



APPENDIX 4C REPORT AND HALF YEAR UPDATE

REDBUBBLE GROUP ACHIEVES POSITIVE OPERATING EBITDA DELIVERING RESULTS FROM STRATEGY WITH MEMBER GROWTH, IMPROVING MARGINS AND TEEPUBLIC ACCRETION

- RB Group achieved Operating EBITDA of \$5.6 million and free cash flow of \$25.6 million for 1H FY2019, on track for positive result on both measures for full year
- Redbubble Group's ("RB Group") strategic focus on customer relationships is generating value with year-on-year ("YoY") growth in Marketplace Revenue¹ from members of 113% in 1H FY2019
- 1H FY2019 RB Group Marketplace Revenue grew by 39.4% YoY with the addition of TeePublic; Redbubble's 2Q growth was impacted by minimal sales growth (on a constant currency basis²) from the organic search channel
- RB Group delivered improved gross margins due to strategic pricing and supply chain gains, maintained paid marketing efficiency and operating expense discipline

Melbourne, Australia; 29 January 2019: Redbubble Limited (ASX: RBL), which owns and operates Redbubble and TeePublic, together the leading global marketplaces for independent artists, today lodged its Quarterly Cash Flow Report (Appendix 4C) for the quarter ended 31 December 2018. In conjunction with the release of the Appendix 4C, Redbubble Group ("RB Group" or "Group") is providing an update on its strategic and financial performance for the first half of FY2019. The financial results are from internal management reports and have not been subject to audit review.

Strategic Context

RB Group has been building leading global marketplaces for independent artists for twelve years, and is still in the early days of achieving the potential of its scalable platform in a retail commerce market opportunity worth over \$250 billion.

RB Group offers customers personalised, creative adventures and delightful service for a range of quality products. This experience is in contrast to the sea of bland, undifferentiated product options available from many consumer retail businesses today. For customers, RB Group is an emotive brand experience,

¹ Previously referred to as "Product & Shipping Revenue". Marketplace Revenue is Total Revenue less Artist Revenue (i.e. Margin). Total Revenue is a new term for Redbubble as required by the adoption of AASB15 Revenue from Contracts with Customers from 1 July 2018.

² "Constant currency basis" reflects the underlying growth before translation to Australian dollars for reporting purposes. Redbubble sources about 94% of its MP Revenue in currencies other than Australian dollars. TeePublic sources 100% of its MP Revenue in US dollars.

which has real stickiness, particularly as the full value of personalisation gets integrated into the experience and marketing activities.

The RB Group's customer value proposition is experienced as:

- Taking customers on **creative adventures** that are immersive and joyful experiences, leading to an, often surprising, treasure in the content discovered
- Delivering personally relevant creative content allowing customers to turn generic products into canvases for self-expression and meaningful gifting, while supporting artists
- Offering a quality range of apparel, home and lifestyle products that are value-for-money at any income level
- Providing delightful and consistent service with products made to order geographically close to customers with limited environmental impact

RB Group's customer experience is enabled by the marketplace flywheel where independent artists create content which drives customer growth which, in turn, drives more content - altogether creating a strong network effect. Customer growth also creates economies of scale that provide financial efficiencies to reinvest into the customer experience, driving further customer growth.

The RB Group strategy is to deliver on the potential of the differentiated customer value proposition through the direct work of creating a personalised member experience for customers and the work on the flywheel - specifically content growth from artist engagement, new products and content partnerships along side fulfillment and operational scaling.

This strategy underpins RB Group's ability to solidify growth and profitability and extend its market leadership position. RB Group is investing to position the business for the large untapped retail commerce market opportunity.

RB Group delivers results from strategy, though exposure to organic search remains

During the first half, RB Group has delivered on three strategic investment areas that support continued marketplace growth.

Firstly, building the core member experience on mobile web and via a Redbubble mobile iOS app to provide members with a personalised creative adventure has been a priority. Members are a powerful accelerator to the marketplaces beyond the sales value they generate. They engage with a lot more content, providing valuable data signals. Members diversify the sources of revenue away from paid and search channels. This work will remain a priority for FY19 and beyond and the 1H FY2019 metrics were promising:

- Active members grew 61% to 3.1 million
- Month 1 Revisit Rate³ for new members increased from 15.7% to 21.3%
- Marketplace Revenue from members⁴ grew by 113% reaching 25% of Group Marketplace Revenue
- Member Marketplace revenue per Active Member⁵ grew 33%

³ Percentage of new members who visited the app or site at least once between 30 and 60 days from signup during the period.

⁴ Marketplace Revenue from members come from Redbubble only, although the contribution to Marketplace Revenue is measured on a Group Marketplace Revenue basis. The roll-out of a membership program at TeePublic remains a potential opportunity.

⁵ Total Marketplace Revenue from member purchases divided by total active members for the period.

Secondly, realising the benefits of scale in the marketplace through improving 1H FY2019 gross margins by 1.9pp, generating an incremental Operating EBITDA value of \$2.7 million and extracting economies of scale across a number of operating areas: customer support, infrastructure costs and supply chain management as examples. This has been achieved while improving customer net promoter score and reducing shipping times for customers.

Finally, acquiring TeePublic to solidify RB Group's leadership position, accelerate the benefits of scale, geographic reach for a wide product range and enabling highly aligned sister marketplaces to cross-pollinate learning whilst positioning towards different segments.

As noted earlier, the RB Group marketplaces benefit from the mutually reinforcing value of a flywheel. Despite the softer 2Q in terms of customer growth, key marketplace metrics remain healthy:

- 1H unique customers⁶ increased by 23.7% YoY to 3.3 million
- 37.1% growth in 1H repeat customers
- 1H selling artists⁷ increased by 41.2% YoY to 279,000
- 1H visits to the site increased by 25.1% YoY to 179 million, of which mobile (web and app) represented 58.0% (compared to 54.4% in 1H FY2018)

Initially reported in October and discussed further in November 2018, changes in Google's search algorithm brought about a slowdown in Redbubble sales sourced from organic search in 2Q FY2019. Due to strategic work done over the last 3-4 years, Redbubble is less reliant on this channel for growth, but it remains an external factor that impacts the marketplaces. The medium term strategy is to continue building the member experience further (including mobile apps) reducing dependence on organic search. Immediate initiatives to address identified areas for improvement are also in progress.

1H FY2019 Performance

A strong 1Q FY2019 performance by Redbubble was followed by weaker Revenue growth in 2Q FY2019 due to the Google algorithm impact on organic search sales. Revenue growth was supported by the strength in revenue from paid channels as well as the inclusion of TeePublic for November and December 2018. The cost of paid revenue remains efficient and is immediately profitable.

Gross margins strengthened across the RB Group through the combination of strategic pricing work and the flow-through of fulfillment and shipping cost reduction that results from RB Group's supply chain strategy.

Operating costs remain in line with expectations with disciplined decision making to control costs in response to the revenue growth softening. Investments in automation and business process design in customer support aid in slowing volume-based cost growth. Operating leverage remains evident for 2Q and 1H FY2019 despite the weaker revenue.

⁶ Defined as an unique email address. Does not account for overlaps between Redbubble and TeePublic.

⁷ Defined as total currently active artists (i.e. not suspended or deleted) who sold a currently published work during the period. Does not account for overlaps between Redbubble and TeePublic.

The Group delivered positive Operating EBITDA of \$5.6 million with free cash flow of \$25.6 million (aggregate operating and investing cash flow, excluding consideration for TeePublic) for the first half (up from \$18.1 million in 1H FY2018). RB Group's cash balance at 31 December 2018 was \$58.8 million. Redbubble and TeePublic are seasonal businesses with the second quarter containing the significant holiday seasons. This seasonality is seen in the actual December 2018 quarter cash flows and the forecast March 2019 quarter cash outflows in the attached Appendix 4C.

RB Group's cash balances were enhanced by \$57.2 million (net of costs) raised for the acquisition of TeePublic. An initial settlement payment of \$49.3 million (US\$35.0 million) was made in November with the final instalment of US\$6.0 million due to be paid in May 2020.

Key 1H FY2019 RB Group financial measures (with YoY growth rates, where applicable) including TeePublic for the two months to 31 December 2018 are:

- Marketplace Revenue of \$142.6 million, up 39.4% (up 31.4% a constant currency basis)
- Gross profit of \$51.9 million, up 47.1% (up 38.5% on a constant currency basis)
- Gross profit margin up 1.9pp to 36.4% (based on Marketplace Revenue)
- Gross profit after paid acquisition of \$36.6 million, up 42.5% (up 34.0% on a constant currency basis)
- Cash operating expenses of \$30.9 million, up 34.2% (up 28.1% on a constant currency basis)
- Operating EBITDA profit of \$5.6 million, up 115.4% (up 88.5% on a constant currency basis)
- Operating EBITDA margin up 1.4pp to 3.9% (based on Marketplace Revenue)

Looking Forward

RB Group remains focused on strategy to enhance the differentiated customer experience and accelerate the marketplace flywheel. In 2019, the company's priorities are:

- Grow the customer base through deeply personal and "creative adventure" inspired experiences
- Sustainably launch and sell products that artists want to design for and customers will love
- Build deeper relationships with authentic artists by sustainably increasing commercial success, which includes launching and expanding partnerships with the world's leading fan art brands

As discussed on the investor call in November, there is ongoing work focused on improvements to the core customer experience that are expected to accrue organic search sales benefits. The exact timing of when the benefits will be visible remains uncertain.

Other opportunities for revenue growth across the RB Group will come from continued rollout of content partnerships, new product launches and pricing strategy work.

During 2H FY2019, RB Group will continue to generate benefits from scale through improved fulfillment costs. TeePublic is already benefiting from lower fulfillment costs. RB Group will remain focused on efficient paid marketing growth as well as operating expense growth in line with FY2018 full year operating expense growth.

As previously announced, RB Group expects to generate a positive Operating EBITDA and cash flow result for FY2019.

Reporting Format and Metrics

RB Group has updated the format of the Appendix 4C release and operating metrics in the supporting pack to reflect and track the company's strategy to build deeper customer relationships and further scale the marketplaces.

For further information, please contact:

Louise Lambeth – Head of Investor Relations

louise.lambeth@redbubble.com

About Redbubble Group

Founded in 2006, the Redbubble Group incorporates Redbubble Limited and its subsidiaries, including TP Apparel LLC (TeePublic). The Redbubble Group owns and operates the leading global online marketplaces hosted at Redbubble.com and TeePublic.com, powered by over 800,000 independent artists. The Redbubble Group's community of passionate creatives sell uncommon designs on high-quality, everyday products such as apparel, stationery, housewares, bags, wall art and so on. Through the Redbubble and TeePublic marketplaces, independent artists are able to profit from their creativity and reach a new universe of adoring fans. For customers, it's the ultimate in self-expression. A simple but meaningful way to show the world who they are and what they care about.

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.

FY2019 Half Year Update

29 January 2019

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



RB Group owns and operates the leading global online marketplaces hosted at Redbubble and TeePublic, leading global online marketplaces powered by over 800,000 independent artists, bringing more creativity into the world



Explanatory notes

- This supporting pack provides a consolidated view of Redbubble Group (“RB Group” or “Group”) for 1H FY2019
- Unless otherwise stated, RB Group metrics are shown for the six months ending 31 Dec 2018, with growth rates shown on a Year on Year (“YoY”) basis, as compared to the six months ending 31 Dec 2017
 - Two months of TeePublic contributions have been included in the Group half year results, i.e. from 1 Nov 2018
- Results are from internal management reports and have not been subject to audit review
- This supporting pack includes a refreshed view of the set of metrics which most appropriately reflect the key drivers of the combined business, and which are the most useful for tracking the performance of RB Group

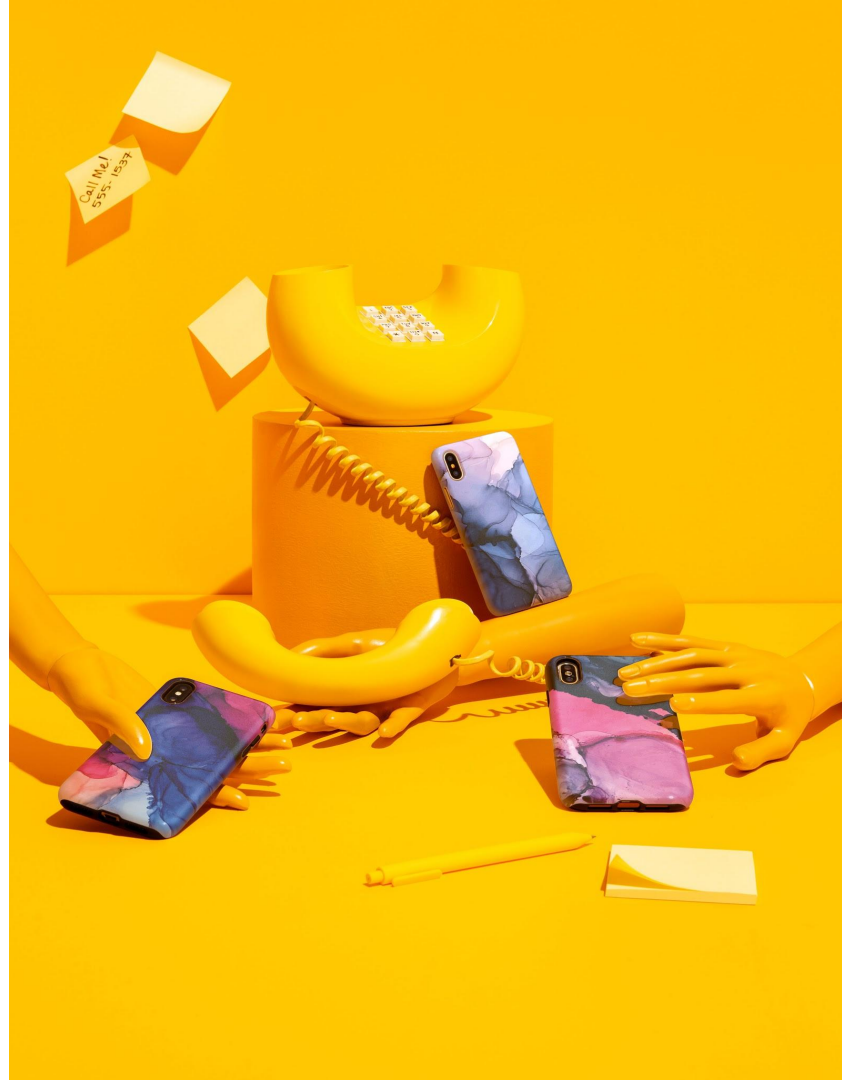
Why RB Group?

- Differentiated customer experience with emerging member value - **creative adventure** with delightful service, positive social value
- Leading and defensible supply model - authentic artists, on-demand supply, content partnerships
- Untapped product expansion in core categories: apparel, home and lifestyle
- Emerging platform scale - positively reinforcing flywheel supports growth and profitability
- Capital light business model
- Leadership committed to delivery on big picture potential navigating balance of growth investing and value realisation as a listed company



Key takeaways from 1H19

- Delivering delightful customer experiences including good signals on investments into member experiences and mobile
 - Diversifies revenue base
- Fan art partnerships going live
- Softer revenue growth in Q2 due to organic search issue - still being addressed; supported by strength in paid channels
- Margin improvement and operating expense discipline from scaling and strategic investing
- TeePublic off to a strong start, contributing growth, margin and profit accretion; smooth integration to date



RB Group inspires 'creative adventures'

RB Group offers differentiated consumer experiences via personalised, creative adventures and delightful service, to nurture self expression.

Where you can find every voice. Or add your own.

A place to unlimit yourself and grow, joining the entire planet on adventures in creativity.

Our customers say the marketplaces are...

Artistry at its coolest! *Because you can wear it, it's your expression!* - Jake, Canada

*for people looking for **options outside the ordinary.** Individual.* - Uli, Germany

*a creative outlet for me to **express my individuality*** - Audrey, US

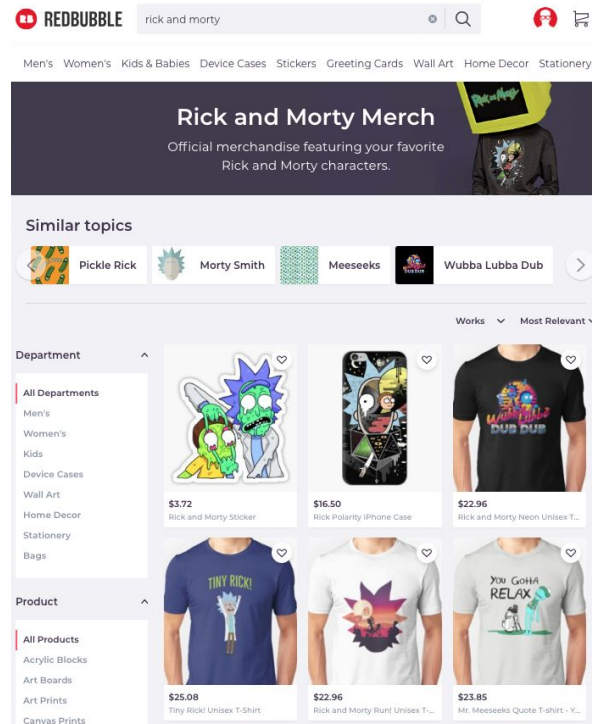
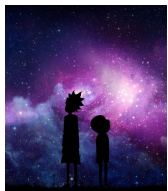
*never what you'd expect. It's entirely different. It's a representation of the individuals who are using it, contributing to it. **You will see that the world is not boring.*** - Allison, Canada



Fan art partnerships gaining traction

16 brands in current licensed fan art portfolio with strong pipeline of partnerships to come

- **Successful launch of Cartoon Network** in 1H FY2019, including:
 - Rick and Morty™
 - Steven Universe™
 - Adventure Time™
- Strong artist engagement leading to over 100k licensed fan art content^{1,2} available for sale



Note:

1. Content refers to product and work combinations

2. Works featured above are: 'Number' by JustPlayBro, 'Minimalist Rick and Morty Space Design' by azcy, 'SU - Starry Eyed Lion' Photographic Print by SharpieSam, 'Art Nouveau Gems' by Whitney Lanier and 'Who Wants To Play Video Games?' by nanlawson.

1H FY2019 RB Group financial summary¹

Marketplace (MP) Revenue²

\$142.6m

▲31% CC³

Gross Profit

\$51.9m

▲39% CC³

Operating EBITDA

\$5.6m

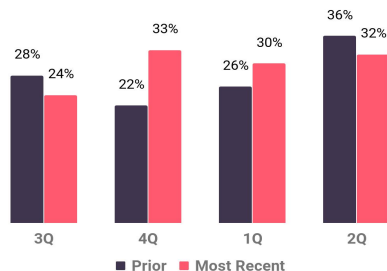
▲115%

Free Cash Flow⁴

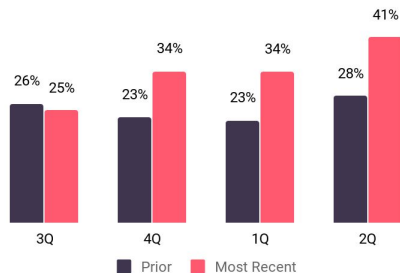
\$25.6m

▲41%

Marketplace (MP) Revenue² growth CC³



Gross Profit growth CC³



Op. EBITDA margins



Notes:

1. Includes two months of TeePublic contributions, from 01 Nov 2018.

2. Marketplace Revenue is Total Revenue less Artist Revenue (i.e. Margin). Please refer to slide 12 for further detail.

3. "Constant currency basis" reflects the underlying growth before translation to Australian dollars for reporting purposes. RB Group sources about 94% of its MP Revenue in currencies other than Australian dollars. TeePublic sources 100% of its MP Revenue in US dollars.

4. Aggregate of operating and investing cash flows, excluding consideration for TeePublic.



Revenue benefited from TeePublic acquisition

Redbubble experienced a softer 2Q due to minimal organic search revenue growth



1H
FY2019

2Q
FY2019

Marketplace
Revenue²

\$128.0m

▲25%
▲18% CC²

\$78.8m

▲18%
▲12% CC²



Two months of
contribution
since 1 Nov 2018

\$14.6m

▲41% CC^{1,2}

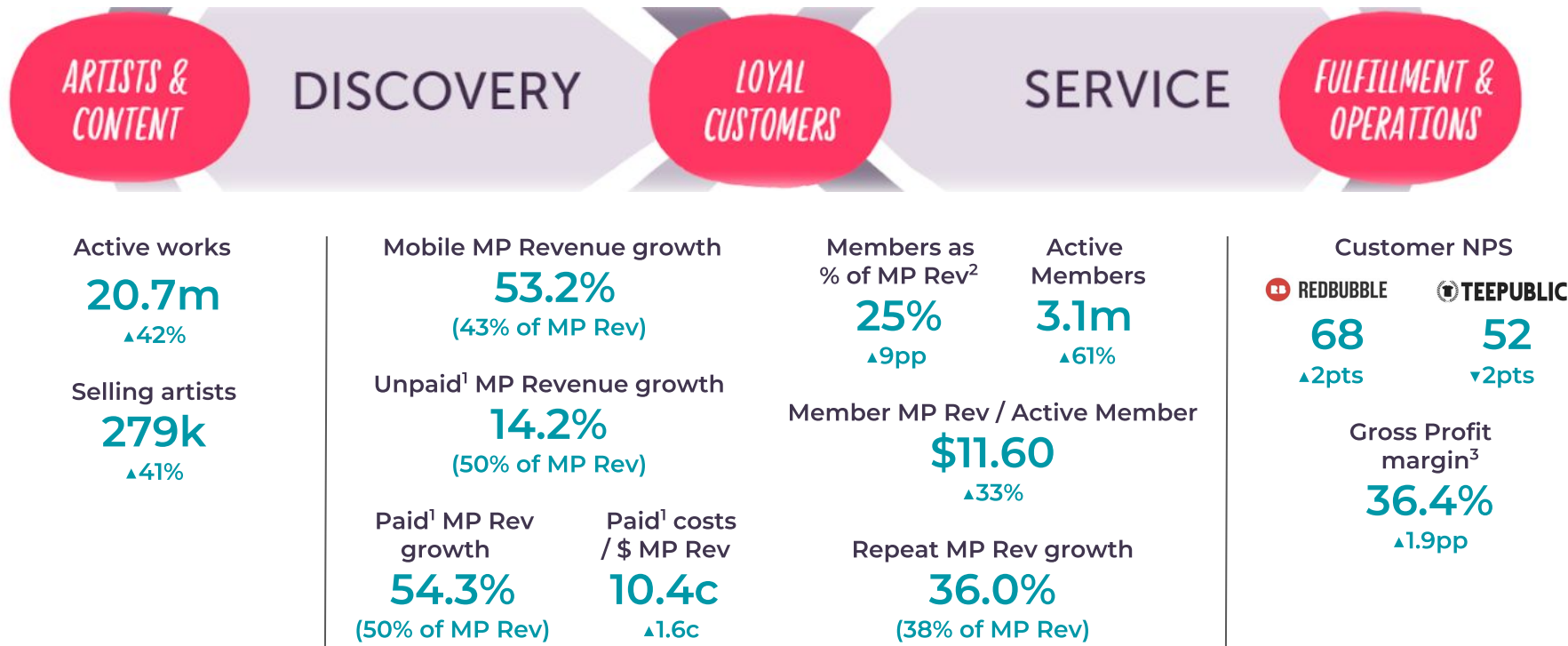
Notes:

1. 1 Nov - 31 Dec 2017 comparison for growth in MP Revenue sourced from TeePublic's records and measured on a constant currency basis.

2. "Constant currency basis" reflects the underlying growth before translation to Australian dollars for reporting purposes. RB Group sources about 94% of its MP Revenue in currencies other than Australian dollars. TeePublic sources 100% of its MP Revenue in US dollars.

1H FY2019 RB Group operational summary

Key customer loyalty metrics showing improvement, although organic search remains a focus



Note: Metrics shown are for the six months ending 31 Dec 2018, with growth rates shown on a Year on Year basis, as compared to the six months ending 31 Dec 2017. Definitions provided in the Appendix.

1. Figures are before last click attribution for the month of December.

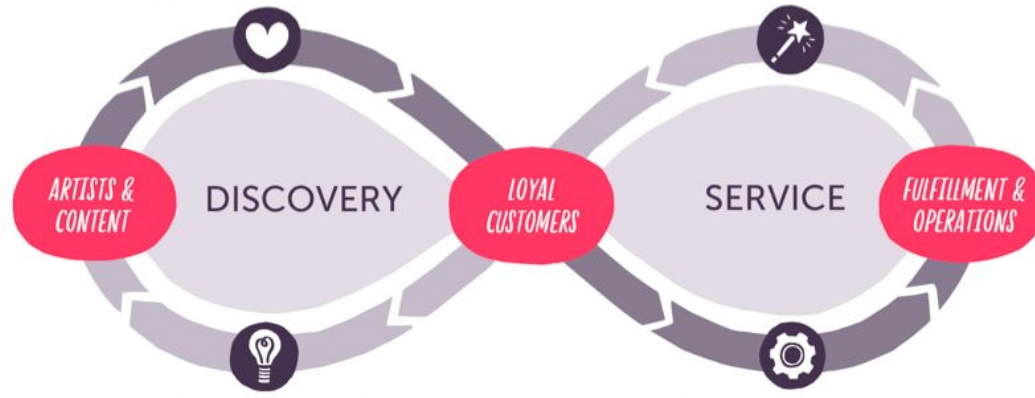
2. Marketplace Revenue from Members come from Redbubble only, although the contribution to Marketplace Revenue is measured on a Group Marketplace revenue basis.

3. Based on Marketplace Revenue.

CY2019 priorities for RB Group

Grow the base of customers through deeply personal and “creative adventure” inspired experiences

Sustainably launch and sell products that artists want to design for and customers will love



Build deeper relationships with authentic artists by sustainably increasing commercial success, which includes launching and expanding partnerships with the world's leading fan art brands



Appendices

2Q & 1H FY2019 Income Statement Summary - RB Group

P&L (A\$M)	2Q		YoY (2Q19 v 2Q18)	1H		YoY (1H19 v 1H18)
	FY18	FY19	Growth	FY18	FY19	Growth
Total Revenue ¹	79.7	110.8	39.0%	122.0	170.4	39.6%
Less: Artist Revenue	(12.7)	(17.4)	37.6%	(19.7)	(27.8)	40.7%
Marketplace (MP) Revenue	67.0	93.4	39.2%	102.3	142.6	39.4%
Gross Profit	22.7	34.0	49.4%	35.3	51.9	47.1%
GP % (on MP Revenue)	33.9%	36.4%	2.5pp	34.5%	36.4%	1.9pp
Paid Acquisition	(5.9)	(10.0)	68.9%	(9.6)	(15.4)	59.4%
GPAPA (Gross Profit after Paid Acquisition)	16.8	24.0	42.6%	25.7	36.6	42.5%
GPAPA % (on MP Revenue)	25.1%	25.7%	0.6pp	25.1%	25.6%	0.5pp
Operating Expenses	(12.8)	(17.1)	33.3%	(23.0)	(30.9)	34.2%
Operating EBITDA	4.0	6.9	72.4%	2.6	5.6	115.4%
Operating EBITDA % (on MP Revenue)	6.0%	7.4%	1.4pp	2.6%	3.9%	1.4pp
Other Income/Expenses ²	(1.0)	(2.6)	173.3%	(1.7)	(3.7)	116.1%
EBITDA Profit	3.0	4.3	40.3%	0.9	2.0	114.0%

Notes:

- Figures include November and December contribution of TeePublic in both 2Q and 1H results
- Key financial performance by brand for 2Q and 1H including constant currency comparisons provided on slide 8

Notes:

1. Inclusion of Artist Revenue (i.e. Margin) complies with the new revenue recognition standard which came into effect on 1 July 2018. As such, Artist Revenue (i.e. Margin) are now included in Total Revenue. Marketplace Revenue equates to the previous Revenue classification. Artist Revenue is also included in costs, negating any impact at a GP, GPAPA or EBITDA level.

2. Other Income/Expense includes non-cash share-based payments, currency gains/losses and one off costs associated with the TeePublic Acquisition of \$1.2M in 2Q and 1H.

Operational metric definitions

- **Active works:** currently published works (i.e. available for sale to the public) at the end of the period; does not account for overlaps between Redbubble and TeePublic
- **Selling artists:** currently active artists (i.e. not suspended or deleted) who sold a currently published work during the period; does not account for overlaps between Redbubble and TeePublic
- **Unpaid MP Rev growth:** year on year growth of Group MP Rev from unpaid channels which consist of: Organic Social, Organic Search, Referral, Direct and Engagement (email and Push) channels
- **Paid MP Rev growth:** year on year growth of Group MP Rev from paid channels which consist of: Product Ads, Branded Paid Search, Non-branded Paid Search, Affiliates, Paid Social, Display and Social Awareness channels
- **Paid costs / \$ Paid MP Rev:** Paid Acquisition costs including SEM Advertising (i.e. Google, Facebook, Criteo etc), Social Awareness Influencers and Affiliates / Paid Group MP Rev obtained through the above mentioned Paid channels
- **Repeat MP Rev growth:** year on year growth of Repeat MP Rev is Group MP Rev earned from customers who have previously purchased, regardless of the date of their initial purchase
- **Members as % of MP Rev:** MP Rev from member purchases divided by total Group MP Rev from all purchases for the period. MP Rev from member purchases come from Redbubble only, although the % contribution to MP Rev is measured on a Group MP Rev basis. The roll-out of a membership program at TeePublic remains a potential opportunity.
- **Active members:** unique members who visited either the web or app platform while logged in at least once during the period
- **Member MP Rev per active member:** MP Rev from member purchases divided by active members for the period
- **New member month 1 revisit rate:** percentage of new members who visited the app or site at least once between 30 and 60 days from signup during the period
- **Customer NPS:**
 - **Redbubble:** Sales-weighted average NPS for survey responses received during the period (as approximated by responses to orders shipped one month earlier)
 - **TeePublic:** TP NPS: Based on CY2018 survey responses for all customers and may include some responses from customers who purchased 12 months ago, i.e. from Jan - Dec 2018