



**REDBUBBLE RELEASES THANKSGIVING SALES RESULTS
INVESTOR CONFERENCE CALL SCHEDULED FOR 9:30 AM ON 28 NOVEMBER 2018**

- Product & Shipping Revenue for the Redbubble marketplace over the five day Thanksgiving weekend (Thursday-Monday) estimated at AUD\$9.4 million, representing 14.3% growth YoY on a constant currency basis^{1*}
- Whilst strong Product & Shipping Revenue growth seen for the Redbubble marketplace was at 28.9% on a constant currency basis* in the last three days of Thanksgiving (including Cyber Monday), further time is required to conclude that measures implemented by management will see a return to previously expected growth rates
- Previously reported Google algorithm change impacted the Redbubble marketplace's organic search sales by negative 3.0% YoY since early October
- TeePublic integration progressing well and the TeePublic marketplace delivered Revenue² of AUD\$3.1 million over Thanksgiving weekend representing 42.2% growth YoY, contributing to Redbubble Group revenue growing at 20.3% on a constant currency basis*.
- Due to uncertainty regarding the timing of the recovery of the Redbubble marketplace's organic search sales growth, there is some downside risk to its previous Revenue growth and Operating EBITDA guidance; Redbubble will update the market at the time of its Appendix 4C release in January 2019
- Redbubble Group, inclusive of TeePublic³, will be Operating EBITDA profitable and will generate positive free cash flow for FY2019

Melbourne, Australia; 28 November 2018: Redbubble Limited (ASX: RBL) the leading global marketplace for independent artists, has announced the trading performance for Redbubble and TeePublic over the Thanksgiving weekend. The company has brought forward the release of Thanksgiving sales results one day earlier than previously advised due to early availability of sales data.

Redbubble Group revenue for the five days of the Thanksgiving weekend (from Thanksgiving to Cyber Monday), ending at midnight US Pacific Time on Monday 26 November 2018, is estimated at AUD\$12.5 million; up 23.4% YoY (i.e. over the same period last year) and up 20.3% on a constant currency basis*. This included Product & Shipping Revenue of AUD\$9.4 million (up 18.2% YoY and up 14.3% on a constant

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 TeePublic's Revenue is prepared on a consistent reporting basis with Redbubble's Product & Shipping Revenue, i.e. it does not include a separate artist margin.

³ TeePublic included in Redbubble Group's results from 1 November 2018.

currency basis*) from the Redbubble marketplace and Revenue of AUD\$3.1 million from the TeePublic marketplace (up 42.2% YoY).

As discussed at the release of the 1Q F2019 results, the Redbubble marketplace has been experiencing a softness in organic search traffic as the result of a Google algorithm change in September and a more significant one in early October. Google provides very limited discourse or explanations. As such, the rationale behind these algorithm changes and the reasons for why they reduced organic search traffic are not transparent. Redbubble has experienced lower rates of growth due to similar changes in the past and successfully accelerated from those levels to be in-line with previous quarterly trends after actions to respond to the changes were taken.

In response to the most recent change, Redbubble undertook a number of measures in a timeframe to generate a positive response in advance of the Thanksgiving period. These changes included over 30 discrete user experience and technical improvements as well as precautionary actions to rollback prior delivery releases. Although recovery was not evident before Thanksgiving, the past three days have demonstrated improving growth. Further time is required to conclude that the trading performance over the last three days of the Thanksgiving period marks a return to previously expected growth rates. Redbubble estimates the impact of the Google algorithm changes to date on Product & Shipping Revenue and Operating EBITDA has been approximately AUD\$5.0 million and AUD\$1.8 million respectively.

The TeePublic marketplace delivered strong growth rates of 44.8% during the first few weeks as a part of the Redbubble Group. Integration of TeePublic has been progressing smoothly, and teams are collaborating to share insights that are already adding value and ideas about future integration opportunities.

During this period, Redbubble and TeePublic have maintained margin discipline both in terms of promotions and paid marketing efficiency targets. Redbubble will benefit from fulfilment and shipping margin gains year on year. Redbubble has taken precautionary action to slow incremental operating expenditure as a part of prudent cash management.

Looking at the longer term strategy focused on customer loyalty, Redbubble is seeing positive momentum in loyalty metrics as a result of investments it has made in deepening customer relationships. The business has been shifting its focus from being a transactional business to one that can provide personalised member experiences, as scale comes from highly engaged loyal customers. Across the Thanksgiving period, repeat GTV grew 28.5%, mobile app GTV grew 123.8% and mobile GTV grew 35.3%.

The strategic focus will remain on accelerating growth from increasing customer loyalty and enhancing the mobile experience, while taking further action to address short term weakness in organic channels.

Looking Forward

Redbubble expects a growth recovery from the measures taken to date and further growth initiative delivery in the coming weeks and months. However due to the uncertainty regarding the timing of sustained organic search sales growth, there is some downside risk to its previous Revenue growth and Operating EBITDA guidance. Redbubble will update the market at the time of its Appendix 4C release in January 2019.

With the inclusion of TeePublic, Redbubble Group expects to generate a positive Operating EBITDA and cash flow result for the financial year. The business remains well positioned for long term growth built on

the strong scale characteristics of the marketplace platform. The strategy for both Redbubble and TeePublic remains focused on improving customer and artist experience and loyalty, adding new products, launching content partnerships with world leading brands, and scaling the core technology platforms.

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About Redbubble Group

Founded in 2006, the Redbubble marketplace (redbubble.com) is a global online marketplace powered by independent artists. Redbubble acquired TeePublic (teepublic.com), an online platform for custom apparel and designs, in November 2018. Redbubble and TeePublic's communities of 800,000 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.