

## Appendix 4D

### Redbubble Limited

ABN: 11 119 200 592

Half-year ended 31 December 2020

(Previous corresponding period: Half-year ended 31 December 2019)

### Results for announcement to the market

	Half-year ended 31 Dec 2020 \$'m	Half-year ended 31 Dec 2019 \$'m	Movement	Change \$'m	Change % <sup>(1)</sup>
Revenue from ordinary activities	417.6	213.5	Up	204.1	95.6%
Profit / (loss) from ordinary activities after tax attributable to members	41.0	(3.0)	Up	44.0	1465%
Net profit / (loss) for the period attributable to members	41.0	(3.0)	Up	44.0	1465%

<sup>(1)</sup> 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 2020 (2019: Nil). There are no dividend or distribution reinvestment plans in operation.

### Net tangible assets per security

	31 Dec 2020 cents	31 Dec 2019 cents
Net tangible assets per security	18.1	(1.6)

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

### Other information

Detailed analysis of the results for the half-year ended 31 December 2020 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 Interim Condensed Consolidated Financial Report (Interim Financial Report) and the attached presentation to investors. This information should be read in conjunction with Redbubble Limited's 2020 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 2020.

This report is based on the Interim Financial Report for the half-year ended 31 December 2020 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

Interim Condensed Consolidated Financial Report  
for the half-year ended 31 December 2020

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## 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 2020 (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:

Anne Ward	Chair, Non-executive Director
Martin Hosking	CEO and Managing Director during the half year and until 26 January 2021, before resuming as a Non-Executive Director from 27 January 2021
Jennifer (Jenny) Macdonald	Non-executive Director
Greg Lockwood	Non-executive Director
Ben Heap	Non-executive Director

Corina Davis (US) and Paul Gordon (Australia) both hold the position of Company Secretary of the Company.

### Principal activities

RB Group, through its websites at Redbubble.com and TeePublic.com, owns and operates the Redbubble and TeePublic online marketplaces. These marketplaces facilitate the sale and purchase of art and designs on a range of products sold by independent creatives to consumers. The products are produced and shipped by third party service providers (i.e. product manufacturers, printers and shipping companies) referred to as fulfillers.

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

## Review of operations

### 1H FY2021 Financial Performance

Redbubble's 1H financial metrics (with YoY growth rates, where applicable) are:

- Marketplace Revenue of \$352.8 million, up 96% (105% on a constant currency basis);
- Gross profit of \$144.0 million, up 118% (127% on a constant currency basis);
- EBIT profit of \$41.8 million, compared to a loss of \$1.9 million in prior year;
- Operating cash inflow of \$79.7 million, compared to \$40.9 million in prior year; and
- Closing cash balance at 31 December 2020 of \$129.7 million.

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

	<b>31-Dec-20</b> \$'m <sup>(2)</sup>	<b>31-Dec-19</b> \$'m <sup>(2)</sup>
<b>Reconciliation of reported results to non-IFRS<sup>(1)</sup> numbers</b>		
<b>Total reported revenue from services</b>	<b>417.6</b>	<b>213.5</b>
Less Artists' margin	(64.8)	(33.5)
<b>Marketplace revenue</b>	<b>352.8</b>	<b>180.0</b>
Fulfiller expenses	(208.8)	(113.8)
<b>Gross profit</b>	<b>144.0</b>	<b>66.1</b>
Gross profit margin on Marketplace revenue	40.8%	36.7%
Paid acquisition costs	(44.2)	(19.9)
<b>Gross Profit After Paid Acquisition costs (GPAPA)</b>	<b>99.8</b>	<b>46.3</b>
<b>GPAPA% (on MP Revenue)</b>	<b>28.3%</b>	<b>25.7%</b>
<b>Cash Operating Expenses</b>		
Employee and contractor costs (excluding share based payments)	(30.0)	(23.7)
Marketing expenses (excluding paid acquisition costs shown above)	(1.6)	(1.7)
Operations and administration costs	(13.0)	(10.8)
<b>Cash Operating Expenses</b>	<b>(44.6)</b>	<b>(36.2)</b>
<b>Operating (Cash) earnings before interest, tax, depreciation and amortisation (Operating EBITDA)</b>	<b>55.2</b>	<b>10.1</b>
Share based payments	(3.7)	(5.2)
Other expenses	(2.7)	(0.6)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>48.8</b>	<b>4.3</b>
Depreciation and amortisation	(7.0)	(6.3)
<b>Earnings before interest and tax (EBIT)</b>	<b>41.8</b>	<b>(1.9)</b>
Interest expenses	(0.2)	(0.3)
Interest income	0.0	0.2
<b>Total profit/(loss) before income tax</b>	<b>41.7</b>	<b>(2.1)</b>
Income tax benefit/(expense) <sup>(3)</sup>	(0.7)	(0.9)
<b>Reported total profit/(loss) for the year</b>	<b>41.0</b>	<b>(3.0)</b>

<sup>(1)</sup> 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.

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

<sup>(3)</sup> Details of the movement in the income tax (expense)/benefit are found in note 7 of the financial statements.

## Business update

The first half of FY21 has been a period of remarkable growth for both the Redbubble and TeePublic marketplaces as each marketplace accelerated with increasing consumer demand.

Year on year growth continues to be diversified across all geographies and product categories, with particularly strong contributions from the United Kingdom and Australia / New Zealand. North America remains the largest market contributing 69% of all sales. With respect to products; accessories, homewares and artworks continue to grow at over 100%, and all categories demonstrating above average growth rates. Mask demand moderated to 7% of the overall product mix for the quarter.

Q2 FY21 saw consistently strong customer demand into the peak holiday season and as a result the Group increased its paid acquisition spend to capture a greater number of profitable customers. Growth in unique customers of 69% year on year to 6.2 million customers was achieved whilst maintaining control over marketing spend. The Group spent 12.5% of marketplace revenue on paid marketing, at the lower end of industry peer ranges of 9-26%. Global shipping conditions were challenging in December, with last order by dates constricted by shipping partners ability to assure customers of on time delivery, resulting in lower margins for the month of December.

Over the period, 572,000 artists made sales across Group's marketplaces, with over \$65m artist earnings paid out this half-year. Recognizing the difficulty of 2020 for artists and in appreciation of their continued efforts in generating extraordinary levels of content, the Redbubble marketplace made the annual artist payment<sup>(1)</sup> in December, rather than in January.

Teams in both marketplaces and across all our locations demonstrated remarkable resilience, with the entire business continuing to operate remotely. Further, the Group's strong relationships with the network of fulfillers came to the fore as the business continued to operate remotely due to the ongoing impacts of COVID-19.

Operating expenses were managed prudently across the period. Headwinds in other expenses are evident with the strengthening of the Australian Dollar, particularly across the second quarter.

On 20 November 2020, Redbubble announced that Mr Michael Ilczynski would assume the role of Chief Executive Officer (CEO), succeeding Mr Martin Hosking as he steps aside from his Interim CEO role. Mr Michael Ilczynski formally commenced as CEO on 27 January 2021.

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<sup>(1)</sup> Redbubble brought forward the annual artist payment for those artists earning between \$2-20.

## Looking forward

Healthy demand continued into January, with Marketplace Revenue (paid) growth rates of 66% (82% on a constant currency basis).

The company continues its focus on 4 key initiatives:

1. Artist acquisition, activation and retention;
2. User acquisition and transaction optimization;
3. Customer understanding, loyalty and brand building; and
4. Further physical product and fulfilment network expansion.

Given the opportunities to invest in the business, coupled with the uncertain future macro environment, the Board does not expect to pay a dividend in the short to medium term.

## Rounding of amounts

The amounts contained in the Directors' Report and Interim Condensed Consolidated Financial Report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) 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 8.

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



Anne Ward  
Chair  
16 February 2021



**Building a better  
working world**

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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 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Ashley Butler', written in a cursive style.

Ashley Butler  
Partner  
16 February 2021



**Interim condensed consolidated statement of comprehensive income**  
for the half-year ended 31 December 2020



	Notes	31 Dec 2020 \$'000	31 Dec 2019 \$'000
<b>Revenue from contracts with customers</b>			
Marketplace revenue		352,802	179,970
Artists' revenue		64,753	33,497
<b>Total revenue from contracts with customers</b>	3	<b>417,555</b>	213,467
<b>Operating expenses</b>			
Artists' margin		(64,753)	(33,497)
Fulfiller expenses <sup>(1)</sup>		(208,814)	(113,834)
Employee and contractor costs	4	(33,716)	(28,934)
Marketing expenses	5	(45,740)	(21,517)
Operations and administration	6	(13,029)	(10,805)
Depreciation and amortisation		(6,969)	(6,254)
<b>Total operating expenses</b>		<b>(373,021)</b>	(214,841)
Other income <sup>(2)</sup>		32	205
Other expenses <sup>(3)</sup>		(2,893)	(948)
<b>Profit / (loss) before income tax</b>		<b>41,673</b>	(2,117)
Income tax benefit / (expense)	7	(723)	(923)
<b>Total profit / (loss) for the half-year attributable to owners</b>		<b>40,950</b>	(3,040)
<b>Other comprehensive income / (loss)</b>			
<b>Items that will be reclassified subsequently to profit or loss</b>			
Gain / (loss) on foreign currency translation		(3,916)	(47)
<b>Total other comprehensive income / (loss) attributable to owners</b>		<b>(3,916)</b>	(47)
<b>Total comprehensive income / (loss) for the half-year attributable to owners</b>		<b>37,034</b>	(3,087)
<b>Loss per share attributable to the ordinary equity holders of the company</b>			
Basic profit / (loss) per share		0.15	(0.01)
Diluted profit / (loss) per share		0.15	(0.01)

<sup>(1)</sup> Fulfiller expenses comprise product and printing, shipping and transaction costs, and are equivalent to cost of goods sold.

<sup>(2)</sup> Other income includes finance income.

<sup>(3)</sup> Other expenses include interest expenses on lease liabilities and net foreign exchange losses.

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

Interim condensed consolidated statement of financial position  
as at 31 December 2020



	Notes	31 Dec 2020 \$'000	30 June 2020 \$'000
<b>Current assets</b>			
Cash and cash equivalents		129,694	58,129
Other receivables		2,709	5,236
Prepayments		3,886	4,063
Net Investment in sublease		323	994
Current Tax assets		966	1,032
Other assets	9	6,099	7,328
<b>Total current assets</b>		<b>143,677</b>	<b>76,782</b>
<b>Non-current assets</b>			
Property, plant and equipment		1,904	2,229
Intangible assets	10	63,072	71,576
Right-of-use assets		5,261	6,649
Prepayments		694	46
Deferred tax assets		193	617
Other assets	9	1,613	1,621
<b>Total non-current assets</b>		<b>72,737</b>	<b>82,738</b>
<b>Total assets</b>		<b>216,414</b>	<b>159,520</b>
<b>Current liabilities</b>			
Trade and other payables	11	70,988	44,991
Unearned revenue <sup>(1)</sup>		20,026	28,855
Employee benefit liabilities		2,013	5,059
Provisions		1,753	1,780
Lease liabilities		2,973	3,944
Other liabilities	12	1,353	1,326
<b>Total current liabilities</b>		<b>99,106</b>	<b>85,955</b>
<b>Non-current liabilities</b>			
Lease liabilities		4,432	5,819
Employee benefit liabilities		239	198
Deferred tax liabilities		263	-
Other liabilities	12	-	70
<b>Total non-current liabilities</b>		<b>4,934</b>	<b>6,087</b>
<b>Total liabilities</b>		<b>104,040</b>	<b>92,042</b>
<b>Net assets</b>		<b>112,374</b>	<b>67,478</b>
<b>Equity</b>			
Contributed equity	13a	162,727	145,438
Treasury reserve		(12,792)	(5,303)
Share based payment reserve		11,761	13,699
Foreign exchange translation reserve		(4,251)	(335)
Accumulated losses		(45,071)	(86,021)
<b>Total equity</b>		<b>112,374</b>	<b>67,478</b>

<sup>(1)</sup> Unearned revenue represents the value of goods paid for by customers that are not yet delivered.

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

## Interim condensed consolidated statement of changes in equity for the half-year ended 31 December 2020



2020	Notes	Share capital \$'000	Treasury reserve <sup>(1)</sup> \$'000	Share based payments reserve \$'000	Foreign exchange translation reserve \$'000	Accumulated losses \$'000	Total \$'000
<b>Balance as at 1 July 2020</b>		<b>145,438</b>	<b>(5,303)</b>	<b>13,699</b>	<b>(335)</b>	<b>(86,021)</b>	<b>67,478</b>
Profit / (loss) for the half-year		-	-	-	-	40,950	40,950
Other comprehensive income / (loss)		-	-	-	(3,916)	-	(3,916)
<b>Total comprehensive profit / (loss) for the half-year</b>		-	-	-	<b>(3,916)</b>	<b>40,950</b>	<b>37,034</b>
Exercise of share options	13 (b)	5,451	-	-	-	-	5,451
Transfer to issued capital <sup>(2)</sup>	13 (a)	5,612	-	(5,612)	-	-	-
Share based payments expense	4	-	-	3,674	-	-	3,674
Shares issued to Employee Share Trust		29,731	(29,731)	-	-	-	-
Shares issued / allocated to participants <sup>(3)</sup>	13 (b)	(22,242)	22,242	-	-	-	-
Payment of withholding taxes <sup>(4)</sup>	13 (b)	(1,263)	-	-	-	-	(1,263)
<b>Balance as at 31 December 2020</b>		<b>162,727</b>	<b>(12,792)</b>	<b>11,761</b>	<b>(4,251)</b>	<b>(45,071)</b>	<b>112,374</b>

<sup>(1)</sup> The Group operates an Employee Share Trust (the Trust) for the purpose of issuance of shares to participants on exercise of options / settlement of restricted stock units. The balance in the Treasury Reserve represents the book value of shares held by the Trust for future issue to participants on exercise of options / restricted stock units.

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

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

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

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

## Interim condensed consolidated statement of changes in equity for the half-year ended 31 December 2020



		Share capital	Treasury reserve <sup>(1)</sup>	Share based payments reserve	Foreign exchange translation reserve	Accumulated losses	Total
2019	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2019</b>		<b>135,194</b>	<b>(1,394)</b>	<b>8,677</b>	<b>(1,847)</b>	<b>(77,250)</b>	<b>63,380</b>
Profit / (loss) for the half-year		-	-	-	-	(3,040)	(3,040)
Other comprehensive income / (loss)		-	-	-	(47)	-	(47)
<b>Total comprehensive profit / (loss) for the half-year</b>		-	-	-	<b>(47)</b>	<b>(3,040)</b>	<b>(3,087)</b>
Exercise of share options	13 (b)	2,866	-	-	-	-	2,866
Transfer to issued capital <sup>(2)</sup>		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 <sup>(3)</sup>	13 (b)	(5,109)	5,109	-	-	-	-
Payment of withholding taxes <sup>(4)</sup>	13 (b)	(183)	-	-	-	-	(183)
<b>Balance at 31 December 2019</b>		<b>140,276</b>	<b>(1,669)</b>	<b>11,777</b>	<b>(1,894)</b>	<b>(80,290)</b>	<b>68,200</b>

<sup>(1)</sup> The Group operates an Employee Share Trust (the Trust) for the purpose of issuance of shares to participants on exercise of options / settlement of restricted stock units. The balance in the Treasury Reserve represents the book value of shares held by the Trust for future issue to participants on exercise of options / restricted stock units.

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

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

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

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

**Interim condensed consolidated statement of cash flows**  
for the half-year ended 31 December 2020



	Notes	31 Dec 2020 \$'000	31 Dec 2019 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		454,294	232,809
Payments to artists		(62,070)	(29,091)
Payments to fulfillers		(211,325)	(96,558)
Payments to other suppliers and employees		(100,883)	(64,771)
Payment of interest		(186)	(237)
Receipt of interest		20	152
Income taxes received / (paid)		(118)	(1,424)
<b>Net cash provided by / (used in) operating activities</b>		<b>79,732</b>	<b>40,880</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		(378)	(306)
Payment for development of intangible assets	10	(2,719)	(4,455)
Proceeds from net investment in subleases		611	445
<b>Net cash provided by / (used in) investing activities</b>		<b>(2,486)</b>	<b>(4,316)</b>
<b>Cash flows from financing activities</b>			
Proceeds from exercise of share options	13 (b)	5,451	2,866
Payment of withholding taxes to US tax authorities on settlement of restricted stock units and share appreciation rights funded by shares withheld	13 (b)	(1,263)	(183)
Payment for lease liabilities		(2,038)	(1,714)
<b>Net cash provided by / (used in) financing activities</b>		<b>2,150</b>	<b>969</b>
Net increase / (decrease) in cash and cash equivalents held		<b>79,396</b>	<b>37,533</b>
Cash and cash equivalents at beginning of year		<b>58,129</b>	<b>29,030</b>
Effect of exchange rate changes on cash and cash equivalents		<b>(7,831)</b>	<b>(1,328)</b>
<b>Cash and cash equivalents at the end of the half-year</b>		<b>129,694</b>	<b>65,235</b>

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

## **1. Basis of preparation**

The Interim Condensed Consolidated Financial Statements of Redbubble Limited for the half-year ended 31 December 2020 (Interim Financial Report) were authorised for issue by resolution of the Directors on 16 February 2021. 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 2020.

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 2020, except for the adoption of new and amended standards and interpretations as of 1 July 2020 described below.

### **New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

## **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 from contracts with customers

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Australia	24,035	11,144
United States	285,315	141,409
United Kingdom	46,672	20,848
Rest of the world	61,533	40,066
<b>Total revenue</b>	<b>417,555</b>	<b>213,467</b>

### 4. Employee and contractor costs

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Salary costs	21,007	19,187
Contractor costs	7,577	3,217
Share-based payments expense	3,674	5,224
Superannuation and other pension related costs <sup>(1)</sup>	1,458	1,306
<b>Total employee and contractor costs</b>	<b>33,716</b>	<b>28,934</b>

<sup>(1)</sup> 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 2020 \$'000	31 Dec 2019 \$'000
Paid marketing <sup>(1)</sup>	44,183	19,864
Other marketing expenses	1,557	1,653
<b>Total marketing expenses</b>	<b>45,740</b>	<b>21,517</b>

<sup>(1)</sup> 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, TikTok and SnapChat.

### 6. Operations and administration

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Technology infrastructure and software costs	9,020	6,626
Rental expenses <sup>(1)</sup>	9	13
Other operations and administration expenses	4,000	4,166
<b>Total operations and administration</b>	<b>13,029</b>	<b>10,805</b>

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

## 7. Income tax expense / (benefit)

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
<b>Current tax</b>		
Current tax expense / (benefit)	8	1,774
<b>Deferred tax</b>		
Deferred tax expense / (benefit)	715	(851)
<b>Total income tax expense / (benefit)</b>	<b>723</b>	<b>923</b>

The Group has an unrecognised deferred tax asset from carried forward tax losses and non-refundable research and development tax offsets of \$32.3 million (30 June 2020:\$33.9 million). While taxable profits have been derived in the current period, a deferred tax asset has not been recognised until the profits are recorded over a more sustained timeframe.

The Group's income tax expense as a proportion of net profit before tax is considerably lower than the prior year due to the following:

- the Group receives tax deductions for shares issued to employees by the Employee Share Trust. The higher share price and an increase in the number of options exercised by employees has resulted in a larger deduction available to the Group in the current period; and
- the utilisation of prior year carried forward tax losses.

## 8. 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 2020 are not strictly comparable with the balances as at 30 June 2020.

## 9. Other assets

	Current		Non-current	
	31 Dec 2020 \$'000	30 June 2020 \$'000	31 Dec 2020 \$'000	30 June 2020 \$'000
<b>Consolidated</b>				
Security bonds	315	309	1,613	1,621
Goods in transit <sup>(1)</sup>	5,784	7,019	-	-
<b>Total other assets</b>	<b>6,099</b>	<b>7,328</b>	<b>1,613</b>	<b>1,621</b>

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



## 10. Intangible assets

	Brand name \$'000	Capitalised development costs \$'000	Goodwill \$'000	Total \$'000
<b>At 30 June 2020</b>				
Cost	6,878	48,791	51,489	107,158
Accumulated amortisation	-	(35,582)	-	(35,582)
<b>Net book value</b>	<b>6,878</b>	<b>13,209</b>	<b>51,489</b>	<b>71,576</b>
<b>Half-year ended 31 December 2020</b>				
Opening net book value	6,878	13,209	51,489	71,576
Additions	-	2,719	-	2,719
Disposals	-	(139)	-	(139)
Amortisation charge	-	(5,118)	-	(5,118)
Exchange differences	(696)	(57)	(5,213)	(5,966)
<b>Closing net book value</b>	<b>6,182</b>	<b>10,614</b>	<b>46,276</b>	<b>63,072</b>
<b>At 31 December 2020</b>				
Cost	6,182	51,312	46,276	103,770
Accumulated amortisation	-	(40,698)	-	(40,698)
<b>Net book value</b>	<b>6,182</b>	<b>10,614</b>	<b>46,276</b>	<b>63,072</b>

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.

## 11. Trade and other payables

	<b>31 Dec 2020</b>	30 June 2020
	<b>\$'000</b>	\$'000
Fulfiller payables	<b>38,332</b>	22,319
Artist payables	<b>12,875</b>	9,892
Staff payables	<b>3,428</b>	1,781
Sales tax payables	<b>9,912</b>	5,546
Other payables <sup>(1)</sup>	<b>6,441</b>	5,453
<b>Total trade and other payables</b>	<b>70,988</b>	44,991

<sup>(1)</sup> Other payables consist of operations, administration and marketing payables.

## 12. Other liabilities

	Current		Non-current	
	<b>31 Dec 2020</b>	30 June 2020	<b>31 Dec 2020</b>	30 June 2020
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Deferred consideration payable <sup>(1)</sup>	<b>1,103</b>	1,227	-	-
Other	<b>250</b>	99	-	70
<b>Total other liabilities</b>	<b>1,353</b>	1,326	-	70

<sup>(1)</sup> The remaining deferred consideration in relation to the TeePublic acquisition was US \$0.8 million (AU \$1.1 million) at 31 December 2020.

## 13. Contributed equity

### (a) Share capital

	Consolidated and parent entity			
	<b>31 Dec 2020</b>	30 June 2020	<b>31 Dec 2020</b>	30 June 2020
	<b>Shares</b>	Shares	<b>\$'000</b>	\$'000
<b>Ordinary shares <sup>(1)</sup></b>				
Issued and fully paid	<b>271,482,891</b>	263,462,966	<b>157,115</b>	135,965
Transferred from share based payments reserve	-	-	<b>5,612</b>	9,473
<b>Total share capital</b>	<b>271,482,891</b>	263,462,966	<b>162,727</b>	145,438

<sup>(1)</sup> 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.

### 13. Contributed equity (continued)

#### (b) Movements in share capital

	Number of shares	\$'000
<b>Balance at 1 July 2019</b>	<b>256,156,543</b>	<b>128,730</b>
Exercise of options	3,520,314	2,866
Settlement of restricted stock units (RSUs)	350,895	-
Shares issued to Employee Share Trust <sup>(1)</sup>	3,767,000	5,384
Shares issued / allocated to participants from the Employee Share Trust <sup>(1)</sup>	(3,765,263)	(5,109)
Other shares issued	39,423	-
Payment of withholding taxes to US tax authorities <sup>(2)</sup>	(105,946)	(183)
<b>Balance at 31 December 2019 (including treasury shares)</b>	<b>259,962,966</b>	<b>131,688</b>
Treasury shares - unallocated <sup>(3)</sup>	(1,435,278)	(1,669)
<b>Balance at 31 December 2019 (excluding treasury shares)</b>	<b>258,527,688</b>	<b>130,019</b>

	Number of shares	\$'000
<b>Balance at 1 July 2020</b>	<b>263,462,966</b>	<b>145,438</b>
Exercise of options / share appreciation rights (SARs)	8,383,235	5,451
Settlement of restricted stock units (RSUs)	759,808	-
Shares issued to Employee Share Trust <sup>(1)</sup>	8,000,000	29,731
Shares issued / allocated to participants from the Employee Share Trust <sup>(1)</sup>	(8,859,525)	(22,242)
Other shares issued	19,925	-
Payment of withholding taxes to US tax authorities <sup>(2)</sup>	(283,518)	(1,263)
<b>Balance at 31 December 2020 (including treasury shares)</b>	<b>271,482,891</b>	<b>157,115</b>
Treasury shares - unallocated <sup>(3)</sup>	(3,006,132)	(12,792)
<b>Balance at 31 December 2020 (excluding treasury shares)</b>	<b>268,476,759</b>	<b>144,323</b>

<sup>(1)</sup> The Group operates an Employee Share Trust (Trust) for the purpose of issuance of shares to participants on exercise of options / share appreciation rights / settlement of restricted stock units. The Group contributed to the Trust by issuing 8,000,000 shares (2019: 3,767,000) during the period, of which 8,859,525 shares (2019: 3,765,263) were issued / allocated to the participants from the Trust.

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

<sup>(3)</sup> The unallocated treasury shares balance represents book value of shares held by the Trust for future issue to participants on exercise of options / share appreciation rights / settlement of restricted stock units.

## 14. 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.

## 15. 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.

During the half-year ended 31 December 2020, Redbubble and Mr Ilczynski agreed to enter into a non-recourse loan arrangement with a loan amount of \$1,600,000. As at 31 December the loan has not been drawn down. The loan amount, plus \$400,000 of Mr Ilczynski's own funds, will be used to purchase \$2 million value of Redbubble Limited shares on-market in the trading window that follows release of Redbubble's half-year 2021 results and Appendix 4D. The loan amount plus interest equal to the RBA cash rate plus 3% (compounding annually) is to be repaid 5 years from date of loan, or on cessation of employment if earlier. The purchased shares will be subject to dealing restrictions, including a prohibition on granting security interests, which fall away upon the loan being repaid in full.

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

## 16. Events occurring after the balance sheet date

### Change in Chief Executive Officer

Mr Michael Ilczynski was appointed as the Chief Executive Officer on 27 January 2021 replacing Mr Martin Hosking who resigned as the Chief Executive Officer on 26 January 2021.

The Interim Condensed Consolidated Financial Report was authorised for issue on 16 February 2021 by the Board of Directors. There have been no other significant events after the balance sheet date that require disclosure.

## Directors' Declaration

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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 9 to 20, are in accordance with the Corporations Act 2001 including:
  - (i) giving true and fair view of the financial position as at 31 December 2020 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.



Anne Ward  
Board Chair  
Melbourne  
16 February 2021



Jennifer Macdonald  
Audit and Risk Committee Chair  
Melbourne  
16 February 2021



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working world**

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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 2020, 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 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 2020 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*; and

#### **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 as such the directors are also responsible 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 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, 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.

### Independence

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

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Ashley Butler', written in a cursive style.

Ashley Butler  
Partner  
Melbourne  
16 February 2021

## Corporate Information

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<b>Directors</b>	Anne Ward (Chair, Non-Executive Director) Martin Hosking (CEO and Managing Director during the half year and until 26 January 2021, before resuming as a Non-Executive Director from 27 January 2021) Jennifer (Jenny) Macdonald (Non-Executive Director) Greg Lockwood (Non-Executive Director) Ben Heap (Non-Executive Director)
<b>Chief Executive Officer</b>	Michael Ilczynski
<b>Company Secretaries</b>	Corina Davis (US) Paul Gordon (Australia)
<b>Registered Office</b>	Level 3, 271 Collins Street Melbourne VIC 3000 Australia
<b>Share Register</b>	Link Market Services Tower 4, 727 Collins Street Melbourne VIC 3008 Australia
<b>Auditors</b>	Ernst & Young 8 Exhibition Street Melbourne VIC 3000 Australia
<b>Bankers</b>	Commonwealth Bank of Australia
<b>Stock Exchange Listing</b>	Redbubble shares are listed in the Australian Securities Exchange (ASX listing code: RBL)  Redbubble has a Level 1 American Depository Receipt (ADR) facility trading in the Over-The-Counter (OTC) market in the United States and is managed by The Bank of New York Mellon (ADR Code: RDBBY)
<b>Website</b>	Redbubble.com
<b>Investor Centre</b>	Shareholders.redbubble.com