,060
Loss and other comprehensive income		
Loss for the year	**(31,742)**	(12,186)
Total comprehensive loss	**(31,742)**	(12,186)

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees as at 30 June 2019 (2018: $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.

19. Parent entity financial information (continued)

(d) Capital and lease commitments

The parent entity had no capital commitments as at 30 June 2019 (2018: $nil).

Operating leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2019 $'000	2018 $'000
Within one year	**1,049**	1,006
Later than one year but not later than five years	**1,277**	2,326
More than five years	**-**	-
Total lease commitments	**2,326**	3,332

20. Commitments and contingencies

(a) Capital and lease commitments

The Group had no capital commitments as at 30 June 2019 (2018: $nil).

Operating leases – Group as lessee

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Commitments for minimum lease payments in relation non-cancellable operating leases are payable as follows:

	2019 $'000	2018 $'000
Within one year	**3,863**	2,856
Later than one year but not later than five years	**8,322**	8,878
More than five years	**791**	2,222
Total lease commitments	**12,976**	13,956

The Group leases offices under non-cancellable operating leases for periods ranging within one to six years, with rent payable monthly in advance. The leases have varying terms, escalation clauses and renewal rights. Rental provisions within the lease agreement provide for increase in the minimum lease payments as contracted.

20. Commitments and contingencies (continued)

(a) Capital and lease commitments (continued)

Operating leases – Group as lessor

The Group entered into a sublease arrangement as lessor on an existing, non-cancellable operating lease during the prior year. Future minimum rental income under the sublease as at 30 June 2019 is as follows:

	2019 $'000	2018 $'000
Within one year	**694**	662
Later than one year but not later than five years	**547**	1,234
More than five years	**-**	-
Total lease commitments	**1,241**	1,896

(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.

21. Share-based payments

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

The fair value of options and share appreciation rights is 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. These models incorporate all market vesting conditions. 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 performance rights is determined in accordance with the fair market value of the shares available at the grant date. Up to the date of Listing, the fair value of shares was ascertained by carrying out an independent valuation. Since Listing, the fair value of performance rights has been calculated using the five-day volume-weighted average price (VWAP) of the five trading days immediately preceding 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. As the Group listed on the Australian Stock Exchange (ASX) on 16 May 2016 there is insufficient trading history to calculate this input for the time period required. The Group uses a selection of ASX listed peer companies to calculate comparable expected volatility for the appropriate time periods.

21. Share-based payments (continued)

Options over ordinary shares

Redbubble Equity Incentive Plan

In September 2015, the Group introduced the "Redbubble Equity Incentive Plan". Under this plan options over ordinary shares are granted 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 Redbubble Limited.

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 US subsidiary are granted under this plan. The vesting conditions and expiry period under this plan is akin to the Redbubble Equity Incentive Plan.

Performance rights

Performance rights 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 performance rights are subject to service conditions.

Executive STI - Options and Performance Rights

The Redbubble Limited has contracted with executives, who can materially impact the financial and operational performance of the Group to pay a benefit under the "Redbubble SLT Short Term Incentive (STI) Plan". The STI benefits are subject to: achievement of certain performance based requirements in relation to Group and personal performance.

Share appreciation rights

Share appreciation rights have been granted to the Chief Executive Officer. The rights are subject to the performance of the Group's shares over a 4-year period.

21. Share-based payments (continued)

(a) Movement

The table below summarises the movement in the number of options / performance rights during the year:

	2019 Number	2019 WAEP ($) (*)	2018 Number	2018 WAEP ($) (*)
Options over ordinary shares				
Outstanding at 1 July	22,111,251	0.74	18,908,594	0.69
Granted during the year (1)	9,472,033	0.73	7,490,236	0.83
Exercised during the year	(5,151,049)	0.44	(2,676,107)	0.47
Forfeited during the year	(2,014,819)	1.00	(1,453,699)	1.00
Expired during the year	(1,040,733)	1.18	(157,773)	0.99
Outstanding at 30 June	**23,376,683**	**0.76**	**22,111,251**	**0.74**
Exercisable at 30 June	**10,656,430**	**0.79**	**11,283,920**	**0.64**
Performance rights				
Outstanding at 1 July	337,707	-	1,165,124	-
Granted during the year	789,201	-	241,265	-
Settled during the year	(353,095)	-	(911,766)	-
Forfeited during the year	(46,047)	-	(156,916)	-
Outstanding at 30 June	**727,766**	**-**	**337,707**	**-**
Share appreciation rights				
Outstanding at 1 July	-	-	-	-
Granted during the year	5,666,668	-	-	-
Outstanding at 30 June	**5,666,668**	**-**	-	-
Exercisable at 30 June	**-**	**-**	**-**	**-**

(*) WAEP stands for Weighted Average Exercise Price.

(1) 7,917,106 options have zero exercise price (2018: 900,431). The expiry period for grants made during the current and prior year is 10 years.

(b) Modifications to the awards

The table below details modifications to a number of options / performance rights during the year.

	2019 Number	2018 Number
Accelerated vesting of unvested options over ordinary shares upon termination	**180,619**	68,750
Waiver of liquidity event condition / accelerated vesting upon termination with respect to performance rights	**-**	17,274
Cancellation pursuant to amendment of contract	**-**	33,866
Total	**180,619**	119,890

21. Share-based payments (continued)

(c) Additional disclosures

Weighted average fair value of	2019 $	2018 $
Share at the date of exercise of options / settlement of rights during the year	**1.39**	1.19
Share options and share appreciation rights granted during the year	**0.63**	0.41
Performance rights granted during the year	**1.55**	0.78

Weighted average remaining contractual life of	2019 (years)	2018 (years)
Share options and share appreciation rights outstanding at the end of the year	**7.57**	7.44

Inputs to pricing models (weighted average)	2019	2018
Expected volatility (%) (1)	**33.08**	33.83
Risk-free interest rate (%)	**2.58**	2.96
Expected life (years)	**6.20**	6.00
Fair market value of share ($)	**1.35**	0.92

(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 (2018: $nil to $1.55).

22. Related party transactions

Compensation of the key management personnel of the Group

	2019 $	2018 $
Short-term employee benefits	**1,337,755**	1,829,646
Post-employment benefits	**94,520**	89,279
Share-based employee benefits	**1,706,107**	1,008,412
Other long-term benefits	**13,622**	46,623
Termination benefits	**-**	-
Total transactions with key management personnel	**3,152,004**	2,973,960

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

22. Related party transactions (continued)

Transactions with related parties (continued)

Chris Nunn, the Group's former Chief Financial Officer, is a director of Elite Executive Services Pty Ltd, which provided executive relocation services to the employees of the Group during the year for which the fees totalled $5,434 (2018: $22,944). The engagement is on an arm's length basis and the fees charged are comparable to similar service providers in the market. At the year end, there were no balances outstanding in relation to this engagement (2018: $5,334).

Martin Hosking, Non-executive Director and former Managing Director, sub-underwrote up to $3.0 million of shares under the retail component of the Entitlement Offer with respect to the funding of the acquisition of TeePublic. Mr Hosking was paid a fee of $45,000 (equal to 1.5% of his $3.0 million sub-underwriting commitment) by the underwriters for providing this sub-underwriting commitment.

Richard Cawsey, Board Chair, is a director and shareholder of Denali Holdings Pty Ltd, which is the owner of the 'Bondle' messaging application. The Group engaged Denali Holdings Pty Ltd in respect of a licence of the Bondle application and paid licence fees totalling $4,788 for the year (2018: nil). 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 (2018: nil).

23. Remuneration of auditors

	2019 $	2018 $
Ernst & Young		
Audit and review of financial reports	**278,342**	159,005
Taxation services	**18,250**	19,750
Other services [1]	**147,715**	48,751
Remuneration of Ernst & Young	**444,307**	227,506

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

24. Segment information

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

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

	2019		2018	
	Revenue $'000	Non-current assets [1] $'000	Revenue $'000	Non-current assets [1] $'000
Australia	**19,215**	**11,069**	14,077	10,245
United States	**200,061**	**62,997**	129,524	3,586
United Kingdom	**34,277**	**1**	26,905	28
Rest of the world	**53,401**	**350**	48,212	269
Total	**306,954**	**74,417**	218,718	14,128

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

25. Events occurring after the balance sheet date

The financial report was authorised for issue on 28 August 2019 by the Board of Directors.

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

26. Other significant accounting policies

(a) Principles of consolidation

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

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

(b) Business combinations and goodwill

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

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

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

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

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

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

26. Other significant accounting policies (continued)

(c) Foreign currency transactions

Functional and presentation currency

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

Transactions and balances

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

At the end of the reporting period:

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at exchange rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through the income statement, 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.

Lease income

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(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.

26. 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) Other provisions

Other 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 to customers in the US state of California as management believes that a sales tax nexus may exist due to its own offices in that state.

As a result of a decision in the United States Supreme Court, commonly known as the Wayfair case, management has reviewed the sales tax footprint of the Group. A number of individual states within the USA have enacted economic nexus laws. The Group has reviewed these laws and registered and begun collecting sales taxes where appropriate. Further, additional states are considering economic nexus laws which may impact the Group in FY20.

(j) 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.

The Group's interpretation of the impact of certain new standards / amendments is set out below. There are other new accounting standards issued but not yet effective, over and above the ones mentioned below, 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.

26. Other significant accounting policies (continued)

(j) Accounting standards issued but not yet effective (continued)

Reference	Title	Application date of Standard	Application date for the Group
AASB 16	Leases	1 January 2019	1 July 2019

Summary

The key features of AASB 16 are as follows:

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments).
- AASB 16 contains disclosure requirements for lessees.

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

AASB 16 supersedes:

- AASB 117 Leases;
- Interpretation 4 Determining Whether an Arrangement Contains a Lease;
- SIC-15 Operating Leases – Incentives; and
- SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard will be effective for annual periods beginning on or after 1 January 2019.

Group Assessment of Transition to AASB 16

The Group plans to adopt AASB 16 retrospectively to each prior reporting period presented. The Group will elect to apply the standard to contracts that were previously identified as leases applying AASB 117 and AASB Interpretation 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying AASB 117 and AASB Interpretation 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The Group has performed an impact assessment of AASB 16. As the Group is applying AASB 16 retrospectively the comparative results will also be restated. At the start of the FY 2020 comparative period, being 1 July 2018, the Group estimates it will recognise lease liabilities of approximately $11 million to $13 million, corresponding right-of-use assets of approximately $7.5 million to $9.5 million and a net investment in sublease of approximately $1 million to $3 million. The actual impacts of adopting the standard may differ from this estimate because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

The nature of expenses related to leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognised rent expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

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 47 to 84 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 2019 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.

Richard Cawsey
Chairman
Melbourne
28 August 2019

Barry Newstead
Chief Executive Officer
Melbourne
28 August 2019

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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 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion:

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

(i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

(ii) 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* (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
At 30 June 2019, the carrying value of development costs in the consolidated statement of financial position was $14.2m. The accounting for 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 determination of 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 and 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. The Group's disclosures related to capitalised development costs are included in Note 12 of the financial report.	Our audit procedures included the following: • assessing the eligibility of the development costs for capitalisation as an intangible asset • consideration of the project functions, current status and forecasted performance and the external and internal environment of the Group to determine if any indicators of impairment exist • selecting a sample of capitalised development costs by project and assessing whether the nature of projects and costs uncured were supported by underlying evidence such as employee time sheets, employee contracts and supplier invoices • assessing whether the amortisaton rates used are appropriate • evaluating the assumptions and methodologies used by the Group to test these intangible assets for impairment • evaluation of the disclosures in Note 12 of the financial report.

Acquisition of TP Apparel LLC and TP Apparel Europe Ltd (TeePublic)

Why significant	How our audit addressed the key audit matter
In November 2018, Redbubble Inc completed the acquisition of TeePublic for a total purchase consideration of USD$35.0 million paid on completion and USD$6.0 million to be paid 18 months post-completion, of which USD$3.0 million is subject to set-off for any indemnification obligations of the sellers. Identifiable intangible assets acquired are AUD$6.7 million of brand names and AUD$1.2 million capitalised development costs. Goodwill arising on the acquisition is AUD$50.0 million. Judgement was required in determining the intangible assets and the fair value of net assets acquired, the present value of deferred consideration and the acquisition date for accounting purposes. Due to the judgement required, the significance of the acquisition and the magnitude of the goodwill and other fair value adjustments arising from the acquisition, accounting for the business combination was considered a key audit matter.	With involvement from our valuation specialists, we have assessed the Group's purchase price accounting in relation to the acquisition, including relevant information obtained from management's valuation experts in relation to the identification and valuation of identifiable assets acquired and liabilities assumed. This included: • Evaluated the completeness of the assets and liabilities recognised in acquisition accounting. • Assessed the appropriateness of the valuation methodologies utilised and assumptions used in the valuation of identifiable intangible assets acquired. • Considered the competence, capability and objectivity of management's experts.

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Why significant	How our audit addressed the key audit matter
The Group's disclosures with regards to the acquisition of TeePublic is disclosed in Note 17 of the financial report.	We have agreed key terms of the transaction to underlying transaction agreement. We have assessed the treatment of the acquisition costs and checked these to the underlying evidence. In addition, we assessed the adequacy of the disclosures made in the financial report. We have evaluated the Group's future cash flow forecast supporting the annual impairment assessment of goodwill and other intangible assets in TeePublic. Our procedures on impairment assessment included the following: • Evaluated the appropriateness of the key assumptions in the forecasts. We performed sensitivity analysis around the key assumptions to ascertain the extent of change in those assumptions that would result in an impairment charge. • We involved our valuation specialists to assess whether the methodology applied is in accordance with Australian Accounting Standards and evaluated key assumptions including terminal values, long term growth rates, discount rates and working capital requirements applied in the model. • We assessed the adequacy of the disclosures made in the financial report.

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

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

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

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

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Directors' Responsibilities for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with 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.

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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, related safeguards.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 43 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Redbubble Limited for the year ended 30 June 2019, 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

Kylie Bodenham
Partner

Melbourne
28 August 2019

Shareholder and other ASX Required Information

The shareholder information set out below was applicable as at 20 September 2019 (except as otherwise stated).

A. Distribution of shareholders

Analysis of numbers of ordinary shareholders by size of holding:

Range	Total Holders	Shares	% of Issued Capital
100,001 and Over	103	243,302,750	94.43
10,001 to 100,000	308	8,444,275	3.28
5,001 to 10,000	334	2,501,713	0.97
1,001 to 5,000	1,157	3,003,572	1.17
1 to 1,000	665	404,233	0.16
Grand Totals	**2,567**	**257,656,543**	**100**

There were 124 holders of less than a marketable parcel of ordinary shares.

B. Top 20 Registered Holders of Fully Paid Ordinary Shares

The names of the twenty largest registered holders of quoted fully paid ordinary shares are listed below:

Name	Number of ordinary shares	% of Issued Capital
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	39,428,690	15.30
JELLICOM PTY LTD	33,509,720	13.01
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26,013,440	10.12
NATIONAL NOMINEES LIMITED	14,464,436	5.55
CITICORP NOMINEES PTY LIMITED	12,976,521	4.94
BLACKBIRD FOF PTY LTD	11,361,819	4.41
CAWSEY SUPERANNUATION FUND PTY LTD	8,893,980	3.45
GROKCO PTY LTD	8,404,907	3.26
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	7,111,494	2.76
PITON CAPITAL VENTURE FUND II LP	5,537,291	2.15
RADIATA SUPER PTY LTD	3,804,590	1.48
RADIATA INVESTMENTS PTY LTD	3,648,700	1.42
BNP PARIBAS NOMS PTY LTD	3,522,338	1.37
CAV IH NO5 LIMITED	2,892,166	1.12
MIRRABOOKA INVESTMENTS LIMITED	2,787,920	1.08
THREE SPRINGS FOUNDATION P/L	2,500,000	0.97
BNP PARIBAS NOMINEES PTY LTD	2,442,123	0.95
MARTIN HOSKING	2,393,552	0.93
IMPERIA ASIA OFFSHORE FUND	2,353,549	0.91
JABBOUR HOLDINGS PTY LTD	1,952,250	0.76
Top 20 holders of Ordinary Fully Paid Shares (TOTAL)	**195,999,486**	**76.07**
Total Remaining Holders Balance	**61,657,057**	**23.93**
Grand Totals	**257,656,543**	**100.00**

Shareholder and other ASX Required Information (continued)

C. Unquoted equity securities

The numbers of unquoted equity securities in the Company are set out below:

Type of equity security	Number held
Share Options (including Share Appreciation Rights)	26,100,834
Performance Rights	746,907
Total number of ordinary shares subject of options and performance rights	**26,847,741**

D. Substantial Holders

Substantial holders in the Company* are set out below (as at 4 September 2019)

Name	Number Held	% of Issued Capital
Mr Martin Hosking	38,403,272	14.9%
Osmium Partners	23,095,459	9.0%
Greencape Capital	14,091,410	5.5%
Mr Richard Cawsey	14,024,693	5.4%

* *As disclosed in substantial shareholder notices received by the Company*

E. Securities subject to escrow arrangements

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

F. Voting Rights

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

- **Ordinary Shares**
  On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.
- **Options and Performance Rights**
  No voting rights

Corporate Information

Directors	Richard Cawsey (Chair) Barry Newstead (CEO and Managing Director - appointed effective 1 August 2018) Martin Hosking Greg Lockwood Grant Murdoch (resigning at the end of the October 2019 AGM) Hugh Williams (resigned effective 29 May 2019) Jenny Macdonald Anne Ward
Company Secretaries	Corina Davis Paul Gordon
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 on the Australian Securities Exchange (ASX: RBL)
Website	redbubble.com
Investor Centre	shareholders.redbubble.com