

Redbubble Limited

AGM 2018

24 October 2018



Year in review

Barry Newstead – CEO & MD

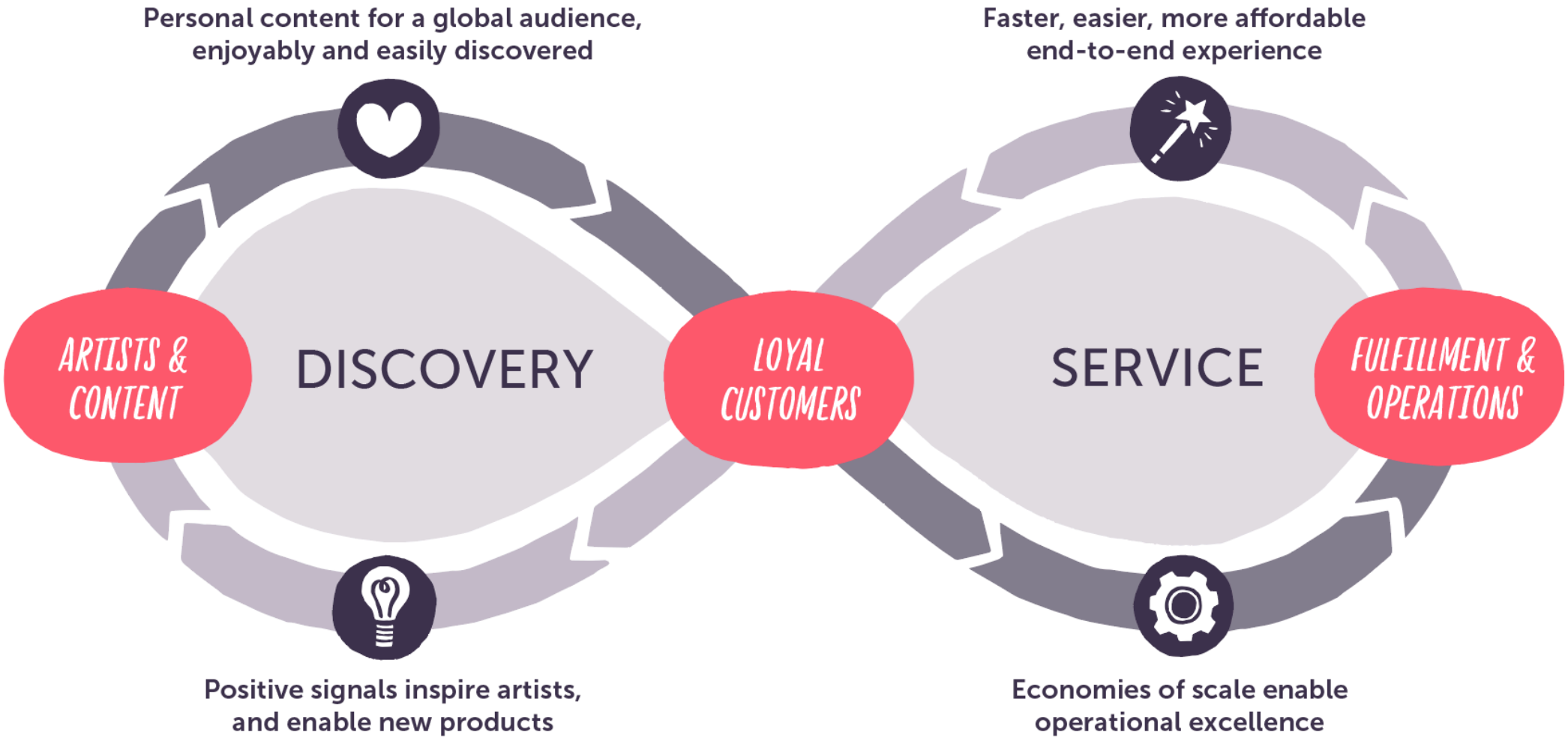
Marketplace is driven by three global trends that are starting to be disruptive to mainstream retail commerce

1. **Rise of the sharing economy** enabling artists to share their creativity with a global customer base at low risk

2. Increase in **consumer demand for personalisation** and self-expression enabled by the search and social media revolution

3. Improving capability of **print-on-demand** and **manufacturing-on-demand** technology making long tail content economically competitive

Redbubble propelled by marketplace flywheel that accelerates growth



1. Content includes the combination of digital Art Works and the Products they are sold on

Marketplace has long tail[1] and is scaling – diversity of content, customer, artists, products and geographies



298,000+
Selling Artists
(up 28.2%)



4.0M
Unique Customers[2]
(up 38.1%)

32 Global Fulfiller Facilities
(up from 24)



17.6M
Art Works[3]
(up 25.7%)



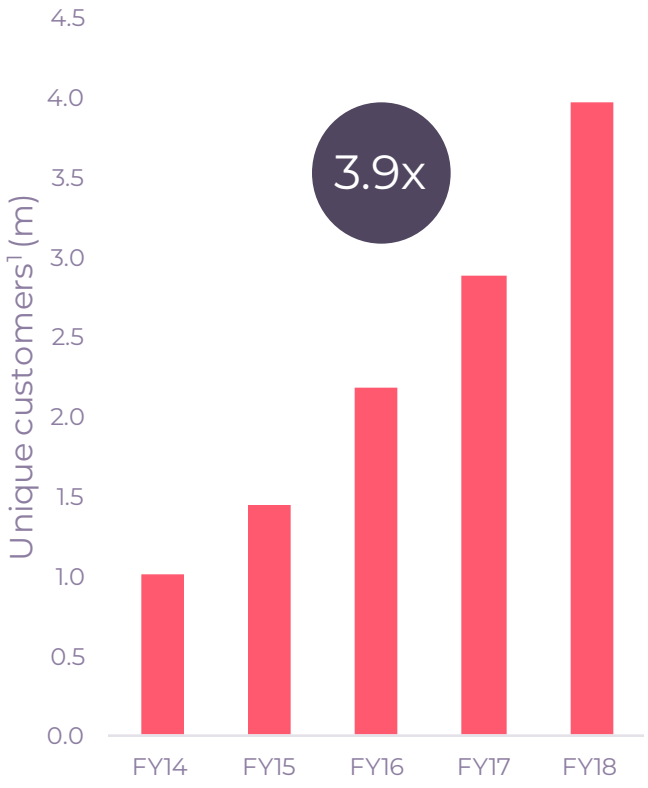
66 Products
(up from 64)

7 Core Countries
(c.200 in total)

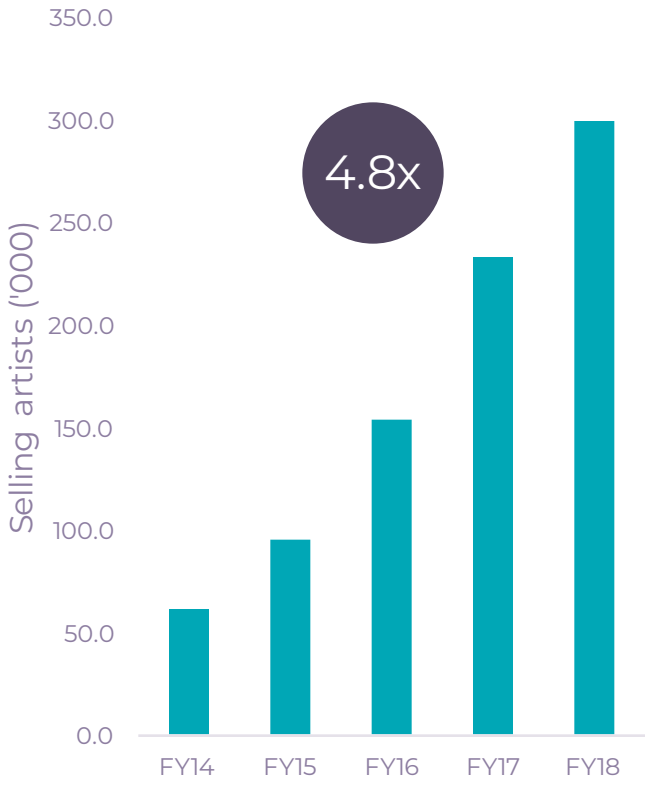
As for FY2018, or as at 30 June 2018. Growth rates based on comparison to FY2017 or as at 30 June 2017.
1. Long tail refers to the selling of a large number of (unique) items in small quantities
2. An unique customer is defined as an unique email address
3. Refers to a single image

Robust marketplace dynamics driven by strong and consistent growth on all sides

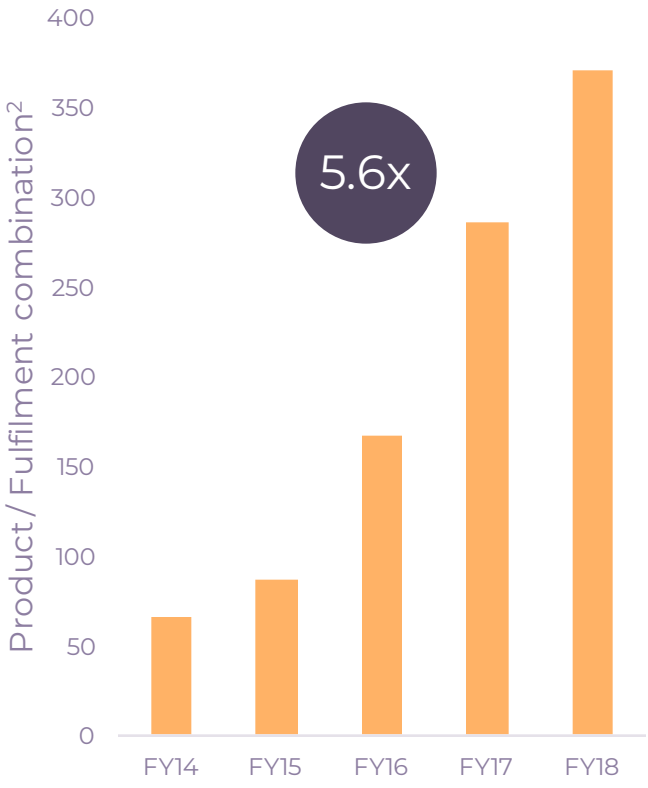
Unique customers



Selling artists



Product / Fulfilment capability



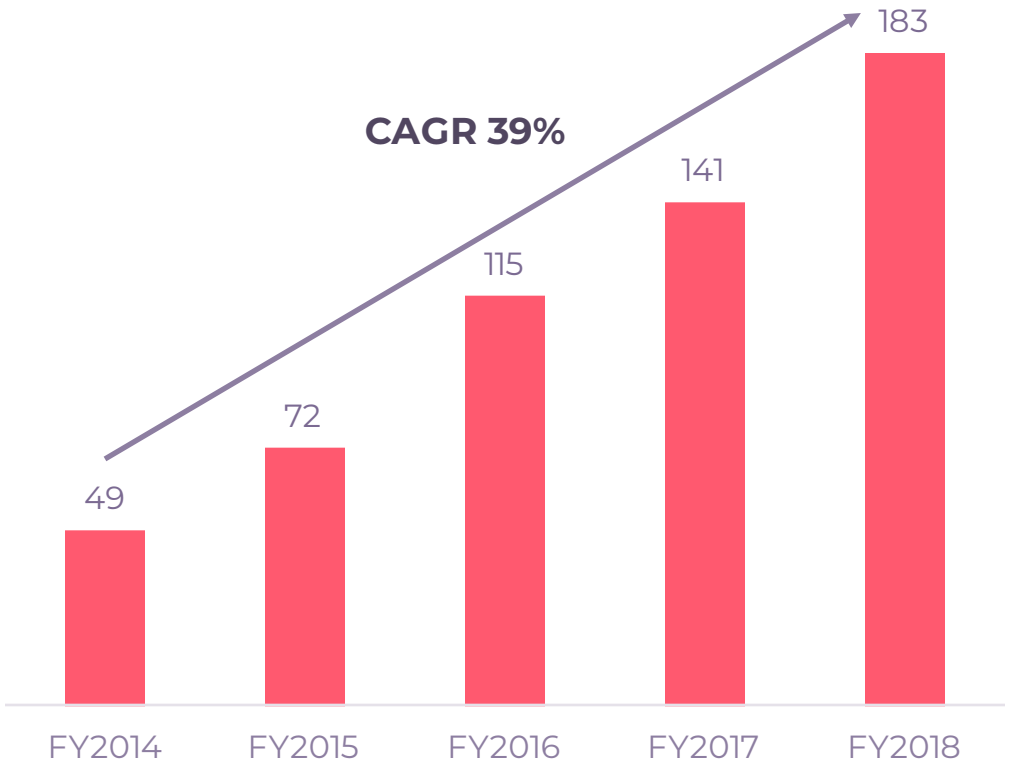
1. A unique customer is defined as a unique email address
2. Number of fulfilment locations multiplied by average number of products per location
Sources: Redbubble internal data

Scaling business demonstrating sustained and strong Revenue and Gross Profit growth

Revenue[1] has grown at CAGR of 39% over five years

Revenue

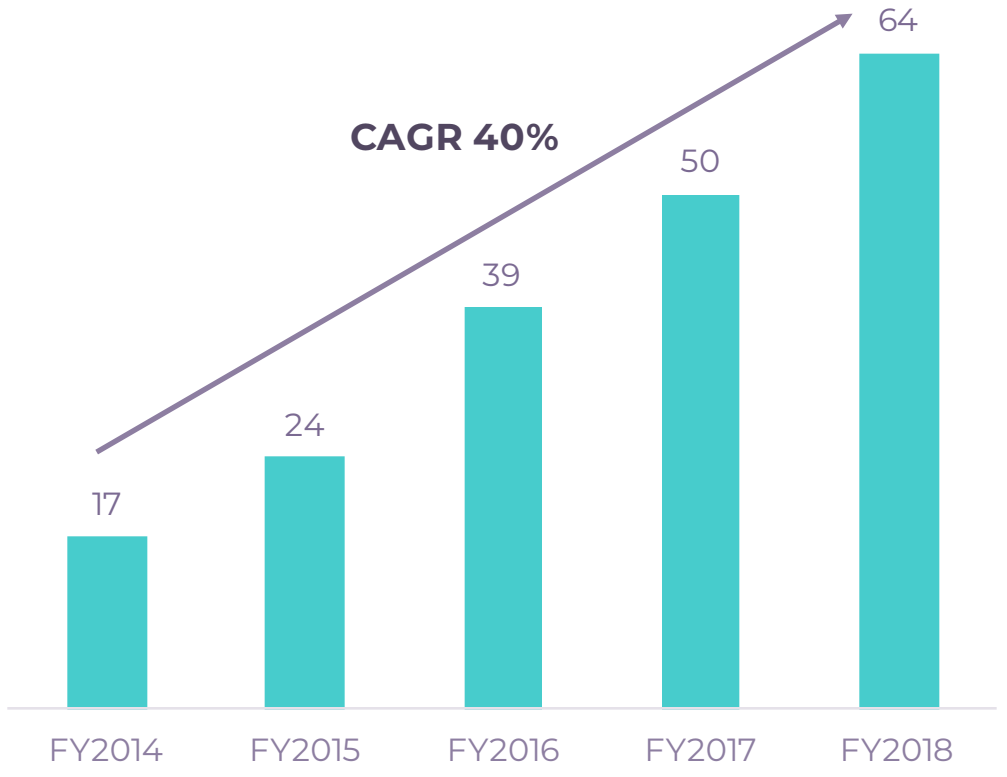
(A$m; FY14 – FY18)



Gross Profit growing at similar rates

Gross Profit

(A$m; FY14 – FY18)

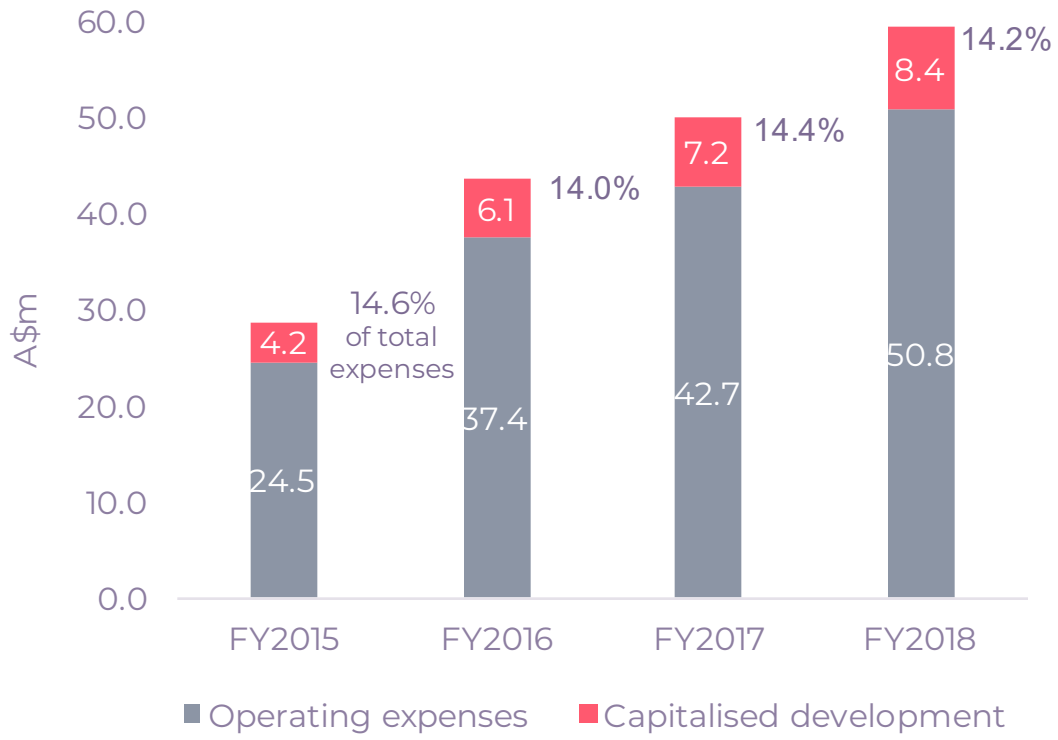


1. Revenue is Redbubble's Gross Transaction Value (GTV) after Taxes and Artists Margins. GTV has grown at a 5-year CAGR of 40% from FY14 – FY18
Sources: Redbubble internal data

Track record of prudently managing operating expenses whilst investing for growth

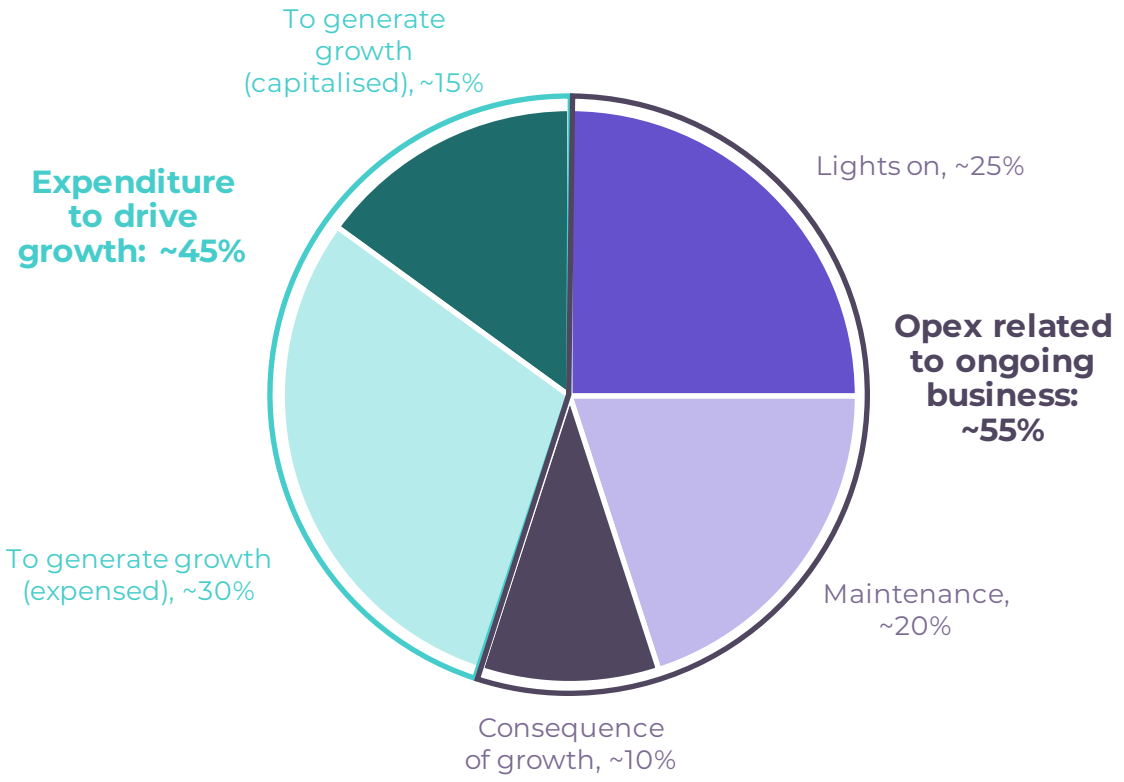
Consistent capitalisation of development costs

Total expenses (operating expenses[1] + capitalised development)
(A$m, %; FY15 – FY18)



~45% of total expenses spent on driving growth initiatives

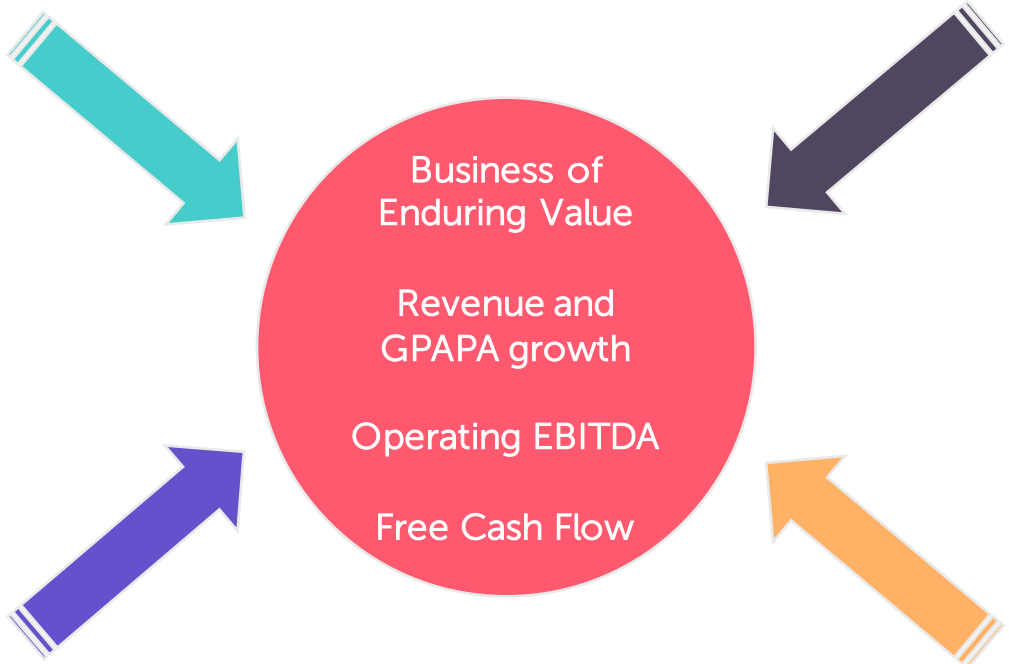
Split of total expenses (operating expenses + capitalised development)
(%; $59.2m in FY18)



1. Operating expenses includes employee benefits, and operating and admin costs. It excludes paid marketing costs, and stock based compensation.

Focused execution across the following strategic priorities

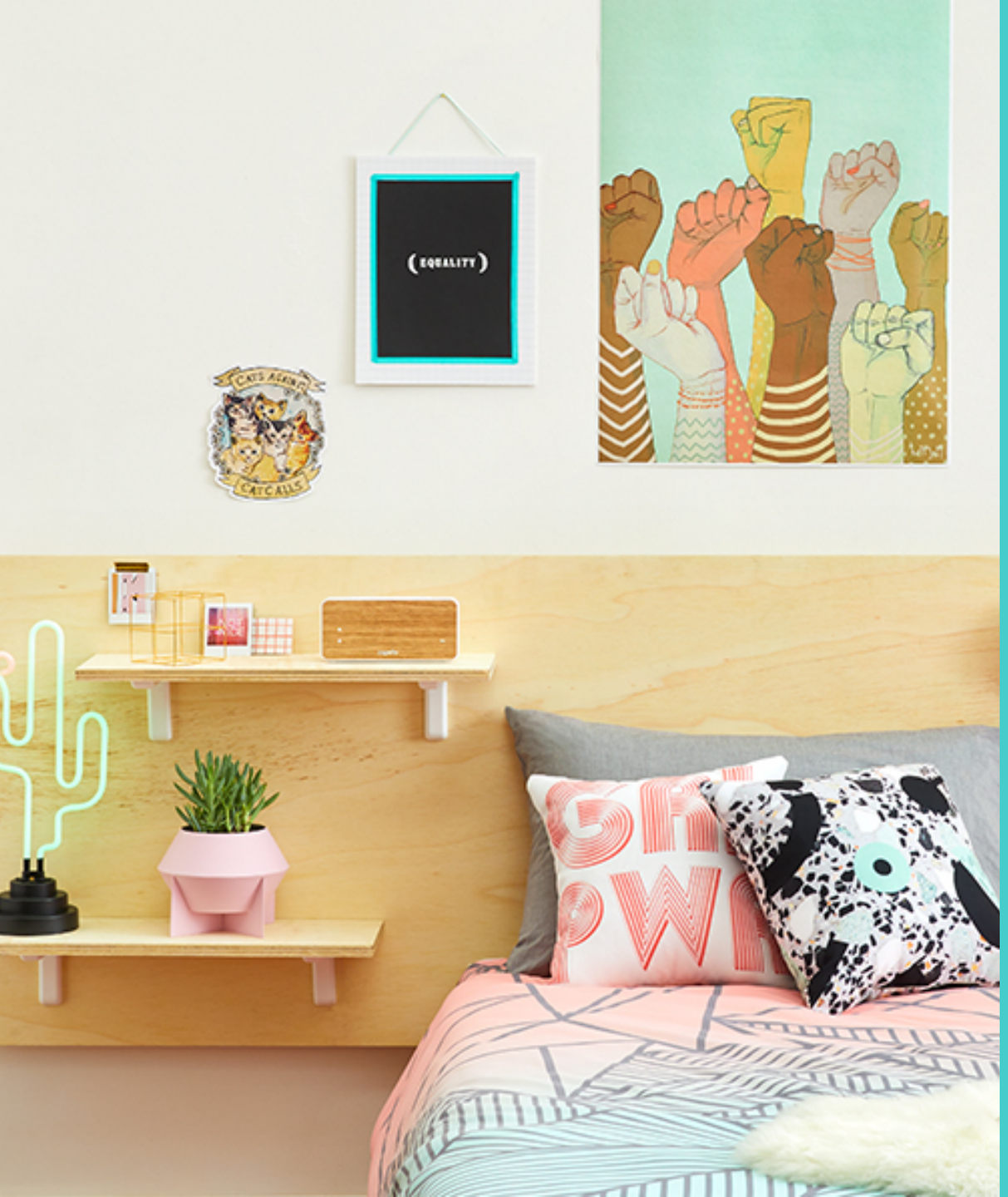
Deeper **customer engagement** via a **personalised member** experience driving loyalty and increasing customer lifetime value



Scaling fulfilment to bring on **new fulfillers and products** faster and more easily, improving customer value proposition and enabling more geographical growth

Strengthen **artist relationships** and create **content partnerships** to increase sales potential for commercially-oriented segments

Continued **platform investments in data science, mobile, marketing and operations** and to enable flexible and scalable development



TeePublic transaction overview

Barry Newstead – CEO & MD

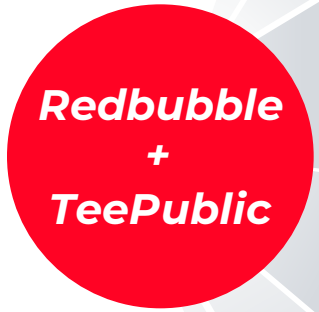
REDBUBBLE + TEEPUBLIC

Accelerating Redbubble's marketplace leadership in connecting more independent artists with passionate fans across the world

- Redbubble to acquire TeePublic for total cash consideration of US$41.0m (A$57.7m)[1, 2]
- TeePublic is an on-demand commerce marketplace for independent artists to sell their designs on various products
- Strong strategic and cultural alignment between Redbubble and TeePublic, with opportunities for broad range of synergies over time
- TeePublic has an attractive financial profile with pro-forma FY18 Revenue of US$25.5m (33% YoY growth) and pro-forma FY18 Operating EBITDA of US$3.3m (33% Operating EBITDA / Gross Profit margin)[3]
- Funded through fully underwritten A$24.6m Entitlement Offer and A$36.0m Placement
- The transaction is expected to be completed in early November 2018

1. Total cash consideration of US$41.0m consisting of US$35.0m to be paid at completion and US$6.0m to be paid 18 months post-completion, of which US$3.0m will be subject to set-off for any indemnification obligations of the sellers
2. Converted at US$:A$ exchange rate of 0.71:1
3. TeePublic metrics based on 12 months ended 30 June and 3 months ended 30 September, adjusted for Redbubble's reporting standards as described on page 31; see further details on financial terms and acronyms in the glossary on page 32; TeePublic's financial results have been derived from its unaudited management accounts; TeePublic's Revenue is prepared on a consistent reporting basis with Redbubble's Product and Shipping Revenue

Strategic rationale

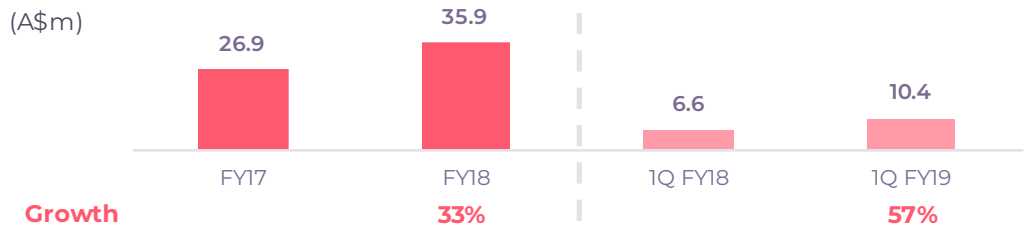


Accelerating market leadership for artist content	**Creating a compelling digital platform for independent artists and customers and accelerating the Redbubble flywheel** ✓ Broader reach and more opportunities to make Redbubble+TeePublic the predominant online destination for independent artists ✓ Expands existing content library and provides pathway for broader content partnership opportunities ✓ Potential to offer more creative content and more products to more customers
Combining two recognisable brands to expand market coverage	**Wider market coverage across two brands and improved competitive positioning** ✓ Developing differentiated brand positions and customer segments over time ✓ Strengthen our joint competitive and supply chain positions in our core US markets ✓ Leverage Redbubble's experience and previous investments to grow the TeePublic business
Strong financial performance	**Compelling financial metrics[1]** ✓ Strong topline growth (57% YoY pro-forma Revenue growth in 1Q FY19), operating EBITDA profitability and positive cashflows ✓ Pro-forma FY18 Revenue of US$25.5 million (33% YoY growth) and pro-forma FY18 Operating EBITDA of US$3.3 million (33% Operating EBITDA / Gross Profit margin)
Scaling our fulfilment partnerships	**Leverage greater scale to optimise strategic third party fulfilment relationships globally** ✓ Opportunities to further strengthen Redbubble's third party fulfilment network, increase fulfilment efficiency and reduce costs ✓ Accelerate TeePublic's future expansion with new products and new geographies
Optimising our digital platform	**Opportunities to achieve operating leverage from shared technology and investments** ✓ Adds new talent to the Redbubble team and expands platform to drive efficiencies in data science, mobile, marketing and customer support ✓ Unlocking potential cost synergies over time as TeePublic leverages Redbubble's infrastructure to increase operating leverage as it continues strong growth
Strong team fit	**Strong cultural alignment and team fit** ✓ Great cultural fit between two companies with the same mission and similar growth history ✓ High quality management in place at TeePublic and opportunity for Redbubble to add insights/value

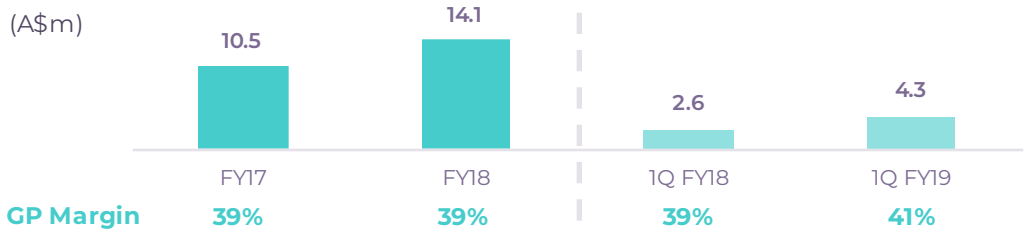
1. TeePublic metrics based on 12 months ended 30 June and 3 months ended 30 September, adjusted for Redbubble's reporting standards as described on page 31; TeePublic's financial results have been derived from its unaudited management accounts; TeePublic's Revenue is prepared on a consistent reporting basis with Redbubble's Product and Shipping Revenue

Attractive financial profile

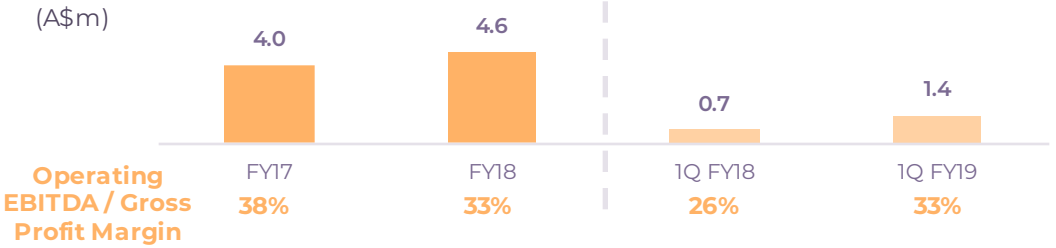
TeePublic Pro-Forma Revenue[1]



TeePublic Pro-Forma Gross Profit[1]



TeePublic Pro-Forma Operating EBITDA[1]



TeePublic financial highlights

- ✓ Attractive 87% Revenue CAGR between CY14 and CY17[2]
- ✓ Strong pro-forma Revenue growth in FY18 of **33%** and **57%** in 1Q FY19 (vs. 1Q FY18)[1]
- ✓ Strong history of profitability[3] with **33%** pro-forma Operating EBITDA / Gross Profit margin in both FY18 and 1Q FY19[1]
- ✓ Low capex business model consistent with Redbubble, generating strong free cash flows

1. TeePublic metrics based on 12 months ended 30 June and 3 months ended 30 September, adjusted for Redbubble's reporting standards as described on page 31; TeePublic's financial results have been derived from its unaudited management accounts; TeePublic's Revenue is prepared on a consistent reporting basis with Redbubble's Product and Shipping Revenue; converted at US$:A$ exchange rate of 0.71:1
2. Based on unadjusted and unaudited TeePublic management accounts
3. Profitable since 2014 based on unadjusted and unaudited TeePublic management accounts

Operational highlights – TeePublic and Redbubble

	Founding year	Countries where buyers and artists are located	Third party fulfilment locations	Paid to artists since inception
TEEPUBLIC	2013	75+	11	A$14m+[1]
REDBUBBLE	2006	c.200	32	A$100m+

	Unique customers	Selling artists and designers	Unique art works / products	Global workforce
TEEPUBLIC	0.5m FY18	31k FY18	1.3m / 45	38
REDBUBBLE	4.0m FY18	299k FY18	17.6m / 66	225

As of 30 June 2018; US$ amounts converted at US$:A$ exchange rate of 0.71:1
1. Latest estimate from TeePublic management
Sources: Redbubble internal data, data provided by TeePublic management

Redbubble+TeePublic – Integration, synergy potential and operating plan

+ **TeePublic to operate semi-autonomously and continue to be run by Adam Schwartz, TeePublic's co-founder and current COO**
  - Co-founder, Josh Abramson, will remain with TeePublic until the end of December to enable a smooth transition of his responsibilities to Adam Schwartz and Redbubble's legal team. A discussion about an ongoing role will be had in January
  - Key management committed to the business: CTO, Director of Ops, Director of Marketing, part-time CFO
+ **Develop multi-brand strategy powered by shared artist community and fulfilment network**
  - Maintain and foster differentiated brand positions to reach a wider customer base
  - Powered by one artist community, a global fulfilment network and a core technology platform
+ **Redbubble to support TeePublic growth into new markets and new products, enable business scaling by leveraging Redbubble technology experience, operational scale and content partnerships**
+ **Synergy potential over time in:**
  - Third party fulfilment efficiencies and further economies of scale
  - Customer service and support
  - Technology platforms and data science capabilities
  - Artist on-boarding and portfolio management
  - Search engine optimisation and marketing know-how
  - New product launches, as well as geographic and language expansion
  - Marketing channels and campaigns

Transaction highlights

Transaction details	• Redbubble has executed a definitive agreement to acquire all of the issued shares of TeePublic from TeePublic's founders • Total cash consideration of US$41.0m consisting of US$35.0m to be paid at completion and US$6.0m to be paid 18 months post-completion, of which US$3.0m will be subject to set-off for any indemnification obligations of the sellers • Implies enterprise value acquisition multiples of 1.6x pro-forma FY18 Revenue, 4.1x pro-forma FY18 Gross Profit and 12.5x pro-forma FY18 Operating EBITDA[1], which compare favourably to Redbubble's enterprise value trading multiples of 1.8x FY18 Revenue and 5.2x FY18 Gross Profit[2]
TeePublic snapshot	• TeePublic is a three-sided global online marketplace that enables artists from around the world to sell their designs on 45 products produced and fulfilled by a network of third party suppliers • Generated pro-forma FY18 Revenue of US$25.5m, Gross Profit of US$10.0m and Operating EBITDA of US$3.3m[1] • TeePublic has a workforce of 38 with its headquarters in New York City • Founded by Josh Abramson and Adam Schwartz in 2013
Operating and integration strategy	• Strategy aligned with Redbubble's mission of creating the world's largest marketplace for independent artists and bringing more creativity into the world • Leveraging the scale and depth of the Redbubble platform to continue to grow TeePublic, with synergies in operations, technology capabilities and third party fulfilment networks expected over time • Redbubble's current intention is to maintain and grow the TeePublic brand as part of a multi-brand strategy • Adding new talent to the Redbubble team including Adam Schwartz, co-founder and current COO of TeePublic, who will continue to lead the TeePublic brand
Financial impact	• In FY19, Redbubble is expected to achieve a faster Revenue growth rate and generate higher gross margins and Operating EBITDA / Gross Profit margins as a result of the acquisition of TeePublic due to the underlying financial profile of the TeePublic business • Redbubble will remain debt free, with A$28.5m cash expected on the balance sheet as at pro-forma 30 September 2018[3] (including the A$8.5m (US$6.0m) deferred consideration amount) to support working capital needs and growth initiatives
Funding	• Acquisition and associated transaction costs will be funded through a combination of a fully underwritten A$24.6m pro-rata non-renounceable Entitlement Offer to existing eligible shareholders and a fully underwritten A$36.0m Placement to institutional investors
Timetable	• The transaction is expected to complete in early November 2018, subject to the satisfaction of customary conditions precedent

1. TeePublic metrics based on 12 months ended 30 June, adjusted for Redbubble's reporting standards as described on page 31; TeePublic's financial results have been derived from its unaudited management accounts; TeePublic's Revenue is prepared on a consistent reporting basis with Redbubble's Product and Shipping Revenue
2. Implied acquisition multiples for TeePublic based on US$41.0m enterprise value, pro-forma FY18 Revenue of US$25.5m, pro-forma FY18 Gross Profit of US$10.0m and pro-forma FY18 Operating EBITDA of US$3.3m; Redbubble trading multiples based on share price of A$1.675, basic shares outstanding of 212,940,096 as at 23 October 2018, cash balance of A$22.1m as at 30 September 2018, no debt, FY18 Revenue of A$182.8m and FY18 Gross Profit of A$63.9m
3. Adjusting Redbubble's 30 September 2018 cash balance for the cash raised from the Entitlement Offer and Placement, the portion of the purchase price due at completion and estimated transaction costs

Note: Utilising US$:A$ exchange rate of 0.71:1



Questions

Appendix

What we have delivered during FY2018

	FIND YOUR THING	DEEPER RELATIONSHIPS	GLOBAL ACQUISITION	SCALABILITY
Goals	Accelerate content growth, aid discovery, mitigate piracy	Build a personalised and rewarding experience for our returning users	Sustainable, low-cost, global, customer acquisition	Invest in faster platforms, fulfiller integrations and product launches
Allocation of Engineering Resources	30%	30%	10%	30%
Highlights	✓ Commenced beta testing of a new dashboard for artists to receive information and insights ✓ Search algorithm improvements to aid discovery ✓ Searches in all languages moved to a new and faster platform ✓ Site features enabling partnerships between rights holders and artists	✓ Continued scaling of the iOS app, personalised content and push notifications ✓ New personalised homepage for returning users to aid content discovery ✓ New & enhanced engagement marketing campaigns to improve retention	✓ Optimised user generated content for non-English users to aid organic search ✓ Scaled influencer marketing, Instagram stories and launched YouTube Shopping ✓ Google Shopping inventory expanded by 4x SKU's	✓ Migrated to a new hosting provider for operating and cost efficiencies ✓ 8 new fulfiller locations on-boarded ✓ Launch of new fulfilment API designed to improve fulfiller onboarding efficiency ✓ Empower engineers to deliver high quality updates and innovate at scale
Success Indicators	• 130,000 monthly active artists in June 2018	• 240,000 Monthly Active Users (MAUs) on mobile app, which contributed 4.5% of sales in June 2018 • 31% growth in active members	• 3.2 million new customers during FY2018	• Added first new fulfiller to the new fulfilment API

We will continue to deliver on strategic initiatives across our key themes

	FIND YOUR THING	DEEPER RELATIONSHIPS	GLOBAL ACQUISITION	SCALABILITY
Goals	Accelerate content growth, aid discovery, mitigate piracy	Build a personalised and rewarding experience for our returning users	Sustainable, low-cost, global, customer acquisition	Invest in faster platforms, fulfiller integrations and product launches
Focus Areas	• Strengthen artist value and retention to promote engagement and loyalty • Focus on improving relevance of content to customers across Redbubble • Support Content Partnerships into a growth phase with rights holders	• Turn foundational work on loyalty into a transformed branded personalised experience for users • Scale app users and engagement through acquisition and retention activity • Enable native purchasing in app	• Sustain growth and profitability of new user acquisition through organic channels • Establish presence in new paid channels. launch new countries in Google Shopping and optimise Facebook profitability through Data Science work	• Drive profitability through operational scale and pricing/promotion optimisation • Migrate remainder of the user experience to new, faster platform • Easily onboard new fulfillers and launch new physical products through new API integrations
Success Indicators	• Artist activity • New user conversion • Orders per user	• Improved revenue per user • Increasing number of members • Enhanced members experience	• European market growth • Paid channel growth and ROI	• Page speed improvements • Improve efficiency of onboarding new fulfillers • Increased GTV from new products

As transition to mobile devices continues, the focus is on improving users' mobile experience

		FY2017	FY2018	YOY Growth
Desktop[1]	Visits	92.5M	118.6M	28.2%
	% of total visits	49.1%	45.8%	(3.3%)pts
	Conversion rate[2]	2.66%	2.56%	(3.5%)
	AOV[3]	$48.1	$46.5	(3.3%)
Mobile	Visits[4]	95.8M	140.2M	46.3%
	% of total visits	50.9%	54.2%	3.3%pts
	Conversion rate[2]	1.28%	1.44%	12.3%
	AOV[3]	$46.5	$44.5	(4.3%)

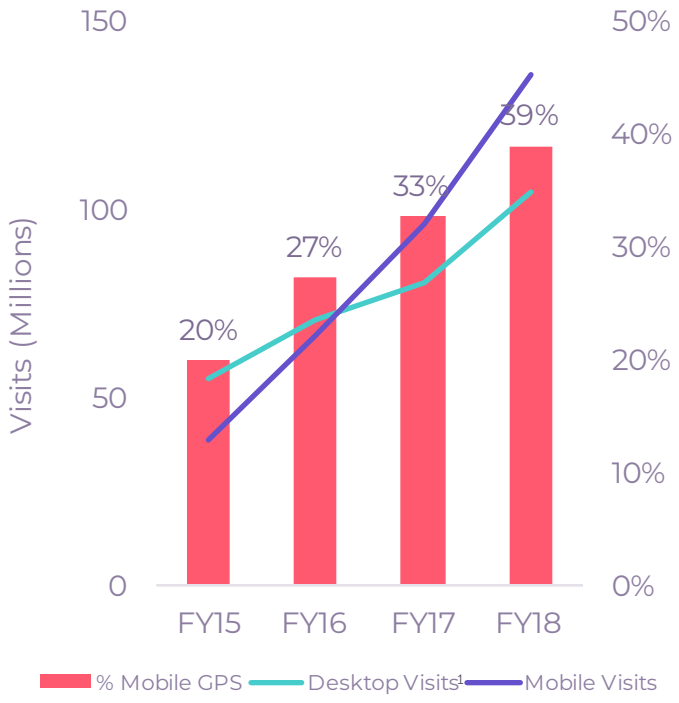
1. Desktop includes Tablet
2. Conversion rate is the percentage of visits to the site (or Daily Active Users in the case of the App) that result in a purchase being made
3. AOV: Average Order Value (Order sales / number of orders)
4. Mobile visits include visits + Daily Active Users to the App

Source: Redbubble internal data

Mobile powering growth for both web and native iOS app users

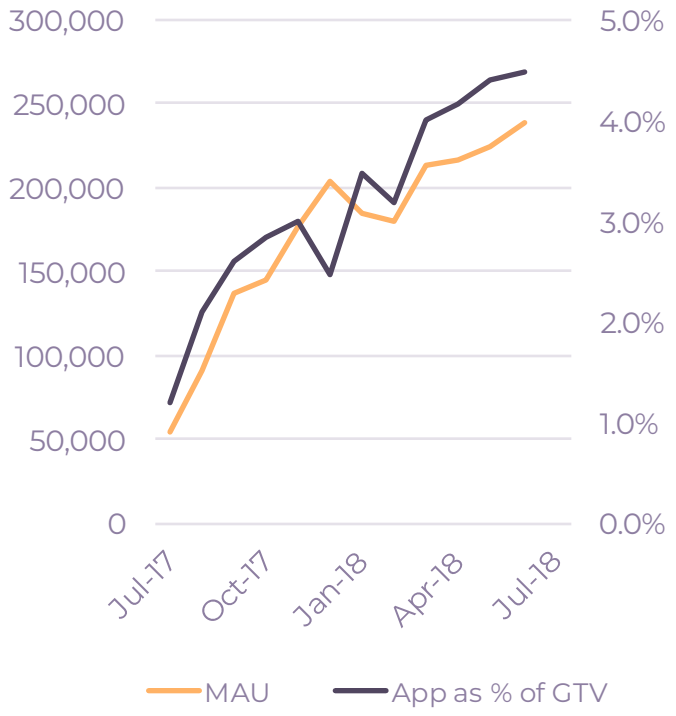
Visits have shifted to mobile but more checkouts still on desktop

Visits and GTV contribution from Mobile
(Mobile as % of Total GTV; FY15-FY18)



Mobile iOS app has scaled rapidly since global launch in May 2017

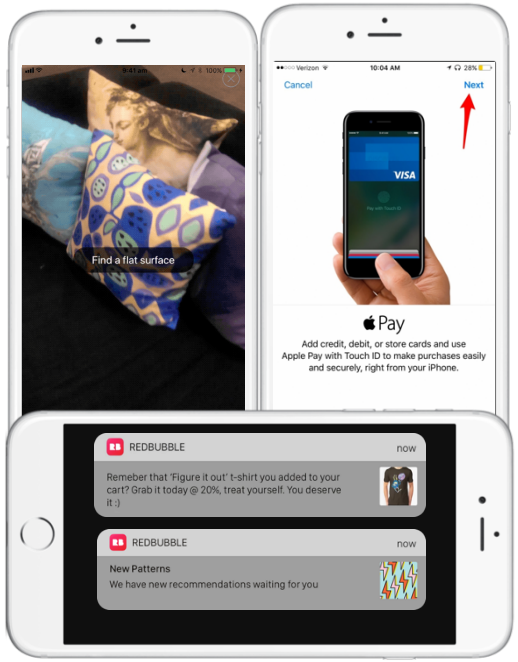
Monthly active users (MAU) and % of GTV
(FY2018 by month)



We are making large investments in the future of our mobile platform

Augmented Reality

Apple Pay



Push Notifications

1. Desktop includes tablet traffic
Sources: Redbubble internal data

FY2018 P&L analysis

P&L (A$M)	2H		YoY		Full Year		YoY	
	FY17	FY18	Growth	CC Growth*	FY17	FY18	Growth	CC Growth*
GTV[2]•	76.8	101.5	32.1%	31.0%	175.4	231.3	31.9%	32.2%
Revenue	62.2	80.5	29.3%	28.5%	141.0	182.8	29.7%	30.4%
Gross Profit•	21.8	28.6	31.1%	29.5%	50.1	63.9	27.5%	27.6%
GP Margin•	35.0%	35.5%	1.4%	0.7%	35.6%	35.0%	(1.7%)	(2.2%)
Paid Acquisition	(5.7)	(7.1)	25.2%	27.5%	(12.2)	(16.8)	36.9%	40.0%
Gross Profit (after Paid Acquisition) (GPAPA)•	16.1	21.5	33.2%	30.1%	37.9	47.1	24.4%	23.6%
GPAPA Margin•	25.9%	26.7%	3.0%	1.2%	26.9%	25.8%	(4.0%)	(5.3%)
Operating Expenses	(21.6)	(27.9)	29.2%	29.5%	(42.7)	(51.0)	19.3%	20.2%
Operating EBITDA•	(5.5)	(6.5)	(17.3%)	(27.5%)	(4.8)	(3.8)	20.6%	6.0%
Other Income/Expenses[3]	(1.5)	(1.9)	23.3%	6.5%	(3.2)	(3.5)	9.9%	9.7%
EBITDA• (Loss)/Profit	(7.0)	(8.3)	(18.6%)	(23.3%)	(8.1)	(7.4)	8.4%	0.5%
Depreciation & Amortisation	(3.5)	(3.9)	11.9%	12.0%	(6.5)	(7.8)	19.6%	19.9%
Net Finance Income	0.1	0.2	nm	nm	0.4	0.5	nm	nm
Income Tax Benefit	5.7	4.3	nm	nm	6.7	4.7	nm	nm
Net Loss after Tax	(4.7)	(7.7)	(63.5%)	nm	(7.6)	(10.1)	(33.1%)	nm

1. *"Constant currency basis" reflects the underlying growth before translation to Australian dollars for reporting purposes. Redbubble sources about 94% of its GTV in currencies other than Australian dollars
2. • GTV, Gross Profit, GPAPA, and EBITDA are a non-IFRS measures that are presented to provide a better understanding of Redbubble's financial performance. The non-IFRS measures are unaudited, however, they have been derived from the audited financial statements
3. Other Income/Expenses includes $2.7m of (non-cash) share-based payments

- FY GTV growth of 32.2% (CC basis[1*)], in line with guidance
- FY Revenue growth of 30.4% (CC basis), lower than GTV due to increasing sales taxes and approximately $400k of YoY shipping timing difference
- 2H GP margin of 35.5% reflecting scale and improving unit economics at that level
- 2H GPAPA growth of 30.1% (CC basis*) due to sustained unpaid growth and continued low cost & profitable customer acquisition
- FY18 Opex growth of 19.3% supporting business scaling objectives.
- FY18 Income Tax Benefit lower than FY17 mainly due to the lower income tax benefit arising from deductibility of shares issued to the Employee Share Trust (ESS)

FY2018 marketplace metrics

	2H FY2017	2H FY2018	YoY Growth	FY2017	FY2018	YoY Growth
GTV[1]•	$76.8M	$101.5M	32.1%	$175.4M	$231.3M	31.9%
Mobile GTV	$26.9M	$41.9M	56.0%	$57.2M	$89.8M	57.1%
Repeat GTV[2]	$29.8M	$39.5M	32.6%	$66.6M	$87.6M	31.7%
Visits	96.8M	131.3M	35.6%	188.4M	258.8M	37.4%
Conversion rate	1.7%	1.7%	0%	1.96%	1.96%	0%
AOV[3]	$46.1	$45.4	(1.6%)	$47.5	$45.7	(3.9%)
Customers[4]	1.39M	1.88M	35.5%	2.9M	4.0M	38.1%
Repeat Customers[5]	0.46M	0.64M	39.0%	0.9M	1.2M	42.0%
Selling Artists	177,500	232,600	31.0%	233,000	298,700	28.2%

1. GTV (Gross Transaction Value) = Total receipts from customers less fraud, refunds and chargebacks. •GTV is a non-IFRS measure that is presented to provide a better understanding of Redbubble's financial performance. The non-IFRS measure is unaudited, however, it has been derived from the audited financial statements
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

Commentary

- Strong marketplace dynamics underpinning robust top-line growth in FY2018 particularly 2H. Slight but important growth in Repeat GTV and Repeat Customers
- Mobile GTV growth of 57.1% being assisted by iOS App performance (App now 4.3% of total GTV for 4Q, converting at ~x2 mobile web)
- Whilst conversion rates remain stable YoY, mobile conversion rate was up 12.3% YoY, aided by the App (see Slide 25)
- Full year AOV decline impacted by product mix changes and FX headwind overall. 2H decline less pronounced due to slight FX tailwind.

1Q FY2019 P&L analysis

P&L (A$M)	1Q	4Q	1Q	YoY (1Q19 v 1Q18)		QoQ (1Q19 v 4Q18)	
	FY18	FY18	FY19	Growth	CC Growth[3]	Growth	CC Growth[3]
GTV[1]	45.6	52.6	64.1	40.5%	31.2%	21.8%	19.0%
Total Revenue	42.3	49.9	59.6	40.7%	31.3%	19.5%	16.5%
Less Artist Revenue[2]	(7.1)	(8.3)	(10.3)	46.3%	36.3%	24.7%	21.6%
Product & Shipping Revenue	35.3	41.6	49.2	39.6%	30.3%	18.4%	15.4%
Gross Profit[2]	12.6	15.4	18.0	42.9%	33.6%	17.0%	14.1%
GP Margin (based on Product & Shipping Revenue)	35.6%	36.9%	36.5%				
GP Margin (based on Total Revenue)	29.7%	30.8%	30.2%				
Paid Acquisition	(3.7)	(3.9)	(5.4)	44.3%	35.2%	38.4%	34.6%
Gross Profit (after Paid Acquisition) (GPAPA)[2]	8.8	11.5	12.6	42.3%	32.9%	9.7%	7.1%
GPAPA Margin (based on Total Revenue)	25.1%	27.6%	25.5%				
GPAPA Margin (based on Product & Shipping Revenue)	20.9%	23.0%	21.1%				
Operating Expenses	(10.2)	(14.8)	(13.9)	35.4%	29.1%	(6.5%)	(8.4%)
Operating EBITDA	(1.4)	(3.3)	(1.3)	8.4%	(5.3%)	61.9%	61.1%
Other Income/Expenses	(0.7)	(0.9)	(1.0)	40.3%	86.2%	17.7%	34.2%
EBITDA (Loss)/Profit	(2.1)	(4.2)	(2.3)	(8.4%)	(26.1%)	45.5%	45.0%

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2. Inclusion of Artist Revenue (i.e. Margin) complies with the new revenue recognition standard which came into affect on 1 July 2018. As such, Artist Revenue (i.e. Margin) are now included in Total Revenue. Product and Shipping Revenue accord with the previous Revenue classification. Artist Revenue (i.e. Margin) is also included in costs, negating any impact at a GP or GPAPA level. For ease of comparison, GP and GPAPA Margins have been calculated on both basis.
3. *"Constant currency basis" reflects the underlying growth before translation to Australian dollars for reporting purposes. Redbubble sources about 94% of its GTV/Revenue in currencies other than Australian dollars.

Commentary

- 1Q FY19 GTV and Revenue growth of >30% (CC basis[1*]) in line with guidance
- 1Q Gross profit increasing 33.6% YOY (CC basis*). GP Margin (based on Product & Shipping Revenue[2]) at 36.5%, improving significantly YoY, although lower than 4Q FY18 due to seasonal activity relating to Back to School
- 1Q GPAPA growth of 32.9% (CC basis*), higher than Revenue growth due to unpaid channel growth and efficient paid marketing spend at 10.9% of Product & Shipping Revenue (10.6% 1QFY18)
- Operating expenses on a CC basis increased by 29.1% YoY but were down 8.4% QoQ. However, neither YoY nor QoQ comparisons reflect underlying trends and **Redbubble reaffirms its guidance** that operating expenses through FY2019 will grow at a rate similar to that reported in FY2018 (FY18 opex growth was 19.3%).

1Q FY2019 key marketplace metrics

	1Q FY2018	1Q FY2019	YoY Growth
GTV[1]	$45.6M	$64.1M	40.5%
Mobile GTV	$16.6M	$26.7M	60.7%
Repeat GTV[2]	$17.2M	$25.5M	48.8%
Visits	57.2M	73.5M	28.5%
Conversion rate	1.8%	1.9%	2.8%
AOV[3]	$43.6	$46.4	6.4%
Customers[4]	0.92	1.21	31.7%
Repeat Customers[5]	0.31	0.43	42.0%
Selling Artists	149,900	199,100	32.8%

Commentary

- Key marketplace metrics such as number of customers, repeat customers and selling artists continue to underpin growth
- Repeat GTV growth of 48.8% reflecting strong gains in customer loyalty
- Mobile GTV growing 60.7% and now representing 41.7% of total GTV (up from 36.4% 1Q FY18)
- The mobile app contributing 5.7% of GTV 1Q FY19 (up from 2.0% 1Q FY18)
- Visits growth at 28.5% is slightly lower than other metrics due to some softness in organic search during September as a direct result of recent Google algorithm changes (refer commentary in ASX release)
- Conversion rates showing small improvement assisted by mobile conversion rate up 13.2% YoY, in turn aided by the App which is converting at 2.8x mobile web.

1. GTV (Gross Transaction Value) = Total receipts from customers less fraud, refunds and chargebacks. •GTV is a non-IFRS measure that is presented to provide a better understanding of Redbubble's financial performance.
2. Repeat GTV = GTV earned from customers who have previously purchased from Redbubble
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 this period and have purchased more than once, regardless of the date of their initial purchase

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