



APPENDIX 4C REPORT AND HALF YEAR UPDATE

REDBUBBLE ANNOUNCES STRONG HOLIDAY SEASON AND REAFFIRMS EBITDA GUIDANCE

- Strong growth continued during the Thanksgiving and Christmas holiday seasons driven by healthy marketplace metrics
- 33.1% top line growth on a constant currency basis* for 1H FY2018
- 1H FY2018 Operating EBITDA profit of \$2.6 million
- Demonstrated operating leverage and on track to achieve previous top-line growth and EBITDA guidance for FY2018

Melbourne, Australia; 25 January 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 December 2017.

In conjunction with the release of the Appendix 4C, Redbubble is providing an update on its financial and operating performance for the first half of FY2018.

1H FY2018 Performance

During the first half, Redbubble delivered top line growth above 30% on a constant currency basis^{1*}. The business demonstrated strong trading performance during the Thanksgiving (including Black Friday and Cyber Monday) and Christmas holiday seasons as well as the 'Back to School' period in the northern hemisphere.

Important 1H FY2018 financial measures (with year on year ("YoY") growth rates, where applicable) are:

- GTV² of \$129.8 million, up 31.7% (up 33.1% on a constant currency basis*)
- Revenue of \$102.3 million, up 30.0% (up 32.0% on a constant currency basis*)
- Gross profit of \$35.3 million, up 24.7% (up 26.1% on a constant currency basis*) at a margin of 34.5%
- Gross profit after paid acquisition of \$25.7 million, up 18.0% (up 18.6% 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

- Cash operating expenses of \$23.1 million, up 9.1% (up 10.5% on a constant currency basis*)
- Operating EBITDA profit of \$2.6 million, up \$2.0 million YoY

The lower YoY growth of Revenue compared to GTV is largely due to increasing contribution to sales from Redbubble's European markets with their higher sales tax regimes.

Redbubble's gross profit margin for 1H FY2018 was 34.5%, lower than FY2017's 35.6%, due to seasonal differences in product mix, and pricing and promotional initiatives. Discounts negotiated before the holiday season will take effect from 1 January and the volume increases experienced over the strong holiday season will support further margin improvements through ongoing supply chain negotiations.

The net result is an Operating EBITDA profit of \$2.6 million for 1H FY2018 compared to \$0.6 million for the same period last year. The business delivered positive cash flow of \$18.6 million for the half (\$17.5 million for 2Q FY2018) with cash flow from operating activities contributing \$22.8 million³ (\$19.6 million for 2Q FY2018). Redbubble is a seasonal business with the December quarter containing the significant holiday seasons. This seasonality can be seen in the actual December quarter cash flows and the forecast March quarter cash outflows in the attached Appendix 4C.

Continuing to Scale

Redbubble continues to build significant momentum on the basis of strong fundamentals: a healthy and vibrant marketplace, strong top line growth (see above), increasing organic growth and profitable customer acquisition, and increasing operating leverage.

Marketplace Health

Redbubble's marketplace dynamics remain healthy with artist and customer growth reflected in GTV growth. Relevant 1H FY2018 metrics are:

- Customer⁴ numbers increased by 40.2% YoY to 2.35 million
- Selling artists increased by 33.1% YoY to 218,800
- Visits to the site increased by 39.3% YoY to 127.5 million of which mobile represented 54.3%

Redbubble is also pleased to note that a milestone reached during the first half was artists' aggregate earnings exceeding \$100 million since the inception of the business.

³ Details of temporary timing benefits to cash flow can be seen on the Appendix 4C document.

⁴ Customers are unique customers counting only once however many times they have bought on Redbubble during the period.

Increasing Organic Growth and Profitable Customer Acquisition

The majority of Redbubble's traffic continues to come from organic (unpaid) sources, with both unpaid and paid sources demonstrating meaningful growth momentum.

All paid channels remain profitable adding to Gross Profit after Paid Acquisition "GPAPA". Total paid acquisition costs for 2Q FY2018 were 8.8% of Revenue, down from 10.6% in 1Q FY2018 and taking the costs for the first half to 9.4% of Revenue (7.4% of GTV, only slightly up from 7.0% in FY2017).

Operating Leverage

Whilst maintaining its investment in growth, Redbubble continues to demonstrate operating leverage. 1H FY2018 GPAPA increased 18.6% YoY whilst operating expenses increased by 10.5%, both on a constant currency basis. Against Revenue's constant currency* growth of 32.0% YoY, Redbubble's aggregate operating expenses and paid acquisition costs growth was 20.0%.

Looking Forward

Redbubble moves into the second half of FY2018 showing solid performance across all aspects of the business. It continues to build strong marketplace dynamics and scale operations with improving economics.

Redbubble will provide further updates on specific strategic initiatives and further details on key metrics as part of its Half Yearly results announcement (Appendix 4D) in February.

Redbubble is well positioned to achieve top line constant currency* growth rates consistent with those achieved in FY2017 and remains confident of meeting its previous guidance of moving into ongoing Operating EBITDA profitability late in FY2018.

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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

2Q and 1H FY2018 results* and key metrics

25 January 2018

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



REDBUBBLE

2Q & 1H FY2018 Key Marketplace Metrics

	2Q FY2017	2Q FY2018	YOY growth	1H FY2017	1H FY2018	YOY growth
GTV¹	\$62.5M	\$84.2M	34.7%	\$98.6M	\$129.8M	31.7%
Mobile GTV	\$19.4M	\$31.3M	61.0%	\$30.3M	\$47.9M	58.1%
Repeat GTV²	\$23.0M	\$31.0M	34.5%	\$36.8M	\$48.2M	30.9%
Visits	49.6M	70.4M	42.0%	91.6M	127.5M	39.3%
Conversion rate	2.55%	2.53%	-0.6%	2.21%	2.22%	0.3%
AOV³	\$49.5	\$47.3	-4.6%	\$48.7	\$45.9	-5.7%
Customers⁴	1.10M	1.55M	41.5%	1.68M	2.35M	40.2%
Repeat Customers⁵	0.35M	0.51M	45.3%	0.52M	0.75M	43.6%
Selling Artists	136,300	183,500	34.6%	164,300	218,800	33.1%

- GTV growth at 34.7% for 2Q and 33.1% for 1H on constant currency basis⁶
- 61.0% YoY growth in 2Q Mobile GTV particularly strong, more than double Desktop's GTV growth of 23.8% for the quarter
- Visits growth driven by ~50% increase in both organic searches and mobile traffic with associated effect on conversion
- Lower AOV caused by increasing product share of lower value sticker items. 1H AOV comparison also includes small FX effect
- Marketplace metrics of Visits, Customers and Selling Artists all remain healthy

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
6. "Constant currency basis" reflects the underlying growth before translation to Australian dollars for reporting purposes

2Q & 1H FY2018 Income Statement Summary

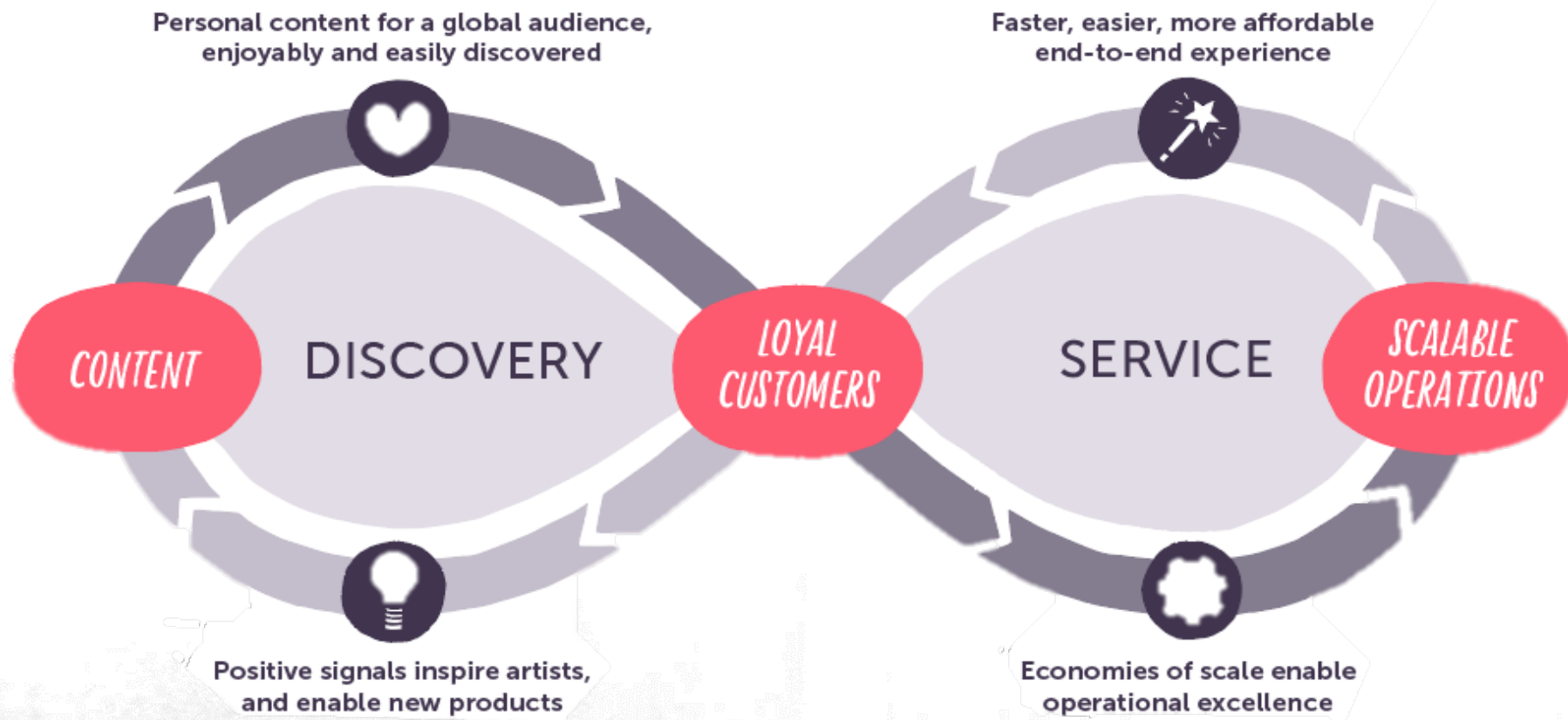
P&L (A\$M)	2Q	2Q	YoY (2Q18 v 2Q17)		1H	1H	YoY (1H18 v 1H17)	
	FY17	FY18	Growth	CC Growth ¹	FY17	FY18	Growth	CC Growth ¹
GTV	\$62.5	\$84.2	34.7%	34.7%	\$98.6	\$129.8	31.7%	33.1%
Revenue	\$49.8	\$67.0	34.6%	35.5%	\$78.7	\$102.3	30.0%	32.0%
Gross Profit	\$17.8	\$22.7	27.8%	28.1%	\$28.3	\$35.3	24.7%	26.1%
GP Margin	35.7%	33.9%	(5.1%)	(5.4%)	36.0%	34.5%	(4.1%)	(4.5%)
Paid Acquisition	\$(4.2)	\$(5.9)	40.3%	42.9%	\$(6.6)	\$(9.6)	47.0%	50.7%
Gross Profit (after Paid Acquisition) (GPAPA)	\$13.6	\$16.8	23.9%	23.5%	\$21.7	\$25.7	18.0%	18.6%
GPAPA Margin	27.3%	25.1%	(8.0%)	(8.8%)	27.6%	25.1%	(9.2%)	(10.1%)
Operating Expenses	\$(11.4)	\$(12.8)	12.3%	13.2%	\$(21.2)	\$(23.1)	9.1%	10.5%
Operating EBITDA	\$2.2	\$4.0	85.0%	79.8%	\$0.6	\$2.6	332.4%	325.4%
Other Income/Expenses	\$(0.9)	\$(0.8)	(9.2%)	27.7%	\$(1.7)	\$(1.5)	(9.4%)	2.8%
EBITDA Profit/(Loss)	\$1.3	\$3.2	149.8%	99.2%	\$(1.1)	\$1.1	202.5%	299.8%

- GTV growing at >30% on both floating and constant currency basis for 2Q & 1H
- Relative Revenue growth in 1H impacted by higher sales tax component in GTV from faster growing European markets
- GP Margin lower due to seasonal product mix and pricing and promotional initiatives
- Benefits of higher base volumes and already negotiated fulfiller discounts to assist underlying GP Margin to rebound in 2H
- Operating leverage evident in 1H ratio of Revenue growth to aggregate of Paid Acquisition and Operating Expenses growth of 1.6x
- Operating EBITDA up \$2.0M compared to 1H FY2017

1. "Constant currency basis" reflects the underlying growth before translation to Australian dollars for reporting purposes.

Appendix

STRATEGIC FOCUS: ACCELERATING MARKET PLACE DYNAMICS OF THE LAST 10 YEARS



* Content is the marriage of Digital Art and the Products they are sold on

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.