APPENDIX 4C REPORT

REDBUBBLE MAINTAINS PATH TO BUILDING A BUSINESS OF ENDURING VALUE

- Business scaling on the back of positive fundamentals and YTD top line growth of 31.6% on a constant currency basis*
- Maintaining operating leverage whilst investing for growth
- Strong growth in organic customer acquisition and low overall customer acquisition costs at 8.3% of revenue
- Progressing well with longer term strategic initiatives

Melbourne, Australia; 24 April 2018: Redbubble Limited (ASX: RBL), the leading global marketplace for independent artists, today lodged its Quarterly Cash Flow Report (Appendix 4C) for the quarter ended 31 March 2018.

In conjunction with the release of the Appendix 4C, Redbubble is providing an update on its financial and operating performance for FY2018 year to date (YTD).

YTD FY2018 Performance

Redbubble has maintained its high levels of top-line growth in line with guidance for FY2018 with YTD growth at rates above 30% on a constant currency basis[1]*.

Key financial measures for FY2018 to date (with year on year ("YoY") growth rates, where applicable) are:

- GTV[2] of $178.7 million, up 30.6% (up 31.6% on a constant currency basis*)
- Revenue of $141.2 million, up 28.3% (up 29.8% on a constant currency basis*)
- Gross profit of $48.5 million, up 24.8% (up 25.8% on a constant currency basis*)
- Gross profit after paid acquisition "GPAPA" of $35.7 million, up 20.0% (up 20.1% on a constant currency basis*)
- Operating (Cash) EBITDA loss of $0.5m, improving 75.9% (improving 55.1% on a constant currency basis*)
- Cash operating expenses of $36.2 million, up 13.7% (15.0% on a constant currency basis*)

---

1 * "Constant currency basis" reflects the underlying growth before translation to Australian dollars for reporting purposes. Redbubble sources about 93% of its GTV in currencies other than Australian dollars.

2 GTV (Gross Transaction Value) = Total receipts from customers less fraud, refunds and chargebacks

Level 3, 271 Collins Street, Melbourne VIC 3000
PO Box 274, Flinders Lane VIC 8009
Ph: +61 3 9650 0138
Redbubble Limited
ABN 11 119 200 592

Detailed 3Q2018 numbers and analysis are provided in the attached presentation.

Redbubble is pleased with continued growth in the top line and, in particular, the acceleration of organic (unpaid) GTV growth which was a key factor in reducing the cost of customer acquisition for the quarter to 8.3% of revenue from 9.4% in the first half of the year.

In 3Q2018 gross profit margins were softer than anticipated. The impact was, however, felt only in January and did not carry forward into February and March. January contained higher than usual rates of refunds and expedited shipping costs arising from higher than expected levels of growth over the holiday season (e.g. > 100% in Germany) compounded by severe weather conditions in the UK & Europe at the same time.

Reduced fulfiller prices came into effect in January and February underpinning confidence in future margins.

Following the strong cash inflows from the holiday season trading reported in 2Q2018, the business experienced its usual seasonal cash outflows in 3Q2018. Total outflows were $20.5 million of which $18.8 million was operational and related mostly to payments to fulfillers, artists and sales tax authorities from sales over the holiday season.

Building on the Fundamentals

Redbubble continues to invest to drive growth through both its income statement and balance sheet; prudently managing to profitability. 3Q2018 demonstrates a healthy and vibrant marketplace with sustained top line growth, profitable customer acquisition and retention, and increasing operating leverage.

Marketplace Health

Redbubble's marketplace remains healthy and vibrant:

- 3Q customers increased by 31.5% YoY to 1.0 million, and by 37.7% YTD to 3.2 million
- 3Q selling artists increased by 31.3% YoY to 173,200, and by 29.7% YTD to 260,200
- 3Q visits to the site increased by 36.0% YoY to 65.3 million, and by 38.1% YTD to 192.8 million; of this, 3Q mobile visits represented 53.3%, and 54.0% YTD

Top Line Growth

During the quarter, predominantly through the growth in visit numbers and higher conversion of those visits that came via mobile devices, Redbubble drove sustained GTV growth despite typically more restrained consumer behavior in the third quarter post holiday season.

GTV growth has been seen across all markets and most product categories with European markets continuing to make strong contributions.

Profitable Customer Acquisition and Retention

Redbubble drove the strong growth from organic (unpaid) sources in 3Q2018 by enhanced organic discoverability of user generated content, especially in new markets. At the same time, paid acquisition efficiency also improved. As a result of these two factors, paid acquisition costs for the quarter were 8.3% of revenue, a decrease from 9.4% in the first half of the year.

Redbubble expects the improving gross margins and the continued low cost of customer acquisition to result in future GPAPA growth rates to more closely align with growth in revenue.

Operating Leverage

Redbubble is focused on maintaining meaningful investment in growth while prudently managing to profitability.

The majority of growth related investments are charged to the income statement. Of particular note, year-to-date and 3Q2018 investment in the recently announced Content Partnerships has been significant. Redbubble sees this as being an exciting opportunity for the business but with expectations for strong revenues two to three years out.

Year-to-date GPAPA growth improved to 20.1% during 3Q2018 from 18.6% in 1H2018 whilst operating expenses increased by only 15.0% (but by only 12.1% if $0.9 million expensed in establishing the Content Partnerships business were excluded).

Strategic Update

Redbubble is continuing to make good progress in its development work with a strong focus on longer-term foundational projects:

- Launch of the sticker product on a new search service platform, enabling a faster user experience;
- Continuation of re-platforming work related to search, fulfilment and site hosting;
- Expansion of favouriting options to scale member accounts and launch of a new onboarding lifecycle campaign via email;
- Release of a favouriting feature on search results, display of promos and the launch of a push notification program in the mobile app which has been a factor in increasing GTV sourced from the iOS app to 4.0% in March;
- Continued work to shorten duration of fulfiller integration and the ability to launch new products and product categories more speedily and efficiently;
- Expansion of Google Shopping feed, from 50 to 100 million, organic search improvements and engagement marketing;
- Ongoing engineering support to the Content Partnerships new business initiative team;
- Improvement in organic discoverability of user generated content for non-English buyers by translating ~11 million artwork titles for improved user experiences and organic search benefits.

Looking Forward

Redbubble moves into the final quarter of the year with a high degree of confidence. It is well positioned to achieve GTV constant currency growth rates for remainder of FY2018 consistent with those achieved YTD and in line with previous guidance at above 30%. Gross profit margins for the fourth quarter are expected to lift the full year margin to around 35%. Paid acquisition costs as a percentage of GTV are forecast to remain at a similar level to that achieved year to date. Operating expense growth for FY2018 as a whole will be in the range of 17 – 19% compared to FY2017. Operating EBITDA for the full FY2018 year is, therefore, expected to show significant improvement from FY2017.

Looking forward to FY2019, Operating EBITDA profitability is expected on the basis of the current trends in the core business metrics.

For further information, please contact:

Louise Lambeth – Investor Relations Manager
louise.lambeth@redbubble.com

About Redbubble

Founded in 2006, Redbubble is a global online marketplace (redbubble.com) powered by over 600,000 independent artists. Redbubble's community of passionate creatives sell uncommon designs on high-quality, everyday products such as apparel, stationery, housewares, bags, wall art and so on. Through the Redbubble marketplace independent artists are able to profit from their creativity and reach a new universe of adoring fans. For customers, it's the ultimate in self-expression. A simple but meaningful way to show the world who they are and what they care about.

Forward-looking Statements

This announcement includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Redbubble. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.

INVESTOR UPDATE

Q3 FY2018 results* and company metrics

24 April 2018

* Results are from internal management reports and have not been subject to audit

REDBUBBLE

3QFY2018 and 2018YTD P&L analysis

P&L (A$M)	3Q	3Q	YoY		YTD	YTD	YoY	
	FY17	FY18	Growth	CC Growth[1]	FY17	FY18	Growth	CC Growth[1]
GTV	38.2	48.9	28.0%	27.8%	136.7	178.7	30.6%	31.6%
Revenue	31.3	38.9	24.1%	24.3%	110.0	141.2	28.3%	29.8%
Gross Profit	10.6	13.2	25.0%	25.0%	38.9	48.5	24.8%	25.8%
GP Margin	33.8%	34.0%	0.7%	0.6%	35.3%	34.4%	(2.7%)	(3.1%)
Paid Acquisition	(2.6)	(3.2)	23.6%	27.6%	(9.2)	(12.9)	40.3%	44.1%
Gross Profit (after Paid Acquisition) (GPAPA)	8.0	10.0	25.5%	24.1%	29.7	35.7	20.0%	20.1%
GPAPA Margin	25.4%	25.7%	1.1%	(0.1%)	27.0%	25.3%	(6.5%)	(7.5%)
Operating Expenses	(10.7)	(13.1)	22.3%	23.4%	(31.8)	(36.2)	13.7%	15.0%
Operating EBITDA	(2.8)	(3.1)	(13.1%)	(21.4%)	(2.1)	(0.5)	75.9%	55.1%
Other Income/Expenses	(0.8)	(1.0)	21.5%	14.4%	(2.5)	(2.7)	5.7%	13.6%
EBITDA (Loss)/Profit	(3.6)	(4.1)	(15.0%)	(20.0%)	(4.6)	(3.2)	31.2%	23.0%

- GTV maintains high growth towards current guidance with YTD growth at 31.6% (CC basis)
- 3Q Revenue growth rate low relative to GTV mainly due to one-off positive factor in 3Q2017. YTD Revenue growth remains c30% (CC Basis)
- 3Q GP margin low due to January only with higher than expected refunds & shipping costs following the high growth holiday season, compounded by severe weather in UK & Europe
- Management confident of strong margins for rest of FY2018 following Feb & Mar performance
- GPAPA margin holding steady at >25% with 3Q cost of customer acquisition at a low 8.3% of Revenue due to continuing strong organic growth
- Operating leverage slowed in 3Q by $550k (YTD $945k) investment in establishing Content Partnerships business from which strong revenues expected 2-3 years out

* Source: Redbubble internal unaudited management accounts

3Q FY2018 Key Marketplace Metrics

	3Q FY2017	3Q FY2018	YOY growth	YTD FY2017	YTD FY2018	YOY growth
GTV[1]	$38.2M	$48.9M	28.0%	$136.7M	$178.7M	30.6%
Mobile GTV	$13.1M	$19.6M	49.6%	$43.4M	$67.5M	55.6%
Repeat GTV[2]	$14.4M	$18.5M	28.7%	$51.2M	$66.7M	30.3%
Visits	48.0M	65.3M	36.0%	139.6M	192.8M	38.1%
Conversion rate	1.80%	1.72%	-4.3%	2.07%	2.05%	-0.9%
AOV[3]	$44.3	$43.5	-1.7%	$47.4	$45.2	-4.5%
Customers[4]	0.75M	0.99M	31.5%	2.31M	3.18M	37.7%
Repeat Customers[5]	0.26M	0.35M	34.5%	0.71M	1.0M	41.2%
Selling Artists	132,000	173,200	31.3%	200,600	260,200	29.7%

- 3Q key marketplace metrics showing continued steady growth across the board
- GTV from mobile devices now 40% of total. Mobile visits increased to 53.3% of total in 3Q (54.0% YTD)
- 3Q Conversion rate being impacted by strong organic (unpaid) search results which convert at lower rate. Mobile conversion rate remains 10% higher than same period last year
- Slight FX tailwind helping AOV in 3Q but change in product mix still driving AOV down

1. GTV (Gross Transaction Value) = Total receipts from customers less fraud, refunds and chargebacks
2. Repeat GTV = GTV earned from customers who have previously purchased from Redbubble, regardless of the date of their initial purchase
3. AOV: Average Order Value (Order sales / number of orders)
4. Customers are unique customers counting only once however many times they have bought on Redbubble during the period
5. Repeat customers are customers who have purchased more than once on Redbubble, regardless of the date of their initial purchase

Disclaimer

The information in this Investor Update is given in summary form and does not purport to be complete. Investors or potential investors should seek their own independent advice. This material is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of a particular investor. These should be considered when deciding if a particular investment is appropriate.