



APPENDIX 4D HALF YEAR REPORT AND REAFFIRMATION OF GUIDANCE

Melbourne, Australia; 23 February 2017: Redbubble Limited (ASX: RBL), a leading global marketplace for independent artists, today lodged its Half Year Report (Appendix 4D) for the half year ended 31 December 2016.

In conjunction with the Appendix 4D lodgement, Redbubble is providing additional information regarding its operating performance for the half year ended 31 December 2016.

1HFY2017 Operating Performance

Redbubble reported its half year results (pre-auditor review) with its Appendix 4C in January. Following audit review, Redbubble has reported (relative to half year ended 31 December 2015 in brackets) the same key results:

- Revenue of \$78.7 million (up 26.3 %)
- Gross profit of \$28.3 million (up 38.1%)
- Gross profit after paid acquisition of \$21.7 million (up 33.7%)
- EBITDA loss of \$1.1 million (reduced by 75.0%)
- Net loss after tax of \$2.8 million (reduced by 73.4%)

As reported in the January release, Redbubble has continued to scale and demonstrated emerging operating leverage, despite significant headwinds. Important measures (with first half year on year growth, where applicable) are:

- Strong growth in Gross Transaction Value (GTV) of 22.8% (31.3% on a constant currency basis);
- Strong growth from Redbubble's European language websites, with better than average GTV growth rates in each jurisdiction: Germany +61.8%; Spain +80.8% and France +33.7% (despite a 4.7% average deterioration in the Euro relative to the same period last year);
- Improved margins, both before and after paid marketing expenditure, resulting in:
 - 36.0% Gross Profit margin (32.9% for same period previous year); and
 - 27.6% Gross Profit after Paid Acquisition margin (26.1% for same previous period)
- Modest growth in operating expenditure of 9.3% (12.4% on a constant currency basis).

A brief investor presentation is attached to this release with some additional insights into the half year performance.

**FY2017 Guidance reaffirmed**

Redbubble reaffirms the guidance as to its expected full year FY2017 results provided on 23 January 2017.

Redbubble will be releasing an update regarding its strategic initiatives for the 2017 calendar year on 14 March 2017.

For further information please contact:

Chris Nunn – Chief Financial Officer

chris.nunn@redbubble.com

About Redbubble

Founded in 2006, Redbubble is a global online marketplace (redbubble.com) powered by over 400,000 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.

FY 2017 Half Year Results Presentation

Accompanying release of Appendix 4D Half Year Report



REDBUBBLE

Executive Summary

Redbubble continues to scale and is demonstrating emerging operating leverage despite significant headwinds:

- Strong growth in Gross Transaction Value (GTV¹) and Revenue of 22.8% to \$98.6 million and 26.3% to \$78.7 million respectively (31.3% and 34.3% respectively, on a constant currency basis).
- Strong growth from Redbubble's European language websites, with better than average GTV growth rates in each jurisdiction: Germany +61.8%; Spain +80.8% and France +33.7% (despite a 4.7% average deterioration in the Euro relative to the same period last year);
- Improved margins, both before and after paid marketing expenditure, resulting in:
 - 38.1% growth in Gross Profit (47.7% on a constant currency) to \$28.3 million; and
 - 33.7% growth in Gross Profit after Paid Acquisition (44.6% on a constant currency basis) to \$21.7 million; and
- Modest growth in operating expenditure of 9.3% (12.4% on a constant currency basis)

The global opportunity before Redbubble remains large and the company continues to invest to seize that opportunity.

Key Metrics

	1H FY2016	1H FY2017	YOY growth	
GTV¹	\$80.3M	\$98.6M	22.8%	• GTV increased 31.3% on constant currency basis
Repeat GTV²	\$27.3M	\$36.8M	34.9%	• Repeat GTV represents 37.3% of total GTV up from 34.0% in 1H FY2016
Visits	75.1M	91.6M	21.9%	
Conversion rate⁴	2.00%	2.21%	10.3%	
AOV³	\$53.10	\$48.70	-8.2%	• AOV decline almost entirely due to weakness in Revenue currencies vs AUD
Customers	1.25M	1.68M	33.8%	
Selling Artists	106,700	164,300	54.0%	

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
 3. AOV: Average Order Value (Order sales / Order count)
 4. Conversion rate is the percentage of visits to the site that result in a purchase being made
- Source: Redbubble internal data

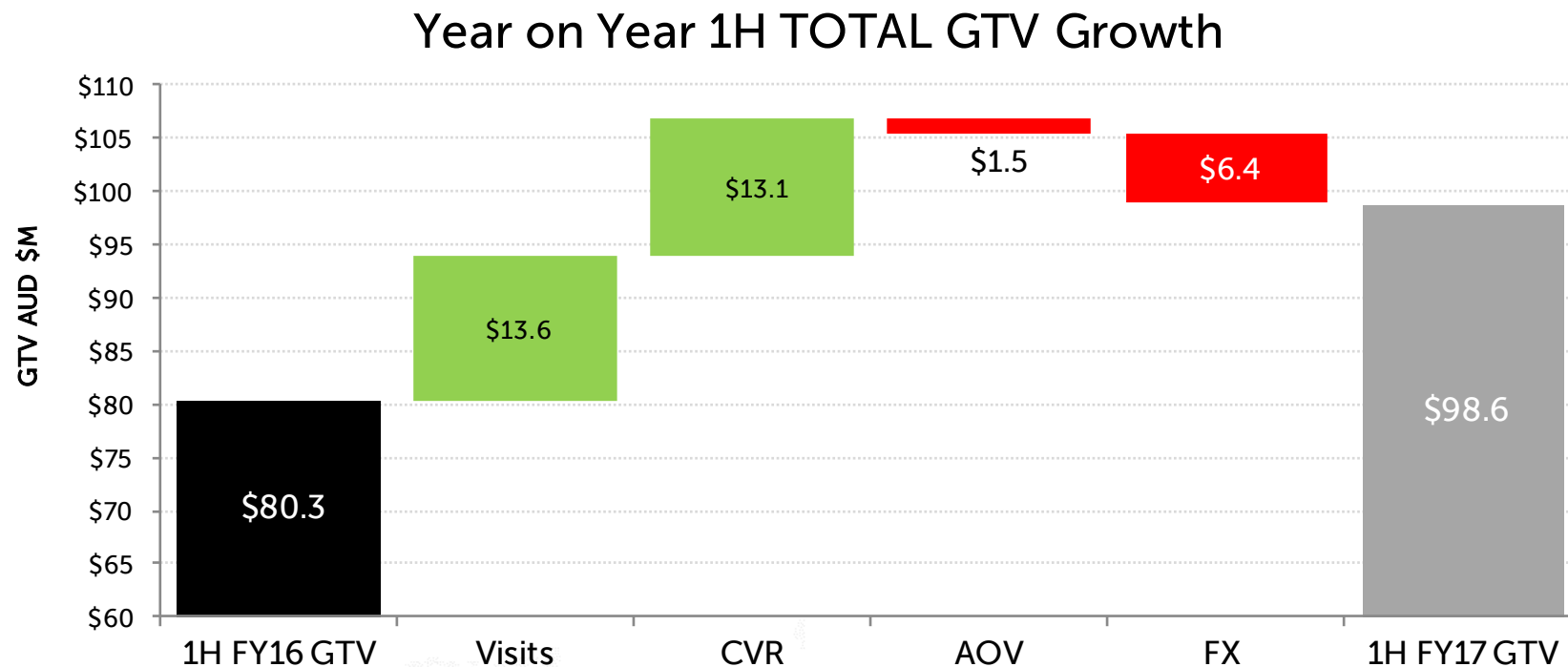
P&L Highlights

P&L	FY2016	FY 2017	Reported Growth
(A\$M)	Half Year	Half Year	%
GTV	80.3	98.6	22.8%
Revenue	62.3	78.7	26.3%
Cost of sales	(41.8)	(50.4)	20.5%
Gross profit	20.5	28.3	38.1%
Gross profit margin	32.9%	36.0%	9.3%
Paid Acquisition costs	(4.2)	(6.6)	55.0%
Gross Profit (after Paid Acquisition)	16.3	21.7	33.7%
Operating expenses ¹	(19.3)	(21.2)	9.3%
Other income/expenses	(1.2)	(1.7)	43.4%
EBITDA loss	(4.2)	(1.1)	(75.0%)
Depreciation & amortisation	(1.7)	(3.0)	77.8%
Finance costs	(0.3)	0.3	183.4%
Income tax	(4.2)	1.0	122.9%
Loss after tax	(10.7)	(2.8)	(73.4%)

- Revenue increased by 34.3% on Constant currency basis
- Significant margin improvement achieved through product mix changes and scale in negotiations with fulfillers
- Paid Acquisition costs increasing with the rapid transition to mobile but Gross Profit after Paid Acquisition up 33.7%
- Modest increase in Opex relative to growth in Profit after Paid Acquisition demonstrating operating leverage

Attribution of 1H FY2017 Year on Year Growth

Continuing increases in Visits and Conversion rate (CVR)



Strong gains in visits and conversion rates have been partially offset by FX headwinds as the AUD remains strong against the four other revenue currencies.

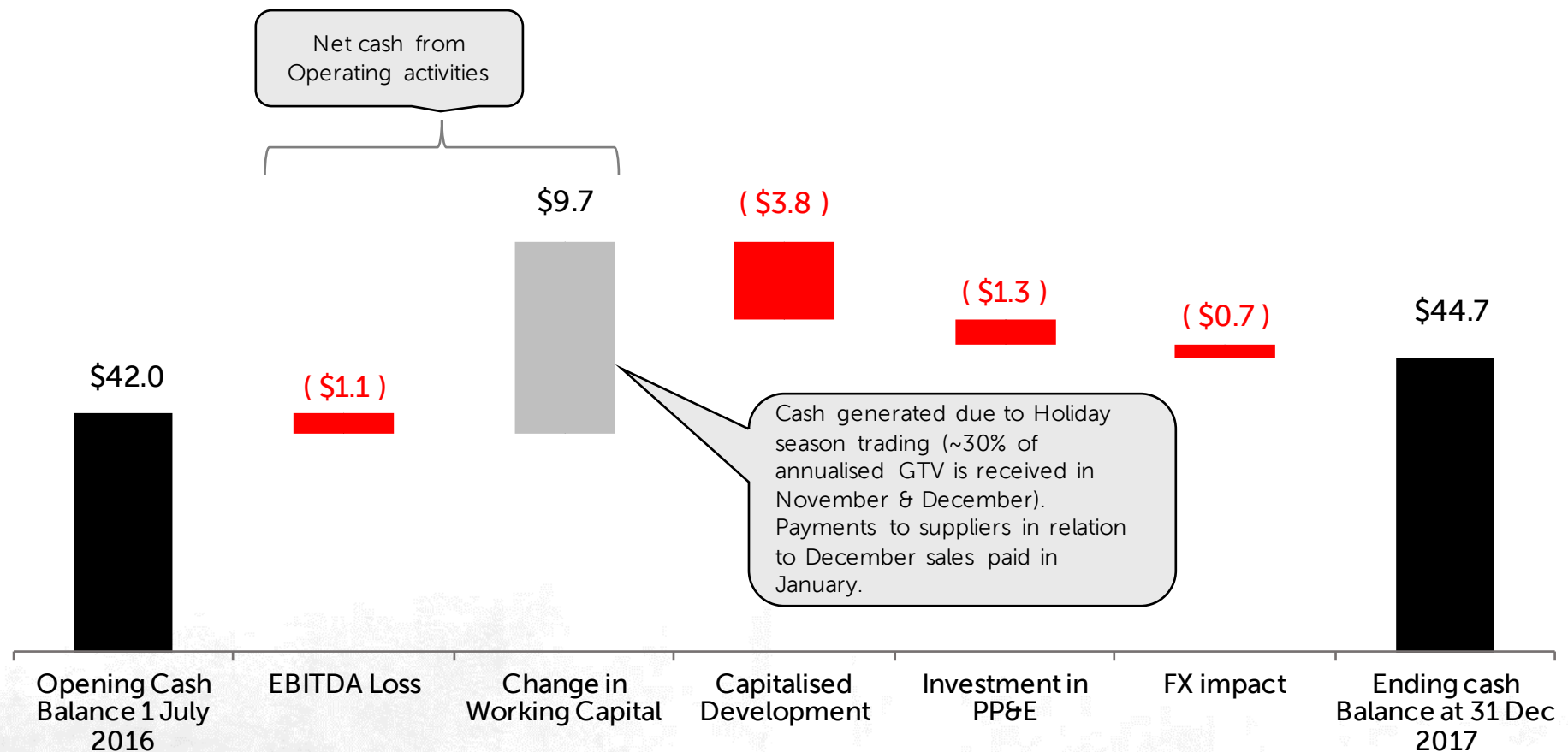
Cash flow summary

Cashflow	FY2016	FY 2017	Variance
(A\$M)	First Half	First Half	
Cash flows from operating activities			
Receipts from customers	80.8	100.7	24.7%
Payments to artists	(9.6)	(14.8)	54.6%
Payments to fulfillers	(35.3)	(45.4)	28.4%
Payments to other suppliers & employees	(27.1)	(32.3)	18.9%
Other	0.1	0.3	301.2%
Net cash from operating activities	8.8	8.6	(2.4%)
Net cash for investing activities	(2.9)	(5.2)	80.7%
Net cash from financing activities	0.4	0.0	(95.4%)
Net increase in cash	6.3	3.4	(45.6%)
Cash at beginning	14.0	42.0	200.4%
FX impact	(0.4)	(0.7)	67.8%
Cash at end	19.9	44.7	124.9%

- Receipts from Customers gross of Refunds, Fraud and Chargebacks
- Payment to Artists includes \$1.7M brought forward due to changes in payment terms
- Net cash for investing activities includes \$1.3m for PP&E for fit out of additional space in Melbourne office
- Cash at beginning includes proceeds from IPO

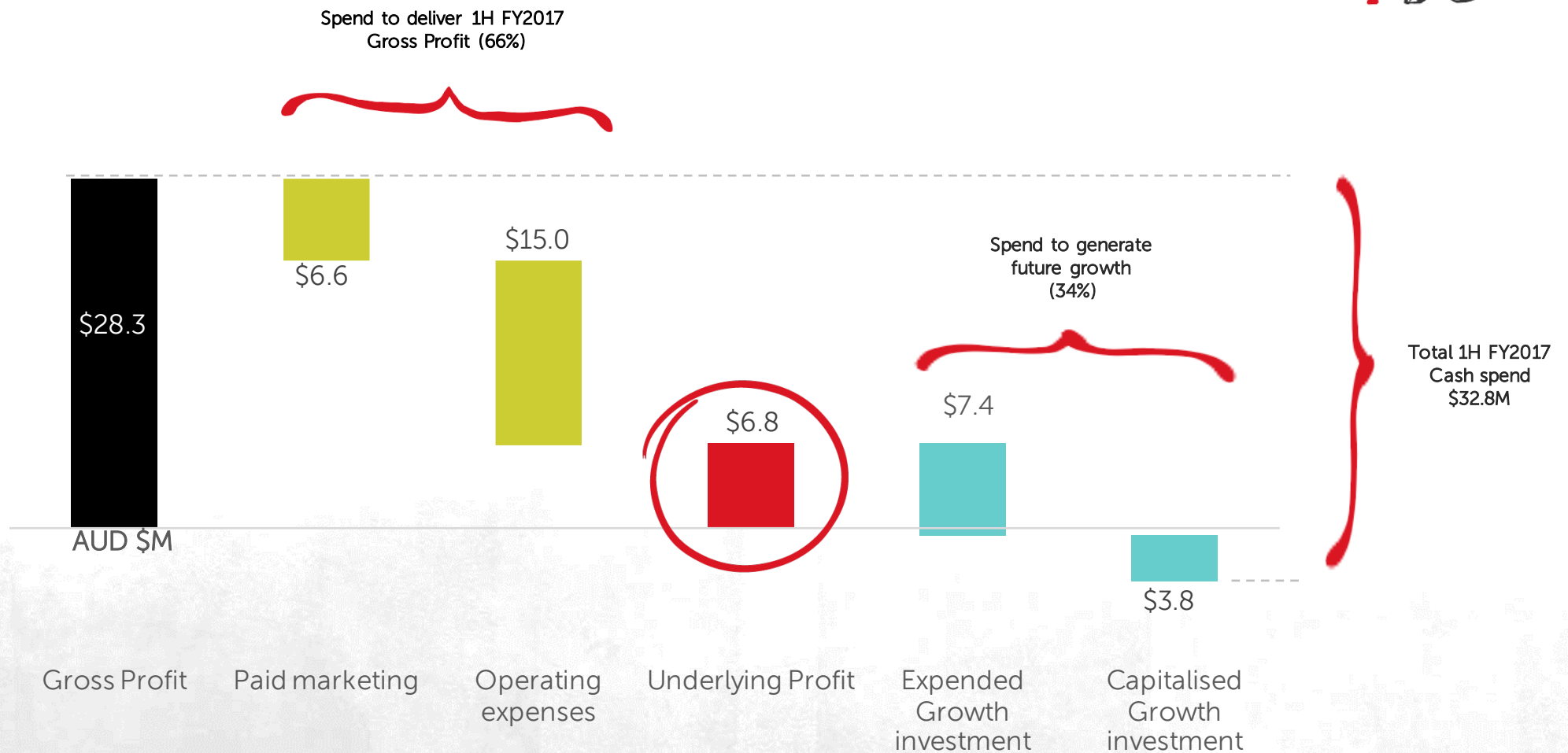
Redbubble is capital efficient.....

.....with seasonality a significant positive factor at end of first half



34% of cash spend in 1H FY2017 invested for future growth.....

.....so underlying profit \$6.8M delivered



Redbubble continues to see a strong sales growth trajectory.....

.....but UK share declined due to weakness in GBP



GTV (\$M) by Year & Quarter since Launch

1H FY2017 GTV split by region

(UK has declined 1.5%, Europe has increased 0.7% on 1H FY2016)

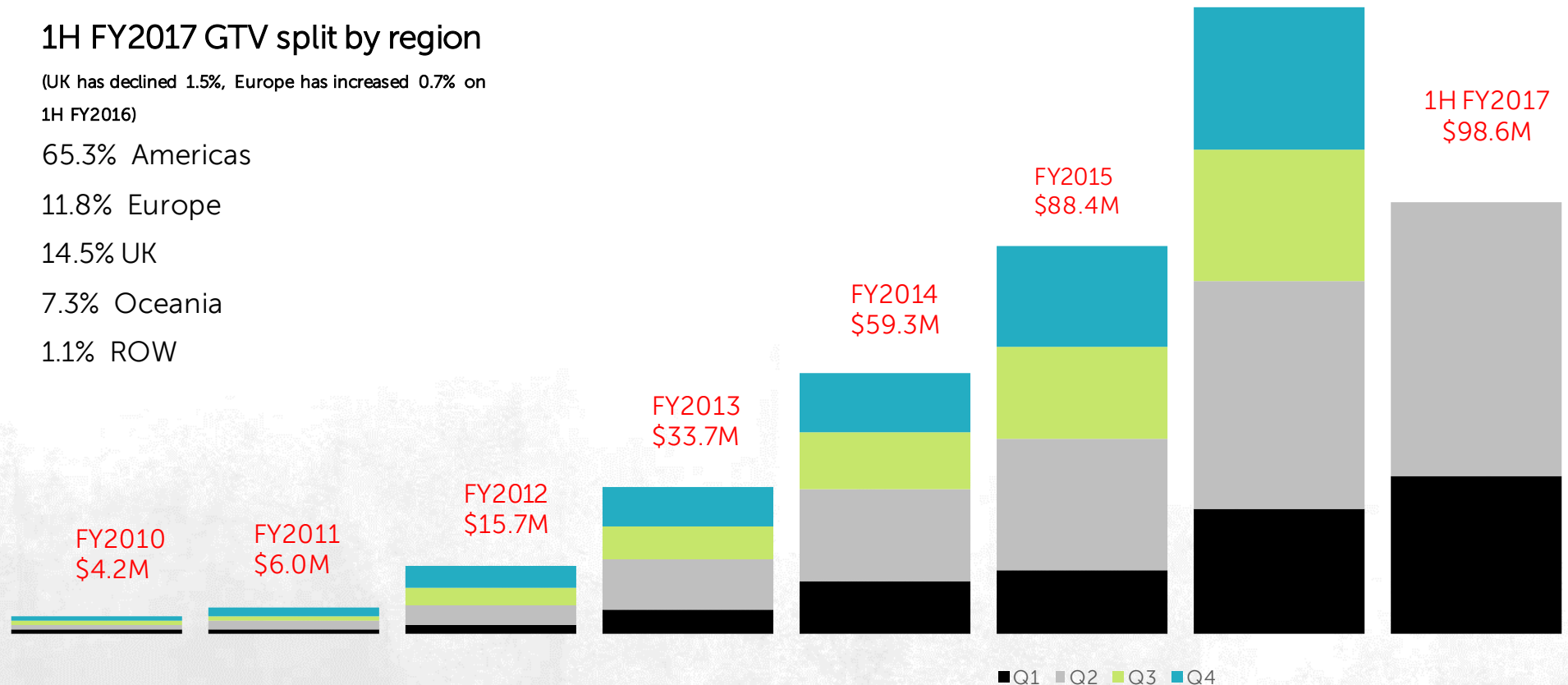
65.3% Americas

11.8% Europe

14.5% UK

7.3% Oceania

1.1% ROW



Gains in Visits and Conversion rate in Mobile and Desktop...

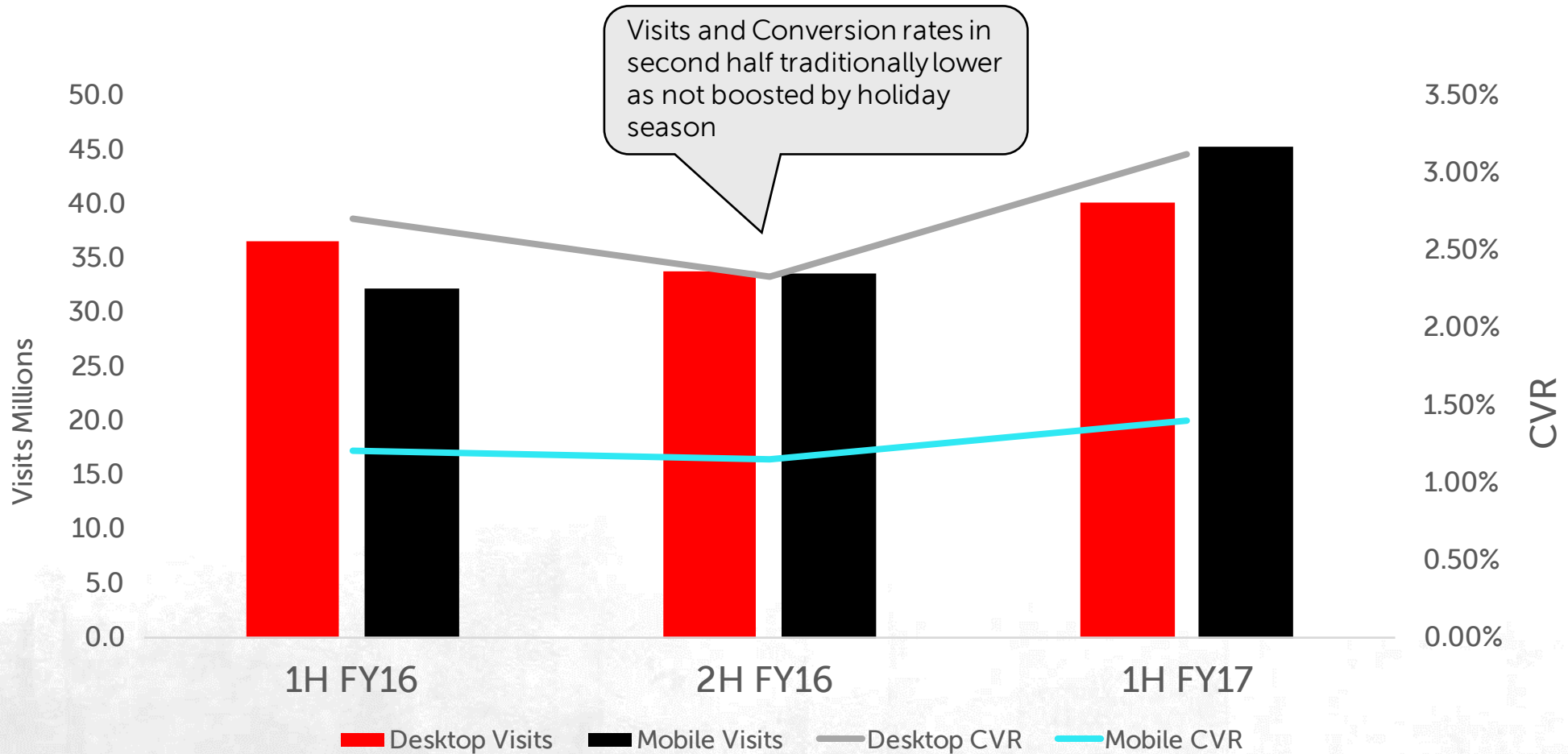
...but strong AUD impacting AOV

		1H FY2016	1H FY2017	YOY growth
Desktop	Visits	36.6M	40.0M	10%
	Conversion rate ¹	2.71%	3.12%	15%
	AOV ²	\$53.2	\$48.6	-9%
Mobile	Visits	32.2M	45.3M	41%
	Conversion rate ¹	1.21%	1.41%	16%
	AOV ²	\$50.9	\$47.6	-7%

1. Conversion rate is the percentage of visits to the site that result in a purchase being made
2. AOV: Average Order Value (Order sales / Order count)
Source: Redbubble internal data

Shift from Desktop to Mobile evident over past 12 months....

...but Conversion rate (CVR) continues to improve

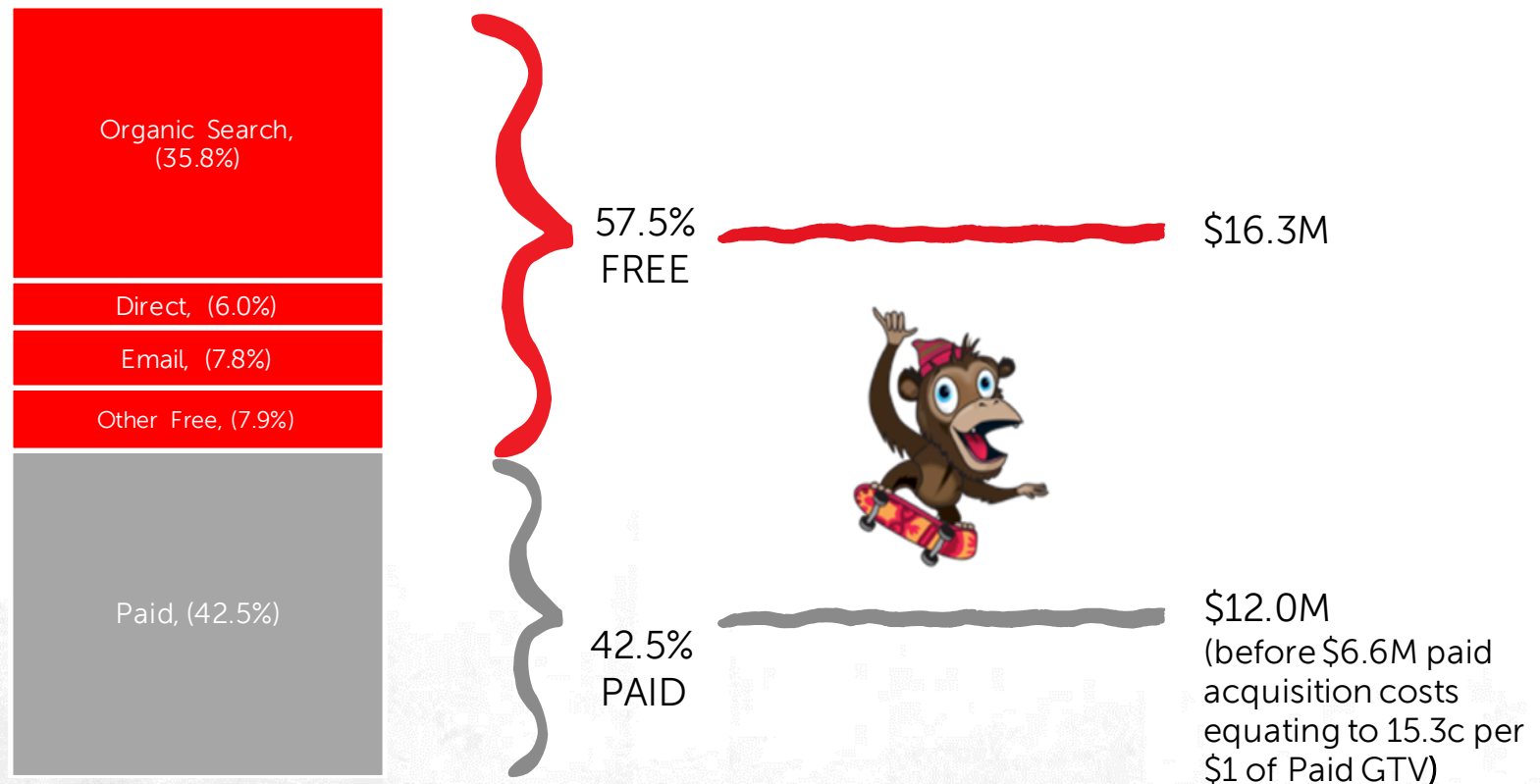


Revenue from paid sources increasing with transition to Mobile

Paid channels profitable on first purchase....GP after Paid Acquisition up 33.7%

Sales by source 1H FY2017

Gross Profit (1H FY2017)



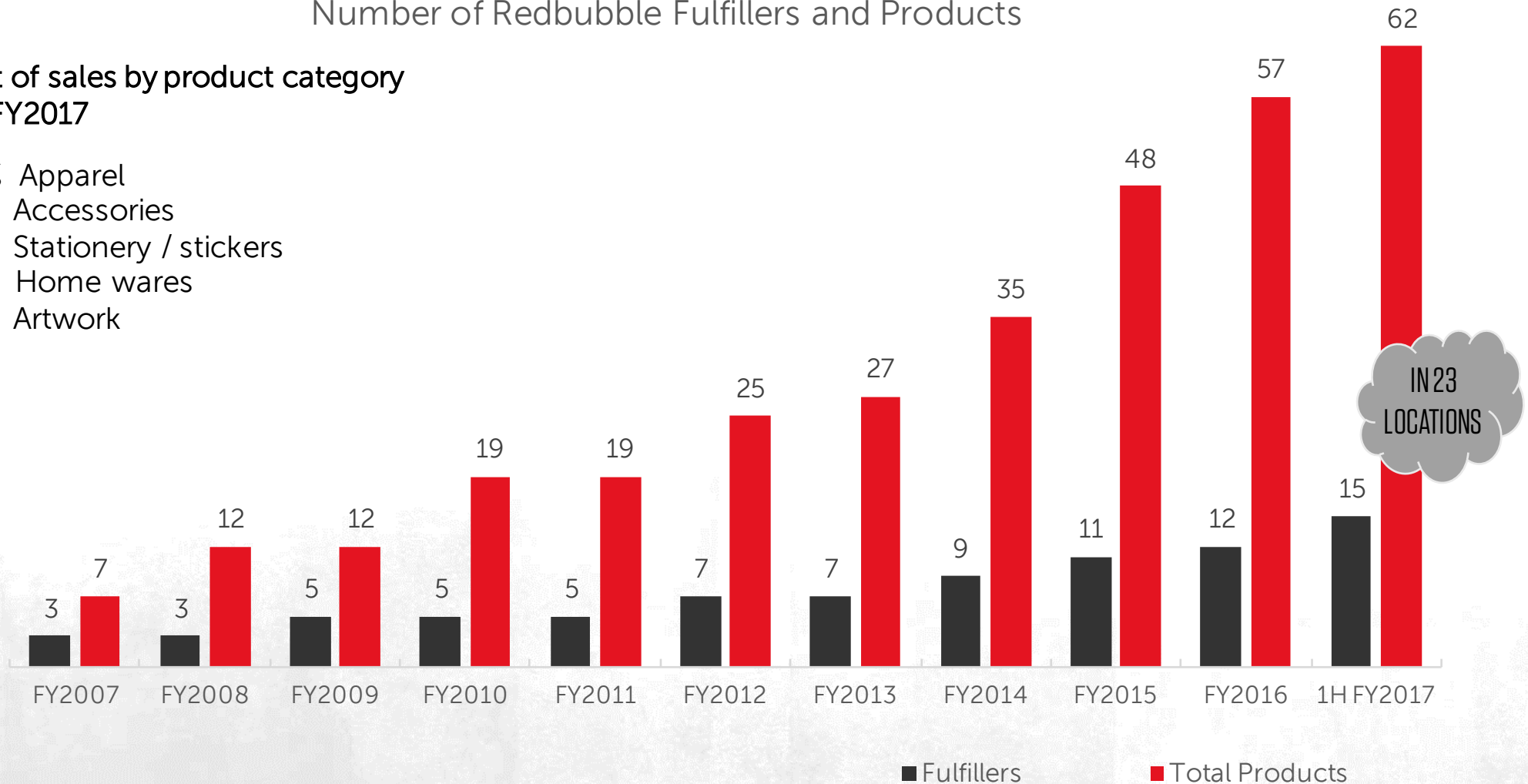
Adding more products and fulfillers

Enabling the business to scale, improve customer experience and reduce risk

Number of Redbubble Fulfillers and Products

Split of sales by product category
1H FY2017

60% Apparel
12% Accessories
12% Stationery / stickers
9% Home wares
7% Artwork



Disclaimer

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