Appendix 4D

Redbubble Limited
ABN: 11 119 200 592
Half-year ended 31 December 2019
(Previous corresponding period: Half-year ended 31 December 2018)

Results for announcement to the market

	Half-year ended 31 Dec 2019 $'m	Half-year ended 31 Dec 2018 $'m (1)	Movement	Change $'m	Change % (2)
Revenue from ordinary activities	**213.5**	170.7	Up	42.8	25.1%
Loss from ordinary activities after tax attributable to members	**3.0**	2.3	Up	0.7	32.2%
Net loss for the period attributable to members	**3.0**	2.3	Up	0.7	32.2%

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

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

Dividends

Redbubble Limited has not paid and does not propose to pay dividends for the six months ended 31 December 2019 (2018: Nil). There are no dividend or distribution reinvestment plans in operation.

Net tangible assets per security

	31 Dec 2019 cents	31 Dec 2018 cents
Net tangible assets per security	**(1.6)**	0.7

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

Other information

Detailed analysis of the results for the half-year ended 31 December 2019 follows. Further commentary is contained in the Redbubble ASX release announcing the half-year financial results, the review of operations in the Directors' Report accompanying the attached Condensed Consolidated Interim Financial Report (Interim Financial Report) and the attached presentation to investors. This information should be read in conjunction with Redbubble Limited's 2019 Annual Report.

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in, and should be read in conjunction with, the Interim Financial Report for the half-year ended 31 December 2019.

This report is based on the Interim Financial Report for the half-year ended 31 December 2019 which has been reviewed by Ernst & Young with the Independent Auditor's Review Report included in the Interim Financial Report.

REDBUBBLE

Redbubble Limited and Controlled Entities

ABN 11 119 200 592

Condensed Consolidated Interim Financial Report
for the half-year ended 31 December 2019

Contents

for the half-year ended 31 December 2019

Redbubble Limited

The Directors of Redbubble Limited (the Company) present their report for the Company and its controlled entities (together, the Group) for the half-year ended 31 December 2019 (the half-year).

General information

Directors

The names of the Directors of the Company in office at any time during the half-year and since the end of the half-year until the date of this report are:

- Richard Cawsey (Chair)
- Barry Newstead (Managing Director, Chief Executive Officer) (ended effective on 18 February 2020)
- Martin Hosking (commenced as interim Managing Director, Chief Executive Officer on 18 February 2020)
- Anne Ward
- Jennifer (Jenny) Macdonald
- Greg Lockwood
- Grant Murdoch (resigned with effect from 23 October 2019)

Corina Davis (US) and Edward Bailey (Australia) both hold the position of Company Secretary of the Company.

Paul Gordon resigned from the position as Australian-resident Company Secretary with effect from 17 February 2020.

Principal activities

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. There was no significant change in the nature of the Group's activities during the half-year.

Review of operations

HY FY2020 Financial Performance

Core Group HY FY2020 financial metrics (with YoY growth rates[1], where applicable) are:

- Total Revenue of $213 million, up 25% (up 20% on a constant currency basis[2])
- Marketplace Revenue of $180 million, up 26% (up 21% on a constant currency basis)
- Gross profit of $66 million, up 27% (up 23% on a constant currency basis)
- Gross profit margin up 0.3pp to 36.7% (based on Marketplace Revenue)
- Operating EBITDA profit of $10.1 million, an improvement of $3.2 million from a 1H FY2019 profit of $6.9 million[3]
- EBITDA profit of $4.3 million, an improvement of $1.1 million from a 1H FY2019 profit of $3.2 million[3]
- Net loss after tax of $3.0 million compared to restated loss of $2.3 million in 1H FY2019. Prior year financial statements have been restated due to the implementation of AASB 16: *Leases.*
- Free cash flow result of $36.6 million[4], improving from $25.8 million in 1H FY2019[5]
- Closing cash balance at 31 December 2019 was $65.2 million. The USD$5.5m deferred consideration payment for TeePublic will be paid in May 2020.

A reconciliation of recorded results to non-IFRS numbers in this Director's report is provided below.

1. YoY growth rates based on TeePublic contributions from 1 Nov 2018.
2. "Constant currency basis" reflects the underlying growth before translation to Australian dollars for reporting purposes. Redbubble sources about 94% of its Marketplace Revenue in currencies other than Australian dollars. TeePublic sources most of its Marketplace Revenue in US dollars.
3. Following the accounting change (AASB 16) effective 1 July 2019, lease charges have been shifted below the EBITDA line and this had a net impact of $0.3m on the YoY comparison of both metrics. That is, this boosted both Operating EBITDA and EBITDA by $1.4 million in 1H FY2020. 1H FY2019 comparative figures were adjusted upwards by $1.1 million.
4. Aggregate operating and investing cash flows. FY19 figures exclude consideration for TeePublic.
5. The AASB 16 change also increased 1H FY2020 free cash flows by $1.3 million, and 1H FY2019 comparative figures adjusted upwards by $1.0 million.

Reconciliation of reported results to non-IFRS [1] numbers	2019 $'m [2]	2018 $'m [2] Restated [3]
Total reported revenue from services	213.5	170.7
Less Artists' margin	(33.5)	(27.8)
Marketplace Revenue	180.0	142.9
Fulfiller expenses	(113.8)	(90.9)
Gross Profit	66.1	52.1
Gross Profit Margin on Marketplace Revenue	36.7%	36.4%
Paid acquisition costs	(19.9)	(15.4)
Gross Profit After Paid Acquisition costs (GPAPA)	46.3	36.7
Cash Operating Expenses	(36.2)	(29.7)
Operating (Cash) earnings before interest, tax, depreciation and amortisation (EBITDA) [4]	10.1	6.9
Depreciation and amortisation	(6.3)	(4.6)
Other expenses	(0.9)	(0.8)
Share based payments	(5.2)	(2.0)
TeePublic acquisition costs	-	(1.2)
Interest and other income	0.2	0.1
Total Loss before income tax	(2.1)	(1.5)
Income tax (expense)/benefit	(0.9)	(0.8)
Reported total loss for the year	(3.0)	(2.3)

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

[4] EBITDA can be derived from operating EBITDA; operating EBITDA less share based payments less elements of other expenses that relate to operating revenue to equal $4.3m.

The Group's Marketplace Revenue growth was the result of strong trading continuing at TeePublic, whilst growth headwinds seen at Redbubble and disclosed in early December persisted through the remainder of the month. Since then in the 3Q QTD, the Redbubble branded marketplace has seen encouraging topline growth above 1H trends.

The Redbubble branded marketplace maintained its economics despite the recent growth headwinds, whilst the TeePublic branded marketplace has been an excellent contributor to Group financial performance. The Group's take rate[6] remain strong. At the Group level, 1H GP margins benefited from enhanced scale, whilst efficient and profitable paid marketing efforts have seen GPAPA[7] grow at 26%, a similar rate to both Marketplace Revenue and Gross Profit. The Group's positive 1H Operating EBITDA results were driven by profitability across both Redbubble and TeePublic branded marketplaces.

Business Update

The Group continues to demonstrate progress in areas that are critical to marketplace growth and capturing the business's long term potential.

For the Redbubble branded marketplace, key initiatives are continuing to power the business:

- Artists: Product Revenue[8] from authentic sellers[9] on Redbubble grew by 15% in 1H FY2020 and now represent 66% of Redbubble Product Revenue
- Membership: During 1H, Marketplace Revenue from members[10] grew by 64%, being 42% of Redbubble Marketplace Revenue, and there were 5.2 million active members on Redbubble during 1H
- Mobile App: Marketplace Revenue from Redbubble apps saw growth of 122% in 1H and represented 10% of Redbubble Marketplace Revenue. The Redbubble Android app had launched in October 2019
- Marketing: The Group remains profitable on the first transaction and 1H marketing spend was 11.0% of Marketplace Revenue, below many online marketplace and ecommerce peers
- Content Partners: The Group has on-boarded a total of 58 brands, with 3 new brands added in 2Q. Licensed content grew to 720,000, up 32% QoQ
- New Products: 12 new products launched since May 2019. New products across the Group contributed ~$10 million in 1H Group Marketplace Revenue representing ~6%.

For the TeePublic branded marketplace, efforts during the half focused on the following aspects:

- Paid Marketing: Driving strong growth profitably across paid channels, particularly Google Shopping
- Europe: Benefitted from roll out of geo-location redirect and localised currencies in UK, EU, Canada and Australia
- New Products: 2 new products launched during 1H (magnets and pins) exceeded expectations
- Supply Chain: Leveraged Group scale and network during the peak holiday season to meet surge in volumes.

6. Take rate is defined as Gross Profit as % of Gross Transaction Value. Gross Transaction Value less Taxes and Artist Revenue is equal to Marketplace Revenue.
7. Gross Profit After Paid Acquisition (Marketing).
8. Does not include shipping income.
9. 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.
10. Marketplace revenue from Members comes from Redbubble only and contribution is measured on a Redbubble basis only.

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Strategic Update

The Board and management have completed a review of the company strategy. The business has established strong fundamentals and is committed to investing and realising its full potential. Efforts continue to grow the customer base and enhance the user experience. SEO and performance marketing remain important growth drivers for the Group. Progress is also being made in areas of strategic focus that are critical to driving long term marketplace growth.

At its core, the Group is a business powered by high quality content, launching new products and increasingly, Content Partnerships enabling licensed fan art. The strategy review supported the work the company has already progressed in new product capabilities and in the Content Partnerships business. These initiatives will fill sizable gaps in the Group's content library and each area represents a large and sustained pool of high ROI growth. Therefore the company's focus remains on continuing to invest in its current growth initiatives, with the Group seeking to establish authoritative positions in key content and product categories. There is significant value across these initiatives, with increasing upside as they reach and gain scale to further propel the flywheel.

Redbubble made the announcement on February 18th 2020 that Martin Hosking, former Chief Executive Officer (CEO), founder and current Non-Executive Director would immediately commence as the Interim CEO of the Group as Barry Newstead's term as CEO ended.

Looking Forward

The business is focused on both short term execution consistency and delivering on long term growth investments. The balancing act that is required may continue to see growth variability in the near term, even as some of the prior strategic work generates impact.

Looking ahead to the second half of FY2020, key priorities are:

- Increasing focus on SEO, performance marketing and improving customer experience
- Accelerating the launch of new products
- Increasing investment in the fast growing Content Partnerships and licensed fan art segment.

Rounding of amounts

The amounts contained in the Directors' Report and Condensed Consolidated Interim 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's independence declaration

A copy of Ernst & Young's Auditor's Independence Declaration, as required under sections 307C of the Corporations Act 2001, is set out on page 10.

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

Richard Cawsey
Chair
26 February 2020

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Auditor's Independence Declaration to the Directors of Redbubble Limited

As lead auditor for the review of the half-year financial report of Redbubble Limited for the half-year ended 31 December 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 review; and

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

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

Ernst & Young

Ernst & Young

Kylie Bodenham
Partner
26 February 2020

Consolidated statement of comprehensive income

for the half-year ended 31 December 2019

	Notes	31 Dec 2019 $'000	31 Dec 2018 $'000 Restated [1]
Revenue from contracts with customers			
Marketplace revenue		**179,970**	142,926
Artists' revenue		**33,497**	27,772
Total revenue from contracts with customers	3	**213,467**	170,698
Operating expenses			
Artists' margin		**(33,497)**	(27,772)
Fulfiller expenses [2]		**(113,834)**	(90,873)
Employee and contractor costs	4	**(28,934)**	(21,941)
Marketing expenses	5	**(21,517)**	(16,192)
Operations and administration	6	**(10,805)**	(10,350)
Depreciation and amortisation	12	**(6,254)**	(4,583)
Total operating expenses		**(214,841)**	(171,711)
Other income [3]		**205**	222
Other expenses [4]		**(948)**	(720)
Loss before income tax		**(2,117)**	(1,511)
Income tax benefit / (expense)	7	**(923)**	(821)
Total loss for the half-year attributable to owners		**(3,040)**	(2,332)
Other comprehensive income / (loss)			
Items that will be reclassified subsequently to profit or loss			
Gain / (loss) on foreign currency translation		**(47)**	(120)
Total other comprehensive income / (loss) attributable to owners		**(47)**	(120)
Total comprehensive loss for the half-year attributable to owners		**(3,087)**	(2,452)
Loss per share attributable to the ordinary equity holders of the company			
Basic loss per share	8	**(0.01)**	(0.01)
Diluted loss per share	8	**(0.01)**	(0.01)

(1) The full retrospective approach has been selected by the Group in the first time application of AASB 16 *Leases*. Details regarding the change in accounting policy are in Note 1. The comparative information has been restated as outlined in Note 19.

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

(3) Other income includes finance income.

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

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

Consolidated statement of financial position

as at 31 December 2019

	Notes	31 Dec 2019 $'000	30 June 2019 $'000 Restated [1]
Current assets			
Cash and cash equivalents		**65,235**	29,030
Other receivables		**2,670**	2,562
Other assets	11	**3,310**	2,274
Prepayments		**2,448**	2,537
Total current assets		**73,663**	36,403
Non-current assets			
Property, plant and equipment		**2,525**	2,925
Intangible assets	12	**71,608**	71,417
Right-of-use assets		**7,132**	8,378
Net investment in sublease		**857**	1,248
Other assets	11	**1,470**	1,463
Prepayments		**60**	132
Deferred tax assets		**862**	72
Total non-current assets		**84,514**	85,635
Total assets		**158,177**	122,038
Current liabilities			
Trade and other payables	13	**56,766**	26,520
Lease liabilities		**3,377**	3,029
Unearned revenue [2]		**9,441**	8,101
Employee benefit liabilities		**2,096**	2,423
Provisions		**2,034**	1,121
Tax liabilities		**1,168**	849
Other liabilities	14	**7,887**	7,773
Total current liabilities		**82,769**	49,816
Non-current liabilities			
Lease liabilities		**6,813**	8,570
Employee benefit liabilities		**292**	227
Deferred tax liabilities		**-**	45
Other liabilities	14	**103**	-
Total non-current liabilities		**7,208**	8,842
Total liabilities		**89,977**	58,658
Net assets		**68,200**	63,380
Equity			
Contributed equity	15a	**140,276**	135,194
Treasury reserve	15b	**(1,669)**	(1,394)
Share based payment reserve		**11,777**	8,677
Foreign exchange translation reserve		**(1,894)**	(1,847)
Accumulated losses		**(80,290)**	(77,250)
Total equity		**68,200**	63,380

(1) The full retrospective approach has been selected by the Group in the first time application of AASB 16 *Leases*. Details regarding the change in accounting policy are in Note 1. The comparative information has been restated as outlined in Note 19.

(2) Unearned revenue represents the value of goods paid for by customers that are not yet delivered.

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

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Consolidated statement of changes in equity

for the half-year ended 31 December 2019

2019	Notes	Share capital $'000	Treasury reserve [1] $'000	Share based payments reserve $'000	Foreign exchange translation reserve $'000	Accumulated losses $'000	Total $'000
Balance as at 1 July 2019		**135,194**	**(1,394)**	**8,677**	**(1,756)**	**(77,473)**	**63,248**
Effect of adoption of new accounting standards [2]		-	-	-	(91)	223	132
Balance as at 1 July 2019 (restated)		**135,194**	**(1,394)**	**8,677**	**(1,847)**	**(77,250)**	**63,380**
Loss for the half-year		-	-	-	-	(3,040)	(3,040)
Other comprehensive loss		-	-	-	(47)	-	(47)
Total comprehensive loss for the half-year		**-**	**-**	**-**	**(47)**	**(3,040)**	**(3,087)**
Exercise of share options	15 (b)	2,866	-	-	-	-	2,866
Transfer to issued capital [3]		2,124	-	(2,124)	-	-	-
Share based payments expense	4	-	-	5,224	-	-	5,224
Shares issued to Employee Share Trust		5,384	(5,384)	-	-	-	-
Shares issued / allocated to participants [4]	15 (b)	(5,109)	5,109	-	-	-	-
Payment of withholding taxes [5]	15 (b)	(183)	-	-	-	-	(183)
Balance as at 31 December 2019		**140,276**	**(1,669)**	**11,777**	**(1,894)**	**(80,290)**	**68,200**

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

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

(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.

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Consolidated statement of changes in equity

for the half-year ended 31 December 2019

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 2018		**74,555**	**(1,895)**	**4,692**	**(1,795)**	**(49,809)**	**25,748**
Effect of adoption of new accounting standards [2]		-	-	-	-	128	128
Balance as at 1 July 2018 (restated)		**74,555**	**(1,895)**	**4,692**	**(1,795)**	**(49,681)**	**25,876**
Loss for the half-year (restated)		-	-	-	-	(2,332)	(2,332)
Other comprehensive loss (restated)		-	-	-	(120)	-	(120)
Total comprehensive loss for the half-year (restated)		**-**	**-**	**-**	**(120)**	**(2,332)**	**(2,452)**
Exercise of share options	15 (b)	2,062	-	-	-	-	2,062
Transfer to issued capital [3]		1,392	-	(1,392)	-	-	-
Share-based payments expense	4	-	-	2,041	-	-	2,041
Shares issued to Employee Share Trust		7,515	(7,515)	-	-	-	-
Shares issued / allocated to participants [4]	15 (b)	(7,358)	7,358	-	-	-	-
Payment of withholding taxes [5]	15 (b)	(95)	-	-	-	-	(95)
Shares issued to fund the acquisition of TeePublic LLC		60,572	-	-	-	-	60,572
Transaction costs for above issued share capital		(3,468)	-	-	-	-	(3,468)
Balance at 31 December 2018		**135,175**	**(2,052)**	**5,341**	**(1,915)**	**(52,013)**	**84,536**

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

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

(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 half-year ended 31 December 2019

	Notes	31 Dec 2019 $'000	31 Dec 2018 $'000 Restated [1]
Cash flows from operating activities			
Receipts from customers		**232,809**	185,351
Payments to artists		**(29,091)**	(25,166)
Payments to fulfillers		**(96,558)**	(76,711)
Payments to other suppliers and employees		**(64,771)**	(53,273)
Other income received		**127**	121
Payment of interest		**(237)**	(265)
Receipt of interest		**25**	37
Income taxes received / (paid)		**(1,424)**	(196)
Net cash provided by / (used in) operating activities		**40,880**	29,898
Cash flows from investing activities			
Payment for property, plant and equipment		**(306)**	(127)
Payment for development of intangible assets	12	**(4,455)**	(4,168)
Proceeds from net investment in subleases		**445**	298
Acquisition of subsidiary (net of cash acquired)	10	**-**	(46,674)
Net cash provided by / (used in) investing activities		**(4,316)**	(50,671)
Cash flows from financing activities			
Proceeds from exercise of share options / warrants	15 (b)	**2,866**	2,062
Payment of withholding taxes to US tax authorities on settlement of performance rights funded by shares withheld	15 (b)	**(183)**	(95)
Payment for lease liabilities		**(1,714)**	(1,298)
Proceeds from issue of share capital	15 (b)	**-**	60,572
Transaction costs arising from issue of share capital	15 (b)	**-**	(3,468)
Net cash provided by / (used in) financing activities		**969**	57,773
Net increase / (decrease) in cash and cash equivalents held		**37,533**	37,000
Cash and cash equivalents at beginning of year		**29,030**	21,247
Effect of exchange rate changes on cash and cash equivalents		**(1,328)**	465
Cash and cash equivalents at the end of the financial year		**65,235**	58,712

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

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

1. Basis of preparation

The Condensed Consolidated Interim Financial Statements of Redbubble Limited for the half-year ended 31 December 2019 (Interim Financial Report) were authorised for issue by resolution of the Directors on 26 February 2019. Redbubble Limited (the Company), the owner of global online marketplaces for independent artists, is a for-profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Stock Exchange.

The Interim Financial Report:

- covers Redbubble Limited and its controlled entities as the consolidated group (the **Group**). Redbubble Limited is the ultimate parent entity of the Group;
- has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting; and
- does not include all the information and disclosures required in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2019.

The accounting policies adopted in the preparation of the Interim Financial Report are consistent with those followed in the preparation of the Annual Report of the Group for the year ended 30 June 2019, except for the adoption of new and amended standards and interpretations as of 1 July 2019 described below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

At 31 December 2019, the Group had a net current asset deficiency of $9.1 million. Included in this are non-cash items totaling $11.5 million. 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.

New standards, interpretations and amendments adopted by the Group

AASB 16 Leases

The Group applies, for the first time, AASB 16 *Leases* using the full retrospective approach that requires restatement of previous years financial statements. As required by AASB 134, the nature and effect of these changes are disclosed in Note 19.

2. Segment information

The Group is a global online marketplace and accordingly, has identified that as its only reportable segment.

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 have similar economic characteristics and have been aggregated to form one reportable operating segment.

3. Revenue

	31 Dec 2019 $'000	31 Dec 2018 $'000
Australia	**11,144**	10,192
United States	**141,409**	103,399
United Kingdom	**20,848**	19,351
Rest of the world	**40,066**	37,756
Total revenue	**213,467**	170,698

4. Employee and contractor costs

	31 Dec 2019 $'000	31 Dec 2018 $'000
Salary costs	**19,187**	15,425
Contractor costs	**3,217**	3,221
Share-based payments expense	**5,224**	2,041
Superannuation and other pension related costs (1)	**1,306**	1,254
Total employee and contractor costs	**28,934**	21,941

(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

	31 Dec 2019 $'000	31 Dec 2018 $'000
Paid marketing (1)	**19,864**	15,381
Other marketing expenses	**1,653**	811
Total marketing expenses	**21,517**	16,192

(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

	31 Dec 2019 $'000	31 Dec 2018 $'000
Technology infrastructure and software costs	**6,626**	4,884
Travel expenses	**631**	786
Rental expense on short-term leases (1)	**13**	98
TeePublic acquisition costs	**-**	1,214
Other operations and administration expenses	**3,535**	3,368
Total operations and administration	**10,805**	10,350

(1) Includes short-term leases with a lease term of 12 months or less, refer to Note 19.

7. Income tax expense / (benefit)

	31 Dec 2019 $'000	31 Dec 2018 $'000
Current tax		
Current tax expense / (benefit)	**1,774**	821
Deferred tax		
Deferred tax expense / (benefit)	**(851)**	-
Total income tax expense / (benefit)	**923**	821

Taxable profits have been derived within the United States as Redbubble and TeePublic form a Group for taxation purposes. This Group has a deferred tax asset in the current year relating to timing differences between taxation and accounting treatments. The Group has an unrecognised deferred tax asset from carried forward tax losses and non-refundable research and development tax offsets of $32.7 million (30 June 2019: $29.2 million).

8. Loss per share

Basic and diluted loss per share

Basic and diluted loss per share attributable to the ordinary equity holders of the company is $0.01 (2018: loss per share of $0.01). The calculation for basic and diluted loss per share is detailed below.

Reconciliation of loss used in calculating loss per share

	31 Dec 2019 $'000	31 Dec 2018 $'000
Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted loss per share	**(3,040)**	(2,332)

Weighted average number of shares used as the denominator

	31 Dec 2019 number	31 Dec 2018 number
Weighted average number of shares used as denominator in calculating basic and diluted loss per share	**257,803,408**	221,999,758

9. Seasonality of operations

The Group's revenue is affected by the Thanksgiving and Christmas holiday seasons which result in higher sales particularly in the December quarter. Consequently, the current assets and liabilities as at 31 December 2019 are not strictly comparable with the balances as at 30 June 2019.

10. Business combinations

There were no business combinations entered into in the current period. In the prior period the Group acquired 100% of TP Apparel LLC and its subsidiary TP Apparel Europe Limited (TeePublic). Details of this business combination were disclosed in Note 17 of the Group's annual financial statements for the year ended 30 June 2019.

11. Other Assets

	Current		Non-current	
	31 Dec 2019	30 June 2019	**31 Dec 2019**	30 June 2019
Consolidated	**$'000**	$'000	**$'000**	$'000
Deposits/advances	**344**	410	**376**	369
Goods in transit	**2,966**	1,864	**-**	-
Security held with banks	**-**	-	**1,094**	1,094
Total other assets	**3,310**	2,274	**1,470**	1,463

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

12. Intangible assets

	Brand name $'000	Capitalised development costs $'000	Goodwill $'000	Total $'000
Cost				
Balance at 1 July 2019	6,756	39,692	50,576	97,024
Additions		4,455		4,455
Disposals	-	-	-	-
Exchange differences	4	(14)	29	19
Balance at 31 December 2019	**6,760**	**44,133**	**50,605**	**101,498**
Balance at 1 July 2018	-	29,077	-	29,077
Additions	-	4,168	-	4,168
Acquisition of a subsidiary	16,813	1,216	39,428	57,457
Disposals	-	(96)	-	(96)
Exchange differences	77	181	302	560
Balance at 31 December 2018	**16,890**	**34,546**	**39,730**	**91,166**
Accumulated amortisation				
Balance at 1 July 2019	-	(25,532)	-	(25,532)
Charge for the half-year	-	(4,354)	-	(4,354)
Exchange differences	-	(4)	-	(4)
Balance at 31 December 2019	**-**	**(29,890)**	**-**	**(29,890)**
Balance at 1 July 2018	-	(18,545)	-	(18,545)
Charge for the half-year	-	(2,977)	-	(2,977)
Exchange differences	-	(102)	-	(102)
Balance at 31 December 2018	**-**	**(21,624)**	**-**	**(21,624)**
Net book value				
As at 31 December 2019	**6,760**	**14,243**	**50,605**	**71,608**
As at 31 December 2018	16,890	12,922	39,730	69,542

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project, typically between 2 and 3 years.

13. Trade and other payables

	31 Dec 2019 $'000	30 June 2019 $'000
Fulfiller payables	**33,571**	14,877
Artist payables	**9,721**	4,663
Staff payables	**1,250**	1,252
Sales tax payables	**5,728**	2,417
Other payables [1]	**6,496**	3,311
Total trade and other payables	**56,766**	26,520

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

14. Other liabilities

	Current		Non-current	
	31 Dec 2019 $'000	30 June 2019 $'000	31 Dec 2019 $'000	30 June 2019 $'000
Deferred consideration payable [1]	**7,887**	7,773	**-**	-
Other	**-**	-	**103**	-
Total other liabilities	**7,887**	7,773	**103**	-

(1) 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 31 December 2019 is US $5.5 million (AU $7.8 million).

15. Contributed equity

(a) Share capital

	Consolidated and parent entity			
	31 Dec 2019 Shares	30 June 2019 Shares	31 Dec 2019 $'000	30 June 2019 $'000
Ordinary shares [1]				
Issued and fully paid	**259,962,966**	256,156,543	**131,688**	128,730
Transferred from share based payments reserve	**-**	-	**8,588**	6,464
Total share capital	**259,962,966**	256,156,543	**140,276**	135,194

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

15. Contributed equity (continued)

(b) Movements in 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	-	(3,468)
Exercise of options / warrants	4,511,170	2,062
Settlement of vested performance rights	323,032	-
Shares issued to Employee Share Trust [1]	5,835,000	7,515
Shares allocated to participants from the Employee Share Trust [1]	(4,774,818)	(7,358)
Payment of withholding taxes to US tax authorities [2]	(59,384)	(95)
Balance at 31 December 2018 (including treasury shares)	**256,156,543**	**129,249**
Treasury shares - unallocated [3]	(2,051,888)	(2,052)
Balance at 31 December 2018 (excluding treasury shares)	**254,104,655**	**127,197**
Balance at 1 July 2019	**256,156,543**	**128,730**
Exercise of options / warrants	3,520,314	2,866
Settlement of vested performance rights	350,895	-
Shares issued to Employee Share Trust [1]	3,767,000	5,384
Shares issued / allocated to participants from the Employee Share Trust [1]	(3,765,263)	(5,109)
Other shares issued	39,423	-
Payment of withholding taxes to US tax authorities [2]	(105,946)	(183)
Balance at 31 December 2019 (including treasury shares)	**259,962,966**	**131,688**
Treasury shares -unallocated [3]	(1,435,278)	(1,669)
Balance at 31 December 2019 (excluding treasury shares)	**258,527,688**	**130,019**

(1) The Group operates an Employee Share Trust (**Trust**) for the purpose of issuance of shares to participants on exercise of options / settlement of performance rights. The Group contributed to the Trust by issuing 3,767,000 shares (2018: 5,835,000) during the period, of which 3,765,263 shares (2018: 4,774,818) were issued / allocated to the participants from the Trust.

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

(3) 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. Contingent liabilities

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.

17. Events occurring after the balance sheet date

Change in Chief Executive Officer / Managing Director

On 18 February 2020, Mr Barry Newstead's position as Chief Executive Officer and Managing Director ended. Mr Martin Hosking commenced as the Interim Chief Executive Officer and Managing Director from the same date.

The Interim Financial Report was authorised for issue on 26 February 2020 by the Board of Directors. There have been no other significant events after the balance sheet date that require disclosure.

18. Related Party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There were no related party transactions in the current period. During the prior period, Martin Hosking, a non-executive Director, provided underwriting services for the capital raising for which the fees totalled $45,000.

19. Impact of new accounting standard

AASB 16 *Leases*

In the current year, the Group has applied AASB 16 Leases, which is effective for annual periods that begin on or after 1 January 2019.

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

The date of initial application of AASB 16 for the Group is 1 July 2019.

The Group has applied AASB 16 using the full retrospective approach, with restatement of the comparative information.

The Group's leasing activities

The Group leases various offices in Australia, the United States and Germany. Rental contracts are typically made for fixed periods of between 4 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

In preparation for the first-time application of AASB 16, the Group has carried out an implementation project. The project has shown that the new definition in AASB 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

Impact on lease accounting

Former operating lease

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

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

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

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

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

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

Impact on lessor accounting

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

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

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

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

The impact on profit/(loss) for the half-year ended 31 December 2018 is outlined below with explanatory notes on page 24.

Impact on profit/(loss) for the half-year	31 December 2018 As previously reported $'000	AASB 16 Adjustments $'000	31 December 2018 As restated $'000
Operations and administration (1)	(11,802)	1,452	(10,350)
Depreciation and amortization (1)	(3,579)	(1,004)	(4,583)
Other income (7)	523	(300)	222
Other expenses (1)	(455)	(265)	(720)
Income tax (expense)/benefit (5)	(799)	(22)	(821)
Increase/(decrease) in profit for the half-year		**(139)**	

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

	As previously reported $'000	AASB16 Adjustments $'000	As restated $'000
Right-of-use assets (1)	-	8,509	8,509
Net investment in sub-lease (7)	-	1,779	1,779
Prepaid rent (3)	233	(233)	-
Deferred rent received – current & non-current (7)	60	(60)	-
Deferred tax assets (6)	13,952	4	13,956
Net impact on total assets	**14,245**	**9,999**	**24,244**
Lease liabilities – current & non-current (1)	-	(12,450)	(12,450)
Lease incentive liability - current & non-current (2)	(1,450)	1,450	-
Lease invoicing (3)	-	233	233
Deferred rent – current & non-current (7)	(842)	842	-
Rent received in advance (7)	(54)	54	-
Net impact on total liabilities	**(2,346)**	**(9,871)**	**(12,217)**
Retained earnings		**128**	

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

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

	As previously reported $'000	AASB16 Adjustments $'000	As restated $'000
Right-of-use assets (1)	-	8,378	8,378
Net investment in sub-lease (7)	-	1,248	1,248
Deferred rent received – current & non-current (7)	60	(60)	-
Intangibles (4)	71,492	(75)	71,417
Prepayments (3)	2,804	(267)	2,537
Deferred tax assets (6)	-	72	72
Net impact on total assets	**74,356**	**9,296**	**83,652**
Lease liabilities – current & non-current (1)	-	(11,599)	(11,599)
Lease incentive liability – current & non-current (2)	(807)	807	-
Deferred rent – current & non-current (7)	(1,377)	1,377	-
Deferred tax liabilities – non-current (6)	(296)	251	(45)
Net impact on total liabilities	**(2,480)**	**(9,164)**	**(11,644)**
Retained earnings		**132**	

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

The Group as a lessee:

1. The application of AASB 16 to leases previously classified as operating leases under AASB 117 resulted in the recognition of right-of-use assets of $8,509,000 and lease liabilities of $12,450,000. It also resulted in decrease in rent expenses of $1,452,000 and an increase in depreciation of $1,004,000 and interest expense of $265,000.
2. Lease incentives liability of $1,450,000 previously recognised with respect to operating leases have been derecognised and the amount was factored into the measurement of the right-of-use assets.
3. Prepaid rent of $233,000 has been derecognised and factored into the measurement of right-of-use assets as per AASB 16.
4. The value of Goodwill has been reduced due to a change in the fair value of identifiable net assets of TeePublic on acquisition.
5. Income tax expense has increased by $22,000.
6. Deferred tax assets increased by $4,000.

Group as an intermediate lessor:

7. The Group, as an intermediate lessor, has reclassified its sub-lease agreements as net investment in sublease. Deferred rent received in relation to the sub-lease has been derecognised and a net investment in sublease of $1,779,000 has instead been recognised. This change in accounting treatment changes the timing of recognition of the related revenue (recognised in finance income) which has resulted in a decrease in rent income of $300,000.

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

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

AASB 117 required all lease payments on operating leases to be presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased by $1,269,000 (2018: $1,000,000), being the lease payments, and net cash used in financing activities has increased by the same amount.

Summary of new accounting policies

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

Group as a lessee

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date of the lease less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment in accordance with AASB 136 *Impairment of Assets.*

Lease liabilities

The Group recognises lease liabilities at the commencement date of the lease (i.e., the date the underlying asset is available for use), measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

As the Group has no debt financing arrangements, the present value of lease payments is determined using a government bond (risk free) rate adjusted for a risk premium commensurate with each lessee's profile. The bond rates used are for a bond with a term similar to each lease and be country specific. The Group's external valuers deemed that an appropriate proxy for Redbubble's credit risk was a Moody's BAA rated Corporate Bond. Using this information a discount rate of 4.5% for US leases, 3.5% for Australian leases and 1.5% for Germany lease was calculated.

After the commencement date, the amount of the lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities are adjusted if there is a modification, a change in the lease terms or a change in the in-substance fixed lease payments.

Group as a lessor

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

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

a. if the head lease is a short-term lease, the Group will classify the sublease as an operating lease.

b. otherwise, the sublease will be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

Sublease classified as finance lease

The Group recognises net investment in sublease at the commencement date of the sublease (i.e., the date the underlying asset is subleased) as a finance lease due to the remaining term of the lease. The net investment in the sublease is measured using the discount rate for the head lease. The Group dercognises the right-of-use asset relating to the head lease that it transfers to the sublessee and replaces it with a net investment in the sublease. Any difference between the right-of-use asset and the net investment in the sublease is recognised in the statement of comprehensive income. The lease liability relating to the head lease is retained and represents the lease payments owed to the head lessor. During the term of the sublease, the Group recognizes both interest income on the sublease and interest expense on the head lease.

Short-term leases and leases of low-value assets

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option under some of its leases to extend the term of the original lease. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for the Group to exercise the renewal option. After the commencement date, the Group reassesses the lease term when there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

The Group has determined that no lease extension options will be exercised as they are not reasonably certain that those options will be exercised and therefore, the extended periods have not been included in calculations.

Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

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

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 16 to 30, are in accordance with the Corporations Act 2001 including:
   (i) giving true and fair view of the financial position as at 31 December 2019 and of the performance for the half-year ended on that date of the consolidated Group; and
   (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; 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.

Richard Cawsey	Martin Hosking
Chair	Director
Melbourne	Melbourne
26 February 2020	26 February 2020

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Independent Auditor's Review Report to the Members of Redbubble Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Redbubble Limited (the Company) and its subsidiaries (collectively the Group), which comprises of the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and

ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Building a better working world

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Kylie Bodenham
Partner
Melbourne
26 February 2020

Corporate Information

Directors	Richard Cawsey (Chair) Barry Newstead (Managing Director, Chief Executive Officer) (ended effective on 18 February 2020) Martin Hosking (commenced as interim Managing Director, Chief Executive Officer on 18 February 2020) Anne Ward Jennifer (Jenny) Macdonald Greg Lockwood
Company Secretaries	Corina Davis (US) Edward Bailey (Australia)
Registered Office	Level 3, 271 Collins Street Melbourne VIC 3000 Australia
Share Register	Link Market Services Tower 4, 727 Collins Street Melbourne VIC 3008 Australia
Auditors	Ernst & Young 8 Exhibition Street Melbourne VIC 3000 Australia
Bankers	Commonwealth Bank of Australia
Stock Exchange Listing	Redbubble shares are listed in the Australian Securities Exchange (listing code: RBL)
Website	Redbubble.com
Investor Centre	Shareholders.redbubble.com