



APPENDIX 4C REPORT

STRONG MARKETPLACE FUNDAMENTALS BUT ORGANIC SEARCH HEADWINDS REMAIN

- 3Q FY2019 RB Group Marketplace Revenue¹ grew by 40.3% year-on-year (“YoY”) with the addition of TeePublic (32.6% on a constant currency basis²)
- RB Group saw lower growth in 3Q compared to 2Q FY2019 due to continuance of organic search issue
- Key success indicators remain strong with growth in active members, in sales from authentic artists and in sales from mobile for Redbubble as well as continued strong results at TeePublic
- Disciplined decision making demonstrated across multiple levers in 3Q, including profitable paid Marketplace Revenue growth of 53.9%, to mitigate lower top line growth
- RB Group expects to deliver a positive Operating EBITDA for FY2019
- Slower growth with associated working capital impact will result in a total free cash outflow for the financial year

Melbourne, Australia; 30 April 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 March 2019.

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 FY2019 year to date (YTD). The financial results for the quarter are from internal management reports and have not been subject to audit review.

Business Update

Despite recent growth, the Group continued to see strong results in areas of strategic investments that are most critical to marketplace growth over time:

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 but a constant currency adjustment has not been made to its current period contributions as TeePublic is not included in the prior period figures.

- Product Revenue³ from authentic sellers⁴ at Redbubble grew by 36% in 3Q and now represent 80% of Redbubble Product Revenue
- Marketplace Revenue from members⁵ grew by 114% YoY, representing 26.7% of Group Marketplace Revenue
- There were 2.1 million active members during 3Q and Month 1 Revisit Rate⁶ for new members increased to 20.4% in 3Q (up from 15.4% in 3Q FY2018)
- Redbubble launched 5 new content partnership brands in the quarter and is on track to double that in 4Q. The volume of licensed content grew by 106% quarter on quarter compared to 2Q FY2019
- The iOS app saw YoY growth in Marketplace Revenue of 130% in 3Q
- While not directly impacting 3Q results, major replatforming work on Redbubble is on track for completion in 4Q enabling efficient and faster new product launches

The TeePublic acquisition is proceeding well and is accretive to Group performance. The TeePublic management team has focused on scaling performance marketing, and setting the platform up for European expansion and new product introductions in the coming quarters. As a Group, the businesses have started to achieve supply chain and corporate function synergies and are sharing business insights.

Recent headwinds seen in the organic search channel remains a focus area for Redbubble management with key deployments in 3Q FY2019 include:

- Step change speed improvements to pages that attract high traffic
- Consolidation of the content that redbubble.com allows Google to index, in order to improve the average content quality and simplify the customer experience

These are in addition to work completed in 2Q FY2019. Work to improve the customer landing experience on apparel and other product pages will be proceeding through the upcoming 4Q.

Throughout FY2019, Redbubble has continued to strengthen content removal processes and with the launch of content partnerships has garnered insights into the varied preferences of content owners. A part of the slow down in YoY growth likely results from this strategic and risk mitigating activity.

It is worth noting that during 4Q FY2018 and 1Q FY2019, Redbubble's organic search performance was accelerating rapidly, so the comparable numbers will be tougher through September 2019. This has been considered in company forecasts.

Select YTD Group metrics for marketplace health are shown below:

- YTD unique customers⁷ increased by 21.1% YoY to 4.4 million

³ Does not include shipping income.

⁴ Defined as those artists that tend to upload high quality, original works which resonate well with customers. Data Science work during 2018 has helped identify this critical segment at Redbubble and significant development investment has been focused on increasing the output of this group. Undertaking a similar segmentation of TeePublic's artists remains a future opportunity.

⁵ 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.

⁶ Percentage of new members who visited the app or site at least once between 30 and 60 days from signup during the period.

⁷ Defined as an unique email address. Does not account for overlaps between Redbubble and TeePublic.

- YTD selling artists⁸ increased by 41.0% YoY to 334,000
- YTD visits to the site increased by 21.5% YoY to 263.4 million, of which mobile (web and app) represented 58.7% (compared to 53.9% in YTD FY2018)

3Q and YTD FY2019 Financial Performance

Key YTD FY2019 RB Group financial measures (with YoY growth rates, where applicable) including TeePublic for the five months to 31 March 2019 are:

- Marketplace Revenue of \$197.1 million, up 39.6% (up 32.5% a constant currency basis)
- Gross profit of \$71.7 million, up 47.7% (up 40.2% on a constant currency basis)
- Gross profit margin up 2.0pp to 36.4% (based on Marketplace Revenue)
- Gross profit after paid acquisition of \$50.4 million, up 41.3% (up 34.3% on a constant currency basis)
- Cash operating expenses⁹ of \$47.2 million, up 30.6% (up 25.0% on a constant currency basis)
- Operating EBITDA profit of \$3.2 million, an improvement of \$3.7 million from a YTD FY2018 loss of \$0.5 million
- Operating EBITDA margin of 1.6% (based on Marketplace Revenue)

The Group's Marketplace Revenue from paid channels grew 53.9% in 3Q FY2019 while retaining strong transactional profitability due to efficient spending on both TeePublic and Redbubble. The Group's Marketplace Revenue from unpaid channels grew at 0.7% in 3Q.

Gross margins continued to strengthen across RB Group as the business demonstrates the emergence of scale benefits after the TeePublic acquisition.

Early action to slow operating costs in response to slower revenue growth has enabled the Group to achieve operating leverage with growth in operating expenses of 25.0% in 3Q FY2019 compared to GPAPA growth of 40.3%. Redbubble operating expenses grew only 6.8% YoY (0.9% on a constant currency basis) for 3Q.

Following the strong cash inflows from the holiday season trading reported in 2Q FY2019, the business experienced its normal seasonal cash outflows in 3Q FY2019 as supply chain and other payables from the holiday season were settled in 3Q. However due to the slower topline growth, operating cash flows did not benefit as greatly from the business's generally positive net working capital cycle. Total outflows for the Group in 3Q FY2019 (including TeePublic) were \$29.6 million, of which \$28.7 million was a free cash outflow (aggregate operating and investing cash flow), compared to \$20.9 million in 3Q FY2018. The RB Group ended 3Q FY2019 with a cash balance of \$29.1 million.

Detailed 3Q FY2019 numbers and analysis are provided in the attached presentation.

⁸ 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.

⁹ Excludes non-cash share-based payments, currency gains/losses and, in YTD FY19, one off costs associated with the TeePublic Acquisition of \$1.2M.

Looking Forward

RB Group management continues to focus on strategic initiatives that are aimed at a return to strong growth while diversifying the Group's sources of growth and profitability. Looking forward the priorities remain:

- Sustain the strong growth and synergy value of TeePublic, leveraging new product and geographic growth opportunities
- Sustainably launch and sell products that artists want to design for and customers will love
- Grow the base of customers through deeply personal and "creative adventure" inspired experiences
- Build deeper relationships with authentic artists by sustainably increasing commercial success, including launching and expanding partnerships with the world's leading fan art brands
- Continue disciplined focus on lowering COGS, optimising paid marketing, and managing operating expenses and cash.

RB Group expects to deliver a positive Operating EBITDA for FY2019. Slower growth with associated working capital impact will result in a total free cash outflow for the financial year.

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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 3Q Update

30 April 2019

* Results and figures 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



3Q FY2019 RB Group financial summary¹

Marketplace (MP)
Revenue²

\$54.5m
▲33% CC³

Gross Profit

\$19.8m
▲42% CC³

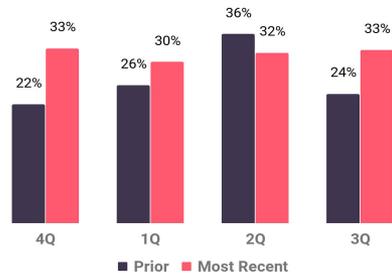
Operating EBITDA

\$(2.5)m
▲19%

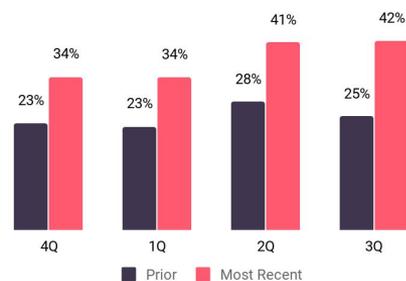
Free Cash Flow⁴

\$(2.9)m
▼4%

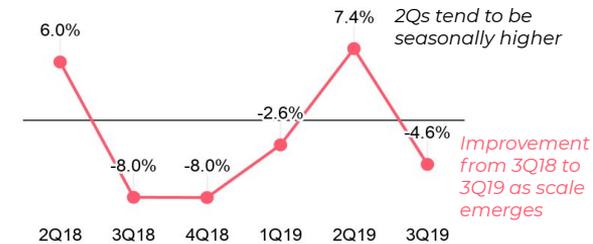
Marketplace (MP)
Revenue² growth CC³



Gross Profit
growth CC³



Op. EBITDA
margins



Notes:

1. Includes TeePublic contributions for 3Q FY19 but not 3Q FY18.

2. Marketplace Revenue is Total Revenue less Artist Revenue (i.e. Margin). Please refer to slide 8 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 but a constant currency adjustment has not been made to its current period contributions as TeePublic is not included in the prior period figures..

4. Aggregate of operating and investing cash flows.



Revenue continuing to grow

TeePublic continuing to contribute meaningfully towards topline growth



YTD
FY2019

3Q
FY2019

Five months of
contribution
since 1 Nov 2018

3Q
FY2019

Marketplace
Revenue²

\$172.7m

\$44.7m

\$24.4m

\$9.8m

▲22%
▲15% CC²

▲15%
▲7% CC²

▲39% CC^{1,2}

▲35% CC²

Notes:

1. 1 Nov 2018 - 31 Mar 2019 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 but a constant currency adjustment has not been made to its current period contributions as TeePublic is not included in the prior period figures..



3Q FY2019 RB Group operational summary

Work continuing on improving customer loyalty and recovering organic search



Active works

21.8m
▲49%

Selling artists

226k
▲40%

Mobile MP Revenue growth

40.2%
(46% of MP Rev)

Unpaid¹ MP Revenue growth

0.7%
(54% of MP Rev)

Paid¹ MP Rev growth

53.9%
(46% of MP Rev)

Paid¹ costs / \$ MP Rev

10.8c
▲2.7c

Members as % of MP Rev²

27%
▲9pp

Active Members

2.1m
▲67%

Member MP Revenue Growth

114%

Member MP Rev / Active Member

\$7.0
▲28%

Repeat MP Rev growth

29.8%
(40% of MP Rev)

Customer NPS

REDBUBBLE

65
▲3pts

TEEPUBLIC

52³

Gross Profit margin⁴

36.2%
▲2.2pp

Note: Metrics shown are for the three months ending 31 Mar 2019, with growth rates shown on a Year on Year basis, as compared to the three months ending 31 Mar 2018. Definitions provided in the Appendix.

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

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 CY2018 survey and not updated since last shown.

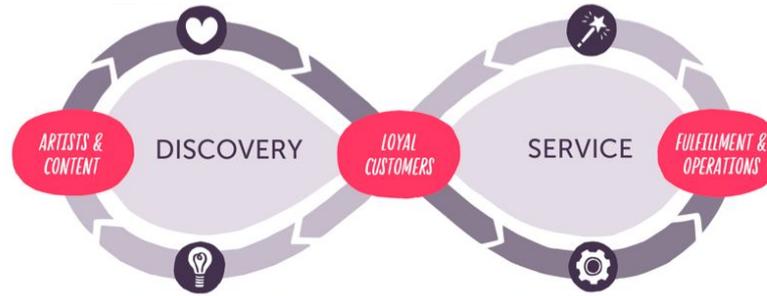
4. Based on Marketplace Revenue.



CY2019 priorities for RB Group

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

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



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

Sustain the strong growth and synergy value of TeePublic, leveraging new product and geographic growth opportunities



Appendices

3Q & YTD FY2019 Income Statement Summary - RB Group

P&L (A\$M)	3Q		YoY (3Q19 v 3Q18)	YTD		YoY (YTD19 v YTD18)
	FY18	FY19	Growth	FY18	FY19	Growth
Total Revenue ¹	46.8	65.3	39.7%	168.8	235.7	39.6%
Less: Artist Revenue	(7.9)	(10.8)	36.6%	(27.6)	(38.6)	39.6%
Marketplace (MP) Revenue	38.9	54.5	40.3%	141.2	197.1	39.6%
Gross Profit	13.2	19.8	49.4%	48.5	71.7	47.7%
GP % (on MP Revenue)	34.0%	36.2%	2.2pp	34.4%	36.4%	2.0pp
Paid Acquisition	(3.2)	(5.9)	82.6%	(12.9)	(21.3)	65.4%
GPAPA (Gross Profit after Paid Acquisition)	10.0	13.9	38.7%	35.7	50.4	41.3%
GPAPA % (on MP Revenue)	25.7%	25.4%	(0.3pp)	25.3%	25.6%	0.3pp
Operating Expenses	(13.1)	(16.4)	25.0%	(36.2)	(47.2)	30.6%
Operating EBITDA	(3.1)	(2.5)	18.8%	(0.5)	3.2	726.0%
Operating EBITDA % (on MP Revenue)	(8.0%)	(4.6%)	3.4pp	(0.4%)	1.6%	2.0pp
Other Income/Expenses ²	(1.0)	(1.6)	62.2%	(2.7)	(5.4)	99.8%
EBITDA Profit	(4.1)	(4.1)	(0.7%)	(3.2)	(2.2)	31.0%

Notes:

- Figures include five months of contribution from TeePublic in YTD results
- Marketplace Revenue by brand for 3Q and YTD including constant currency comparisons provided on slide 3

Notes:

1. Inclusion of Artist Revenue (i.e. their Margin) complies with the new revenue recognition standard which came into effect on 1 July 2018. As such, Artist Revenue is now included in Total Revenue. Marketplace Revenue equates to the previous Revenue classification. Artist Margin 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, in YTD FY19 only, one off costs associated with the TeePublic Acquisition of \$1.2M.

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:** 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