Osmium Partners Believes Redbubble is Significantly Undervalued and Urges the Board to Immediately Retain a Top Tier Investment Bank and Explore the Immediate Sale of the Company

- Osmium Strongly Believes that in a Well-Organized Sale to a Strategic Buyer, Redbubble Could Achieve a Sale Price of $5-$7+ Per Share

- Osmium Seeks the Immediate Appointment of Mike McConnell to Redbubble's Board of Directors.

- Osmium Looks Forward to Working Constructively with Redbubble's Board of Directors to Realize Shareholder Value

- **PLEASE BE SURE TO READ THE DISCLAIMER OF RISK FACTORS AT THE END OF THE LETTER**

Dear Redbubble Board Members,

Osmium Partners, Ltd. (together with its affiliates, "Osmium" or "we") has been a long-term shareholder of Redbubble Ltd ("Redbubble" or the "Company") and currently beneficially owns 15,889,901 ordinary shares or approximately 6% of the outstanding shares. We have had a constructive relationship with Chairwoman Anne Ward and management to date but strongly believe now is the time to face facts and act. Accordingly, we are writing this letter to urge the Company's Board of Directors (the "Board") to immediately explore the sale of the company to a strategic buyer.

Why Sell Redbubble Now?

- *<u>We strongly believe a strategic buyer such as Etsy, eBay, Amazon, or Walmart Digital could increase Redbubble's 2025 EBITDA targets from $187 million to $400 million+</u>*. We believe if Etsy converted just 5% of its buyers and sellers to Redbubble's platform, the result would be nearly $800 million in high-margin incremental revenue! Additionally, we believe Etsy's annual revenue growth rate would increase from 20% to nearly 40% for 2022 and likely drive high growth over the coming years. Lastly, our discounted cash flow model suggests that public markets could add $3 billion-$4 billion to Etsy's market cap under this accelerated growth trajectory.

- Since 2016 Redbubble has delivered an impressive 233% revenue growth and generated $100 million in free cash flow. In addition, Redbubble's total custom t-shirt revenue of $180 million (USD) represents just under 10% of the North American market share of $2 billion in annual sales. We believe this type of strong market penetration could spread to other growing products. Unfortunately, despite these accomplishments, Redbubble has failed to find footing as a public company. *<u>Redbubble's current valuation of 0.6x sales is now 1/10th of our peer universe despite ranking in the top 33% for growth and top 45% for operating cash flow over the last five years.</u>* We believe that now is the time to acknowledge the strategic value that has been built but gone unrecognized in the public markets and evaluate the best risk-adjusted path forward.

- Currently, digital marketplaces account for more than $1 trillion in market cap. Given the high barriers to entry, it is less risky and more cost-effective to buy a digital marketplace than to build one from scratch. We believe this dynamic makes Redbubble a highly attractive acquisition candidate especially given robust M&A activity – the top 10 buyers of digital marketplaces/e-commerce have made more than 100 acquisitions. *We strongly believe that Redbubble could sell for $5-$7 per share in a well-organized sale process, benefitting employees, shareholders, artists, and customers*.

Overview

Redbubble is the #1 digital content library for consumers powered by independent artists. It is a royalty (take-rate) business model at scale that is sticky (installed base of artists/content), making it, in our opinion, extraordinarily valuable. We believe that a strategic buyer such as Etsy or Amazon could likely achieve 2025 EBITDA of $440 million-$800 million versus Redbubble's $194 million target for the same period.

A strategic buyer could bring two significant capabilities to the table:

1) the currency to pay fair value for Redbubble since they have public equity valuations based on enterprise value to sales (EV/Sales) approximately 10x that of Redbubble's current EV/Sales multiple

2) valuable capabilities and digital assets such as a large installed base of buyers and sellers.

We believe a strategic buyer would likely realize a potential return of 100% even if that buyer paid approximately a 2.5x-3.5x multiple for Redbubble since our peer universe is valued at 6x sales. Finally, we believe a strategic buyer can further scale Redbubble over the medium term (4 years), realizing additional and significant upside.

Osmium: Multiple Ways to Win

	Current		Acquisition		Strategic Buyer		Medium Term
Price/Sales Multiple	1.0x		2.5-3.5x		6.0x		6-8x
Revenue [1]	500+/-		500+/-		500+/-		2000+/-
Market Cap [2]	500		1,500		3,000		14,000
Value Created		**$1,000**		**$1,500**		**$11,000**	
Stakeholder		**RBL Shareholders**		**SB Shareholders Day 1**		**SB Shareholders Years 3-4**	

1. Revenue are Osmium estimates in millions of $AUD.
2. Market Cap in millions of $AUD.

For example, Merch by Amazon is a print-on-demand model like Redbubble but differs by internally printing works for brands and artists. We believe Amazon's internal fulfillment could increase Redbubble's take rate from 35% to 80%, given Redbubble allocates 45% of revenue to outsourcing fulfillment (print/ship products to customers). Moreover, it's possible Amazon could capture an additional 10% to 15% EBITDA margins by insourcing to their existing print-on-demand fulfillment assets. Redbubble targets 13% to 18% EBITDA margins at scale; therefore, we believe Amazon could operate Redbubble at 23% to 33% EBITDA margins.

Amazon's per capita spend in the US is $777 vs. Redbubble's 70 cents. We believe by 2025, Amazon could easily increase Redbubble's per capita spend to something akin to Urban Outfitters (URBN) per capita spend of $10. If Redbubble were to achieve a $10 per capita spend, it could generate $3.6 billion in annual revenue. In addition, we believe Amazon's 23% to 33% EBITDA margins (core + fulfillment) are applicable, which would result in at least $820 million in EBITDA. In contrast, Redbubble's guidance of a 13% to 18% EBITDA margin would result in no more than $225 million in EBITDA.

Over 20 years ago, Amazon became an "everything store" by expanding from selling books to selling nearly everything. Since 2013, Redbubble has expanded its product categories from 15 to 125 with a vision of eventually creating 500+ product categories. As a result, Redbubble's content library has grown at a 61% compounded annual growth rate since 2018. We believe Amazon has the skill and experience to accelerate the growth and monetization of Redbubble's content library. Consequently, a strategic buyer such as Amazon could pay $1.7 billion to $2 billion for Redbubble's industry-leading platform today and earn a 5x-10x return by 2025. Lastly, Amazon could leverage its Prime Service to reduce Redbubble's product delivery time from 10-12 days to 2-3 days, increasing customer satisfaction.

We believe the following five key points support a sale of the company:

Point 1: Redbubble is a Great Business That Public Markets Significantly Misunderstand

Redbubble ranks in our peer universe in the top 33% for revenue growth and the top 45% for operating profit margins for 5-year and 10-year periods. Yet, Redbubble currently trades at a staggering -88% discount to our peer universe! Approximately 60% of Redbubble's peers in our universe are UNPROFITABLE yet trade at an average of 5x sales because, at scale, they typically result in a monopoly, duopoly, or oligopoly market structure.

Point 2: Arbitrage: 10x Valuation Differential

Our peer universe found that industry-leading digital marketplaces are 10x higher than Redbubble's EV/Sales multiple. We believe this vast spread affords Etsy, valued at 6x sales, the opportunity to buy Redbubble at 3x sales, potentially rewarding both investor bases.

Our valuation work found that the #1 digital marketplaces typically trade at large premiums given scaling difficulty. For example, nearly all trade at over 5x sales, yet Redbubble with a wide lead in the category trades at $1/10^{th}$ this valuation.

Point 3: White-Hot M&A Market

There is a big universe of buyers for digital marketplaces; over $1 trillion of publicly traded digital marketplaces in the US alone. Moreover, the top 10 buyers of digital marketplaces/e-commerce have collectively made more than 100 acquisitions over the last several years. Major digital marketplaces such as Etsy, Amazon, eBay, and Wal-Mart Digital have the global scale and infrastructure that lends themselves to an M&A strategy that leverages plug-and-play distribution, fulfillment, logistic, branding, scaling, and installed buyer/seller bases. Given very high incremental margins in digital marketplaces, value through scale continues to be the driver of M&A. We believe all of this makes Redbubble an exceedingly attractive acquisition candidate.

Point 4: **Risk-Adjusted Return**

Redbubble's 2025 EBITDA target of $194 million involves organic growth and potentially M&A to accelerate the achievement of that target; however, M&A would be dilutive to shareholders. In contrast, we believe a strategic buyer can leverage existing technical knowledge and assets to achieve very high incremental profit margins with a far lower risk profile.

Further below, *our hypothetical case study of Etsy and Redbubble (Better Together!) highlights how a single dynamic such as cross-selling the installed bases could allow Redbubble to exceed $2 billion in annual revenue by 2025.* Furthermore, we believe Etsy could leverage its tools to increase Redbubble's brand awareness, improve its user experience, and increase customer purchasing frequency. We believe these could be additional powerful revenue drivers not included in our model. In conclusion, we believe Redbubble's go-it-alone strategy is a far higher risk with a far lower return than an immediate sale to a strategic buyer.

Point 5: All Stakeholders Benefit

We strongly believe a sale of Redbubble would be in the best interests of employees, management, customers, shareholders, and a strategic buyer.

Deep Dive: Point by Point

Point 1: Redbubble is a Great Business That Public Markets Significantly Misunderstand

Famed investor Charlie Munger stated that the best businesses minimize/maximize key input variables that lead to non-linear exponential breakpoints, which he terms "lollapalooza" effects. We believe this term accurately describes *the Redbubble business model, which has achieved the following impressive stats over the last ten years*:

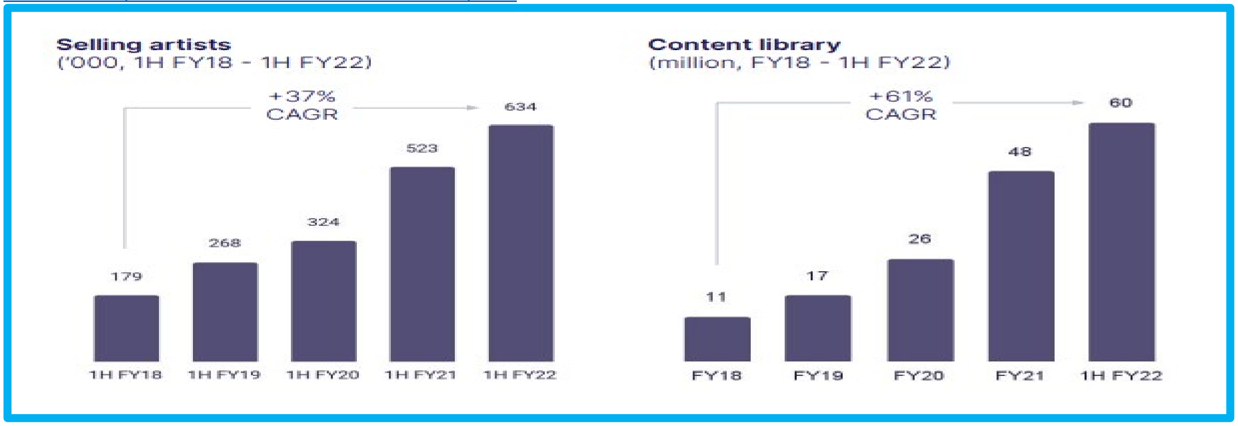
1. 40x increase in sales!
2. $100 million in free cash flow!
3. -20-day cash conversion cycle!
4. $200 million in artist royalties!
5. $180 million brand building **annual** spend (artists royalties + Redbubble direct spend)!
6. Sixty million designs uploaded to the content library at virtually no cost!
7. Five billion evergreen SKUs with virtually no carrying cost!
8. Thirty million packages shipped to customers!
9. $2 billion in aggregate revenue!
10. *All of this was accomplished with a virtually unknown brand.*

Etsy's CEO Josh Silverman has a simpler definition of digital marketplaces, which he defines as ***"lighting in a bottle."*** [1]

[1] Source: Etsy Presents at Canaccord Genuity 41st Annual Growth Conference, Aug-11-2021

Redbubble's Underlying Value Drivers: Artists and Content [2]

[2] Source: Redbubble 1H FY22 Investor Presentation:https://shareholders.redbubble.com/site/PDF/5ff7a1ef-f9c2-4229-a202-c7f05842a8cb/InvestorPresentationHalfYearFY2022Update



We believe Redbubble is riding four megatrends:

1. 30% to 40% of consumers seek to leave the "Sea of Sameness" to purchase unique and meaningful content, which plays to Redbubble's #1 content position.

2. Independent artists are seeking digital marketplaces to market their products globally; Redbubble is the digital marketplace of choice for more than 800,000+ artists

3. Advances in print-on-demand technologies have expanded design and product offerings; Redbubble has taken advantage of this breakthrough, increasing printable product categories from 15 to 125 and is targeting 500+ categories.

4. Consumers are looking to support environmentally friendly businesses; Redbubble is a carbon-neutral business and could be considered a "zero waste" retailer since its inventory is produced only after a consumer pays for it.

What is Redbubble's total addressable market?

- *Redbubble's custom t-shirt business generated USD $180 million in 2021, which was approximately 10% of the USD $2 billion US custom t-shirt market, according to Statista.*[3]

- *40% of Redbubble's total revenue is attributable to custom t-shirts representing 10% of the market share in North America!*

Redbubble's ability to penetrate 10% of a $2 billion+ category speaks to its ability to convert the addressable market at scale. Redbubble targets the $700 billion global e-commerce market where 30% to 40% of consumers look for "unique and meaningful" fashion (apparel, accessories, homewares, stationery, etc.).

[2] Source: Redbubble 1H FY22 Investor Presentation: https://shareholders.redbubble.com/site/PDF/5ff7a1ef-f9c2-4229-a202-c7f05842a8cb/InvestorPresentationHalfYearFY2022Update

[3] Source: Statistica World-Wide T-Shirt Printing Market Size: https://www.statista.com/statistics/941685/custom-t-shirt-printing-market-size-worldwide/

Content Multiplied by New Products = A Multiplier Business Model: [4]

[4] Source: Redbubble 1H FY22 Investor Presentation: https://shareholders.redbubble.com/site/PDF/5ff7a1ef-f9c2-4229-a202-c7f05842a8cb/InvestorPresentationHalfYearFY2022Update

Redbubble designs are typically printed on products using Kornit (KRNT), a manufacturer of print-on-demand printers. Kornit and Redbubble have roughly the same revenue in USD (approximately $400 million). Yet, Kornit, a hardware manufacturer, is valued at $4.1 billion or 10x sales, while Redbubble, the #1 print-on-demand platform, is valued at 0.6x sales or 1/17th of Kornit's valuation.

Typically, digital marketplaces trade at substantial premiums to computer hardware manufacturers. We believe Kornit's valuation reflects a high growth future for the industry, which should make Redbubble a primary beneficiary given its core business is print-on-demand. Kornit is guiding to a 23% compounded annual growth rate or growing to $1 billion in sales by 2026 vs. Redbubble's medium-term target of $1.25 billion by 2025 with 13% to 18% EBITDA margins. If Redbubble's EV/Sales multiple were just 33% of Kornit's multiple, Redbubble's share price would be approximately $5.

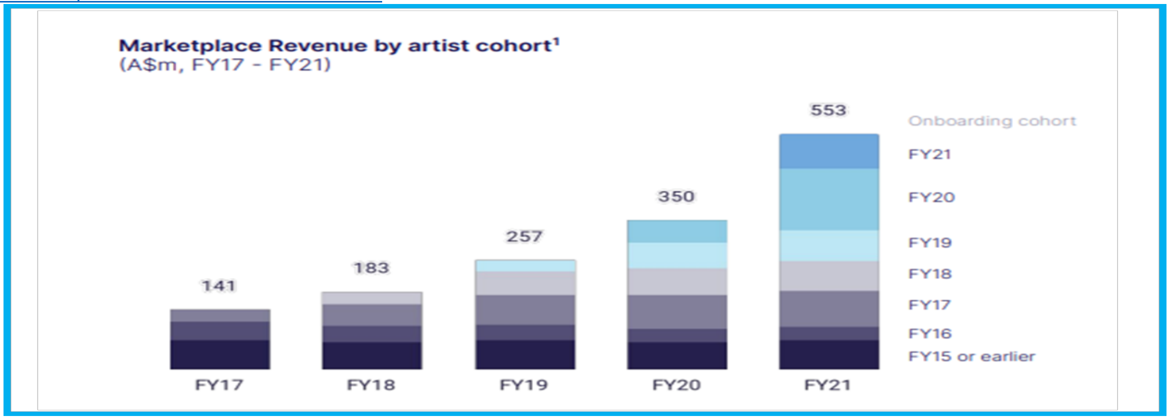
We believe Redbubble is very hard to replicate.

Evergreen Content

- Approximately 60% of sales are from artists who have been on the platform longer than one year.

[4] Source: Redbubble 1H FY22 Investor Presentation: https://shareholders.redbubble.com/site/PDF/5ff7a1ef-f9c2-4229-a202-c7f05842a8cb/InvestorPresentationHalfYearFY2022Update

Marketplace Revenue by Artist Cohort [5]
[5] Source: Redbubble FY21 Investor Presentation: https://shareholders.redbubble.com/site/PDF/2c4d8979-8884-42f6-b299-f475efcbb0bf/InvestorPresentationOctober2021



Organic Growth Flow

- Redbubble gains approximately 46,000 new designs per day with minimal expense[6]. We believe Redbubble's first-mover advantage would make it difficult and expensive for a competitor to enter the market.
- Approximately 60% of Redbubble's traffic is organic.

Marketing Muscle

- 630,000 selling artists effectively act as a Redbubble salesforce earning approximately $100 million in royalties per year.
- Redbubble spends $80 million per year on paid customer acquisition.
- We believe Redbubble's true marketing reach is $180 million per year, which is 50% of its enterprise value!

Point 2: Arbitrage: 10x Valuation Differential

Our peer universe table below shows that Redbubble ranks 9th in a 5-year compounded annual revenue growth rate but ranks dead last by a wide EV/Sales valuation margin out of 27 publicly traded digital marketplaces. *Redbubble has experienced 31% to 94% higher revenue growth yet trades at a -86% to -90% discount to our peer universe!*

[5] Source: Redbubble FY21 Investor Presentation: https://shareholders.redbubble.com/site/PDF/2c4d8979-8884-42f6-b299-f475efcbb0bf/InvestorPresentationOctober2021
[6] 34 million new original content uploaded to RBL over last 24 months.

Osmium: Peer Universe Table

Rank[1]	Company	#1 in Category	Period[2]	Revenue CAGR[2]	Operating Cash Flow Margin[2]	CapEx as % of Revenue[2]	EBITDA Margin[3]	EV/Sales[3]
1	DoorDash, Inc.	x	4 Years	156.1%	3.6%	-5.6%	-6.0%	5.9x
2	Just Eat Takeaway.com N.V.		5 Years	106.8%	2.4%	-2.5%	-8.2%	2.7x
3	Farfetch Limited		5 Years	62.2%	-5.9%	-10.7%	-18.8%	2.6x
4	Shopify Inc.	x	5 Years	61.8%	9.4%	-2.0%	9.7%	16.5x
5	Fiverr International Ltd.		5 Years	54.6%	-2.2%	-1.9%	-10.9%	7.9x
6	Coursera, Inc.		3 Years	50.1%	-3.9%	-4.1%	-30.9%	4.7x
7	Mercari, Inc.		5 Years	48.1%	1.8%	-1.2%	2.2%	3.5x
8	Etsy, Inc.	x	5 Years	47.5%	30.4%	-3.6%	24.5%	7.9x
9	Redbubble Limited	x	5 Years	47.0%	6.2%	-2.5%	-0.7%	0.6x
10	Udemy, Inc.		3 Years	36.9%	-1.1%	-3.6%	-11.6%	2.6x
11	Poshmark, Inc.		3 Years	32.9%	14.6%	-1.2%	-8.4%	1.7x
12	Lyft, Inc.		5 Years	31.9%	-18.2%	-3.5%	-28.8%	4.0x
13	The RealReal, Inc.		4 Years	29.7%	-28.4%	-9.8%	-43.5%	2.0x
14	Amazon.com, Inc.	x	5 Years	27.5%	12.9%	-9.3%	12.6%	3.4x
15	Upwork Inc.		5 Years	25.5%	2.7%	-2.8%	-8.2%	6.1x
16	Airbnb, Inc.	x	5 Years	23.7%	12.9%	-1.9%	11.4%	17.3x
17	Angi Inc.		5 Years	23.0%	10.6%	-4.2%	0.0%	2.1x
18	Uber Technologies, Inc.	x	5 Years	21.8%	-17.5%	-4.8%	-16.8%	4.3x
19	Domain Holdings Australia Limited		5 Years	20.0%	24.6%	-6.8%	25.6%	8.1x
20	ThredUp Inc.		3 Years	19.8%	-10.8%	-8.9%	-23.6%	2.6x
21	1stdibs.Com, Inc.		2 Years	16.0%	-14.4%	-5.2%	-12.2%	2.2x
22	GoDaddy Inc.	x	5 Years	14.3%	22.3%	-4.4%	16.4%	4.4x
23	REA Group Limited	x	5 Years	10.6%	39.6%	-7.4%	42.8%	14.2x
24	Freelancer Limited		5 Years	2.7%	4.7%	-1.4%	-0.9%	4.2x
25	eBay Inc.	x	5 Years	2.5%	30.3%	-6.3%	29.8%	2.5x
26	Eventbrite, Inc.	x	5 Years	-1.8%	-1.0%	-3.9%	-26.2%	6.1x
27	SEEK Limited		5 Years	-7.8%	31.7%	-10.2%	39.5%	11.7x

1. Ranked by compounded annual revenue growth
2. Figures correspond to various periods due to limited data being available for some of the companies on the table.
3. Figures for trailing twelve months; EV as of 2/21/2022

#1 Category: when comparing Redbubble's #1 category status to other #1 companies in their respective industries, Redbubble trades at 1/10 of our peer universe, despite having 14% to 160% higher revenue growth.

Osmium: #1 Category

	Revenue CAGR	Operating Cash Flow Margin	CapEx as % of Revenue	EBITDA Margin	EV/Sales
Average #1 in Category (excluding RBL)	**37.4%**	**13.5%**	**-4.7%**	**8.8%**	**7.6x**
Median #1 in Category (excluding RBL)	**23.7%**	**12.9%**	**-4.4%**	**11.4%**	**5.9x**
Redbubble	**47.0%**	**6.2%**	**-2.5%**	**-0.7%**	**0.6x**
Redbubble % difference from average #1 in category	+26%	-54%	-46%	nmf	-92%
Redbubble % difference from median #1 in category	+98%	-52%	-42%	nmf	-90%

Profitable vs. Unprofitable Valuations: approximately 60% of digital marketplaces are NOT profitable. *Excluding Airbnb, which should be profitable for the 2022 fiscal year, unprofitable digital marketplaces on a trailing 5-year basis trade at 4.2x sales vs. RBL at 0.5x sales or 1/8th of our peer universe.*

Osmium: Profitable Valuations

	Revenue CAGR	Operating Cash Flow Margin	CapEx as % of Revenue	EBITDA Margin	EV/Sales
Average Profitable Digital Marketplaces(excluding RBL)	**24.8%**	**21.6%**	**-5.3%**	**21.4%**	**9.0x**
Median Profitable Digital Marketplaces(excluding RBL)	**21.8%**	**23.5%**	**-5.3%**	**20.4%**	**8.0x**
Redbubble	**47.0%**	**6.2%**	**-2.5%**	**-0.7%**	**0.6x**
Redbubble % difference from average profitable	+89%	-71%	-52%	nmf	-93%
Redbubble % difference from median profitable	+115%	-74%	-53%	nmf	-93%

	Revenue CAGR	Operating Cash Flow Margin	CapEx as % of Revenue	EBITDA Margin	EV/Sales
Average Unprofitable Digital Marketplaces(excluding RBL)	**41.8%**	**-4.0%**	**-4.6%**	**-15.9%**	**3.8x**
Median Unprofitable Digital Marketplaces(excluding RBL)	**30.8%**	**-1.7%**	**-4.0%**	**-11.9%**	**3.3x**
Redbubble	**47.0%**	**6.2%**	**-2.5%**	**-0.7%**	**0.6x**
Redbubble % difference from average profitable	+12%	-253%	-46%	-96%	-85%
Redbubble % difference from median profitable	+52%	-473%	-37%	-94%	-83%

5-Year Revenue Growth: Redbubble is in the top 33% of our peer universe for 5-year revenue growth but -85% below our peer group's EV/Sales valuation.

Osmium: 5-Year Revenue Growth

	Revenue CAGR	Operating Cash Flow Margin	CapEx as % of Revenue	EBITDA Margin	EV/Sales
Average Top 33% in Revenue CAGR (excluding RBL)	**70.4%**	**4.6%**	**-3.8%**	**-4.4%**	**5.8x**
Median Top 33% in Revenue CAGR (excluding RBL)	**54.6%**	**2.4%**	**-2.5%**	**-6.0%**	**4.7x**
Redbubble	**47.0%**	**6.2%**	**-2.5%**	**-0.7%**	**0.6x**
Redbubble % difference from average top 33%	-+33%	33%	-34%	-84%	-90%
Redbubble % difference from median top 33%	-+14%	159%	0%	-88%	-88%

Peer Averages: Redbubble has 33% to 77% higher growth compared to our peer universe, yet trades between -86% to -90% of our peer universe.

Osmium: Peer Averages

	Revenue CAGR	Operating Cash Flow Margin	CapEx as % of Revenue	EBITDA Margin	EV/Sales
Average (excluding RBL)	**35.2%**	**5.8%**	**-4.9%**	**-1.6%**	**5.8x**
Median (excluding RBL)	**26.5%**	**3.1%**	**-4.1%**	**-7.1%**	**4.3x**
Redbubble	**47.0%**	**6.2%**	**-2.5%**	**-0.7%**	**0.6x**
Redbubble % difference from average	+33%	6%	-48%	-55%	-90%
Redbubble % difference from median	+77%	98%	-39%	-90%	-86%

Discounted Cash Flow Analysis

Redbubble Targets [7]

[7] Source: Redbubble 1H FY22 Investor Presentation: https://shareholders.redbubble.com/site/PDF/5ff7a1ef-f9c2-4229-a202-c7f05842a8cb/InvestorPresentationHalfYearFY2022Update

	CY21	CY24+
Artist Revenue [1]	92.8	250+
Marketplace Revenue [1]	488.6	1,250+
GP (% of MPR)	38.2%	40-42%
Marketing (%)	14.7%	12-15%
Operating Expenses (%)	19.9%	12-15%
EBITDA	2.4%	13-18%

1. In millions of $AUD.

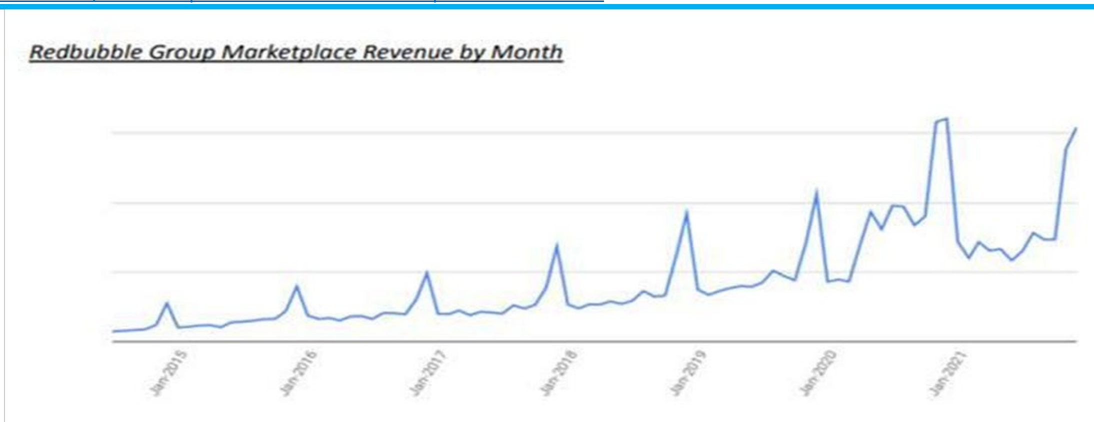
Our Discounted Cash Flow Analysis (Our Assumptions)

- Revenue Growth Assumptions: 20% vs. Redbubble's 25%
- EBITDA Margins: 11.7% vs. Redbubble's 15%
- 2023 EBITDA Margins: 4%
- Discount Rate: 12% to 15%
- Implied Value per Share: $5 to $7

Redbubble is a long-term compounder with a 5-year growth rate of 40% but a market valuation -90% below our peer universe.

Redbubble Revenue by Month [8]

[8] Source: Redbubble Business Update and FY22 Outlook: https://shareholders.redbubble.com/site/PDF/4850726c-e0e9-41ac-9239-1f0300c9e1f3/BusinessUpdateandFY2022OutlookampInvestorCalldetails



[7] Source: Redbubble 1H FY22 Investor Presentation: https://shareholders.redbubble.com/site/PDF/5ff7a1ef-f9c2-4229-a202-c7f05842a8cb/InvestorPresentationHalfYearFY2022Update

[8] Source: Redbubble Business Update and FY22 Outlook: https://shareholders.redbubble.com/site/PDF/4850726c-e0e9-41ac-9239-1f0300c9e1f3/BusinessUpdateandFY2022OutlookampInvestorCalldetails

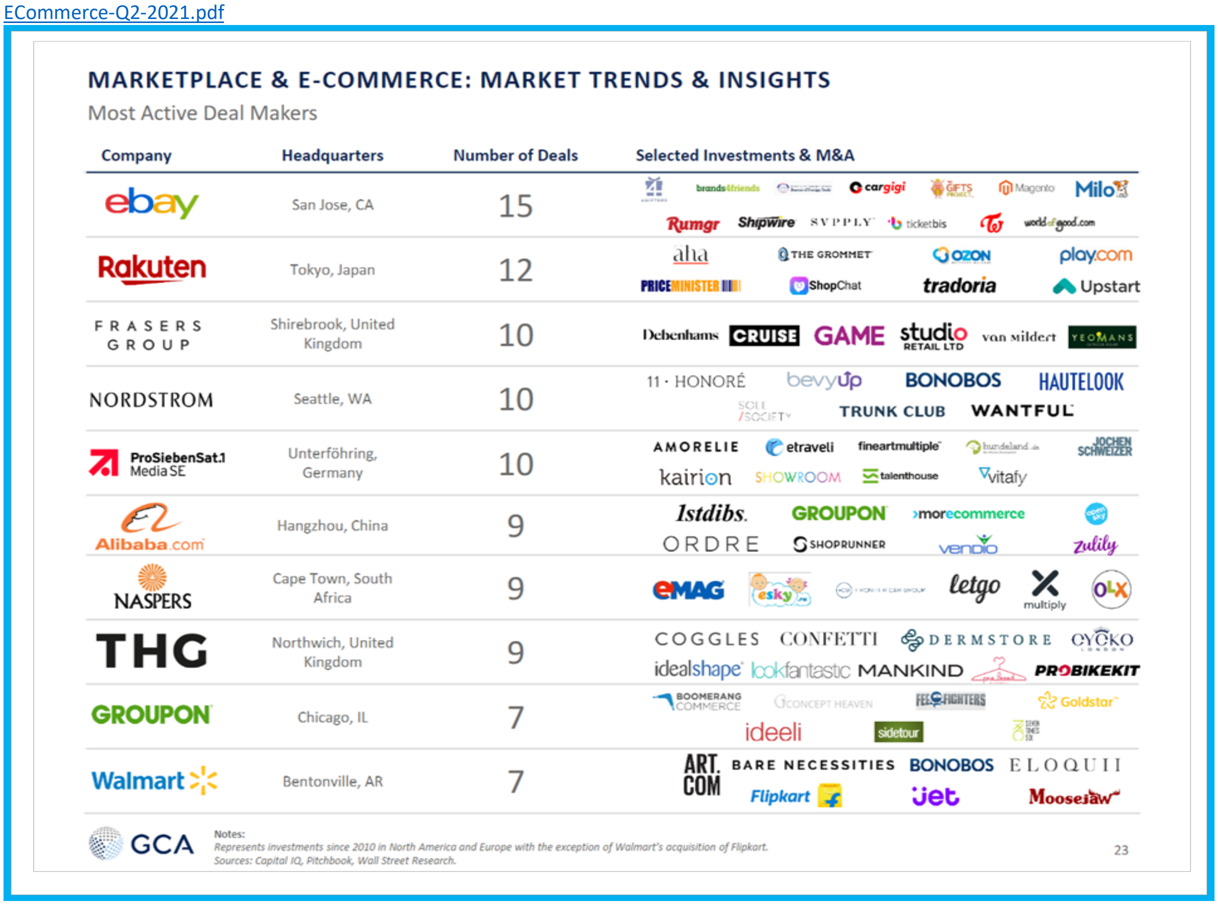
Point 3: White Hot M&A Market

Publicly traded digital marketplaces trade at an average of 6x times sales and have a collective value greater than $1 trillion. ASX-listed digital marketplace such as REA, Domain Holdings, and Freelancer are trading at 4x to 14x sales. ***Redbubble is valued at .6x sales!*** Put another way, we believe Redbubble has been orphaned by public markets and could significantly benefit if it were adopted by a public company that is appropriately valued.

The top 10 digital marketplace buyers have made 100+ acquisitions in retail alone: #1 eBay has made 15 acquisitions, and #10 Walmart has made 7. As a result, digital marketplaces are "winner-take-most" markets where the industry leader will have over 50% market share, and there is little need for a #2 or #3.

Most Active Deal Makers [9]

[9] Source: GCA Marketetplace/eCommerce Report Q2'21: https://gcaglobal.com/wp-content/uploads/2021/07/GCA-Marketplace-ECommerce-Q2-2021.pdf



MARKETPLACE & E-COMMERCE: MARKET TRENDS & INSIGHTS

Most Active Deal Makers

Company	Headquarters	Number of Deals	Selected Investments & M&A
ebay	San Jose, CA	15	brands4friends, cargigi, Magento, Milo, Rumgr, Shipwire, SVPPLY, ticketbis, world of good.com
Rakuten	Tokyo, Japan	12	aha, THE GROMMET, OZON, play.com, PRICEMINISTER, ShopChat, tradoria, Upstart
FRASERS GROUP	Shirebrook, United Kingdom	10	Debenhams, CRUISE, GAME, studio RETAIL LTD, van mildert, YEOMANS
NORDSTROM	Seattle, WA	10	11 · HONORÉ, bevyUp, BONOBOS, HAUTELOOK, TRUNK CLUB, WANTFUL
ProSiebenSat.1 Media SE	Unterföhring, Germany	10	AMORELIE, etraveli, fineartmultiple, JOCHEN SCHWEIZER, kairion, SHOWROOM, talenthouse, vitafy
Alibaba.com	Hangzhou, China	9	1stdibs, GROUPON, morecommerce, ORDRE, SHOPRUNNER, vendio, zulily
NASPERS	Cape Town, South Africa	9	eMAG, esky, letgo, multiply, OLX
THG	Northwich, United Kingdom	9	COGGLES, CONFETTI, DERMSTORE, OYCKO, idealshape, lookfantastic, MANKIND, PROBIKEKIT
GROUPON	Chicago, IL	7	BOOMERANG COMMERCE, CONCEPT HEAVEN, FEE FIGHTERS, Goldstar, ideeli, sidetour
Walmart	Bentonville, AR	7	ART.COM, BARE NECESSITIES, BONOBOS, ELOQUII, Flipkart, jet, Moosejaw

GCA

Notes:
Represents investments since 2010 in North America and Europe with the exception of Walmart's acquisition of Flipkart.
Sources: Capital IQ, Pitchbook, Wall Street Research.

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[9] Source: GCA Marketetplace/eCommerce Report Q2'21: https://gcaglobal.com/wp-content/uploads/2021/07/GCA-Marketplace-ECommerce-Q2-2021.pdf

We believe the companies below could potentially buy Redbubble because they have appropriate valuations and the ideal mix of global scale, installed customer bases, strong brand recognition, and tools that allow entrepreneurs to monetize their ideas and products in a digital marketplace.

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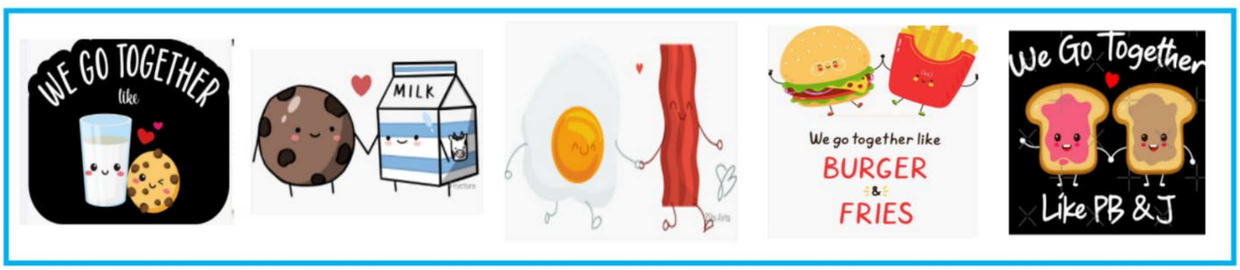
Company Name	Market Cap (M's $USD)
Amazon.com, Inc.	1,642,687.14
Tencent Holdings Limited	574,481.12
Alibaba Group Holding Limited	330,460.37
Shopify Inc.	110,277.09
Industria de Diseño Textil, S.A.	90,659.35
Fast Retailing Co., Ltd.	56,688.90
MercadoLibre, Inc.	53,025.81
eBay Inc.	37,391.21
Etsy, Inc.	17,905.24
Wayfair Inc.	15,360.72
GoDaddy Inc.	12,536.99
Farfetch Limited	7,277.44
Mercari, Inc.	4,877.68
Kornit Digital Ltd.	4,835.58
Urban Outfitters, Inc.	2,914.98

In conclusion, scale + value = equals the potential for monopoly/duopoly like economics. And it is no secret that digital marketplaces are all about extreme scale: Match, FB, Etsy, eBay, Walmart, Amazon. After years of painstaking effort to achieve scale, the #1 and #2 digital marketplace can see monopoly or duopoly-like economics. We believe Warren Buffett's quote below applies to digital marketplaces

"The best business is a royalty on the growth of others, requiring little capital itself." - Warren Buffett

Point 4: Risk-Adjusted Return - We believe in "Better Together!"

Redbubble & Etsy could create the ultimate double-barreled business model. [10]



Redbubble "artists" and Etsy "sellers" both design products, but they spend their time very differently. In Etsy's model, the seller makes one product, markets it, and manages inventory, accounting, shipping,

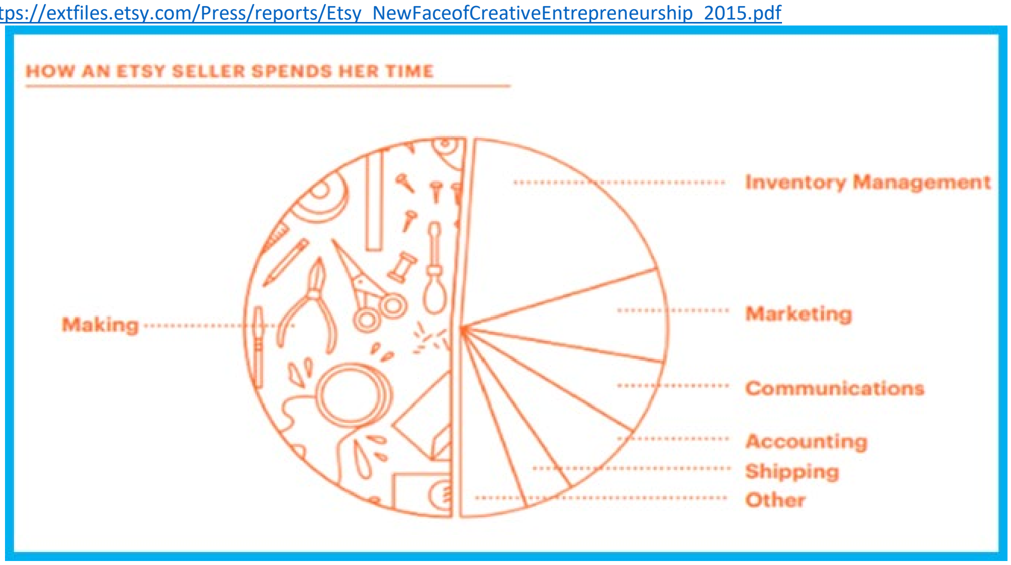
[10] Sources: We Go Together like Milk and Cookies by ColeyAndTig: https://www.redbubble.com/i/sticker/We-Go-Together-Like-Cookies-and-Milk-by-ColeyAndTig/67042756.EJUG5; Cute Milk and Cookies by Fructure: https://www.redbubble.com/i/sticker/Cute-Milk-and-Cookies-by-Fructure/81595323.EJUG5; Be the Bacon to my Eggs by Zilo Arts: https://www.redbubble.com/i/sticker/Be-the-Bacon-to-my-Eggs-by-ZiloDrawings/25526786.EJUG5; We go together like burger and fries by Rachidsolution: https://www.redbubble.com/i/sticker/We-go-together-like-burger-and-fries-cute-happy-smiling-burger-french-fries-by-Rachidsolution/62780566.EJUG5; We Go Together Like PB & J by Lilyas20: https://www.redbubble.com/i/poster/We-Go-Together-Like-PB-and-J-Peanut-Butter-and-Jelly-by-Lilyas20/75436543.LVTDI

and communications to sell the product to a buyer. The Etsy model captures higher margins than Redbubble by vertically integrating additional tasks such as manufacturing and fulfillment.

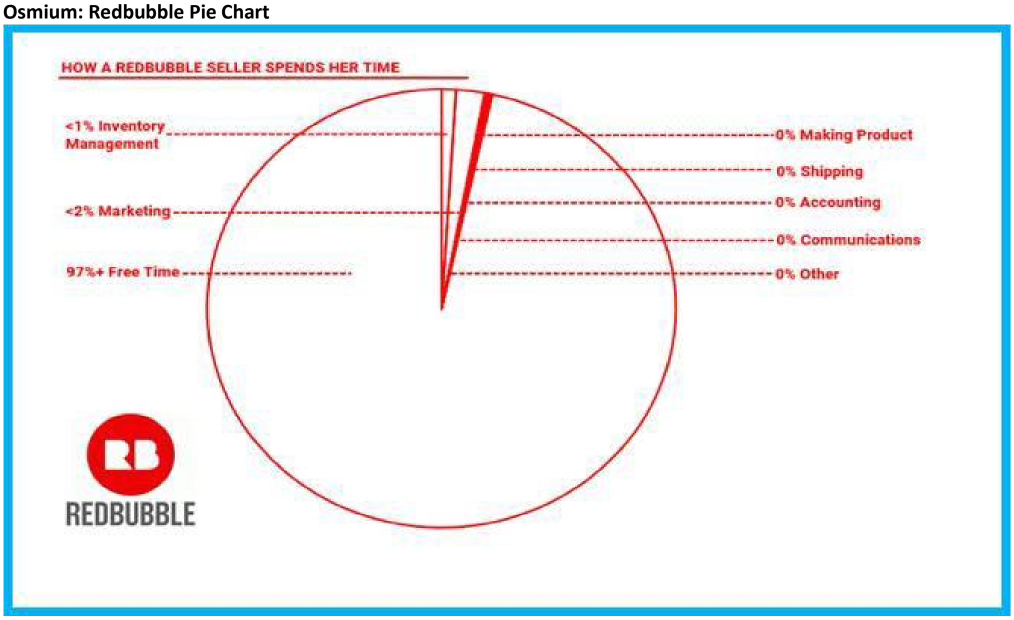
In Redbubble's model, the artist designs ONCE and sells endlessly without making and marketing a product or managing inventory, accounting, shipping, and communications with the buyer. Redbubble simply pays the artist a royalty while outsourcing the manufacturing and fulfillment on behalf of the artist.

Etsy's Pie Chart [11]

[11] Source for Etsy: Building an Etsy Economy: The New Face of Creative Entrepreneurship: https://extfiles.etsy.com/Press/reports/Etsy_NewFaceofCreativeEntrepreneurship_2015.pdf



Osmium: Redbubble Pie Chart



[11] Source for Etsy: Building an Etsy Economy: The New Face of Creative Entrepreneurship: https://extfiles.etsy.com/Press/reports/Etsy_NewFaceofCreativeEntrepreneurship_2015.pdf

If Etsy's "sellers" could leverage Redbubble's platform, it could easily convert their physical designs into "digital twins" without cannibalizing their existing business.

Osmium: M&A Model Redbubble and Etsy Better Together

	A Current Redbubble	B Stand Alone Redbubble 2025	C Etsy Incremental to Redbubble*	D Strategic Acquirer Redbubble
Marketplace Revenue ($AUD, M's)	581	1,250	793	2,043
EBITDA Margins	nmf	13-18%	30-35%	19-24%
Seller Base (T's)	634	1,400	400	1,800
Buyer Base (T's)	8,100	18,200	4,500	22,700
Buyer/Seller	12.8x	13.0x	11.3x	12.6x
Annual Revenue per RBL Artist	917	893	1,983	1,135
RBL Direct Marketing % of Revenue	0.0%	13.5%	0.0%	<7%
RBL Revenue/Artist: Top 20% Artists	3,200	3,200	2,000	2,000
EBITDA		194	258	451
Etsy converts Sellers to RBL				
Current Seller Base (T's)	5,000			
# of Etsy Sellers Converted to RBL (T's): 8% Conversion to RBL	400			
Etsy Conversion Revenue/Artist: -50% Revenue/Artist than RBL Top 20%	$1,600			
Etsy Incremental Revenue from Seller Conversion (T's)*	**640,000**			
Etsy converts Buyers to RBL				
Current Etsy Buyer Base (Ts)	90,000			
Current Etsy Buyer Overlap With RBL	7%			
Etsy Could Increase Overlap By Another 5%	5%			
Etsy New Cross Sell Base To RBL: 5% Of Etsy Buyer Base	4,500			
RBL Average Order Value	$34			
Etsy Incremental Revenue from Buyer Conversion (T's)*	**153,000**			
Column A: Current RBL Revenue	$581			
Column B: RBL Standalone Medium-Term Target	$1,250			
+				
Column C: Strategic Buyer's Sellers Add $640 Million & Buyers Add $153 Million	$793			
=				
Column D: Is The Sum Of B & C Or Strategic Buyer Revenue With Synergies	**$2,043**			

<u>Our Assumptions</u>

"Etsy Converts Sellers to RBL"

- Etsy has 5 million sellers on its platform. If we assume 8% of Etsy sellers utilize Redbubble's platform, that will generate 400,000 new Redbubble artists.

- The top 20% of Redbubble's artists average $3,200 in revenue per year. So, suppose that the 400,000 new Redbubble artists are only 50% productive ($1,600 in revenue per year) as Redbubble's top 20%. In that case, they are still 100% more productive than the average Redbubble artist, which averages $800 in revenue per year.

- If Etsy added 400,000 Redbubble artists that generate $1,600 in revenue per year, Etsy would generate $640 million in incremental revenue.

"Etsy Converts Buyers to RBL"

- According to Earnest data, 80% of Redbubble consumers purchase on Etsy, but only 7% of Esty consumers purchase on Redbubble. Both sell complementary products.

- If Etsy can cross-sell 5% of its 90 million buyers, this would result in 4.5 million new buyers with an average order value of $34, which equates to $153 million in incremental revenue

In summary, we believe converting just 5% of Etsy's buyers and sellers to Redbubble's platform would result in nearly $800 million in incremental revenue!

We believe there is a high probability that a strategic buyer like Etsy could ramp Redbubble from $500 million to north of $2 billion. If Etsy achieves this trajectory, the compound annual revenue growth rate would be 40% with 20% free cash flow margins and likely be valued 5x-6x sales by the public markets.

Osmium

	Current		Acquisition		Strategic Buyer		Medium Term
Price/Sales Multiple	1.0x		2.5-3.5x		6.0x		6-8x
Revenue [1]	500+/-		500+/-		500+/-		2000+/-
Market Cap [2]	500		1,500		3,000		14,000
Value Created		**$1,000**		**$1,500**		**$11,000**	
Stakeholder		**RBL Shareholders**		**SB Shareholders Day 1**		**SB Shareholders Years 3-4**	

1. Revenue are Osmium estimates in millions of $AUD.
2. Market Cap in millions of $AUD.

Etsy has stated that they are building a "house of brands" in digital marketplaces. Below is Etsy's checklist for M&A highlighting the merits of their acquisition of Depop in June 2021 for $1.66 billion.

Etsy M&A Criteria[12]

[12] Source for Etsy & Depop: Etsy to acquire Depop investor Presentation: https://s22.q4cdn.com/941741262/files/doc_presentations/2021/06/Depop-Investor-Presentation.pdf

Etsy's marketplace M&A criteria	**… Depop is an ideal fit**
-Aligns with Etsy mission, strategy and values	-Shares Etsy's DNA, with a parallel growth strategy that highlights sellers' unique merchandise by improving search & discovery, driving human connections, and building marketplace trust
-Expands our TAM in a large and fast-growing market, category or geography	-Expected to extend Etsy's market opportunity in the high frequency apparel sector, specifically in the fast-growing resale space
-Market leadership, with authentic, organic brand traction	-Deepens our reach into the Gen Z consumer, with differentiated brand strength, strong user engagement and unit economics
-Shares our two-sided marketplace business model	-Peer-to-peer marketplace with similar capital-light operating model and financial characteristics
-Well positioned to benefit from Etsy's expertise to accelerate growth and value creation	-Early stage business that we believe can leverage our proven value creation roadmap to drive further growth and profitability

[12] Source for Etsy & Depop: Etsy to acquire Depop investor Presentation: https://s22.q4cdn.com/941741262/files/doc_presentations/2021/06/Depop-Investor-Presentation.pdf

In our opinion, Redbubble checks all of Etsy's M&A boxes.

Osmium

... Redbubble is an ideal fit

-Artist focused, environmentally conscious, very similar Artist interests with highly complementary business models.

-Adds unique new cross selling of artists and consumers in large $300-400 billion end market

-Deepends Gen Z reach and Redbubble is the #1 digital marketplace for independent artists

-Peer-to-peer marketplace with similar capital-light operating model and financial characteristics

-Early stage business that we believe can leverage our proven value creation roadmap to drive further growth and profitability

Osmium: Redbubble vs. Depop

	Redbubble	Depop
Take Rate	35%	10%
Users [1]	36	11
Net Revenue [1, 2]	$375	$70
Buyers [1]	9.4	4
Sellers [1]	0.8	2
Purchase Price [2]	?	$1.6 Billion

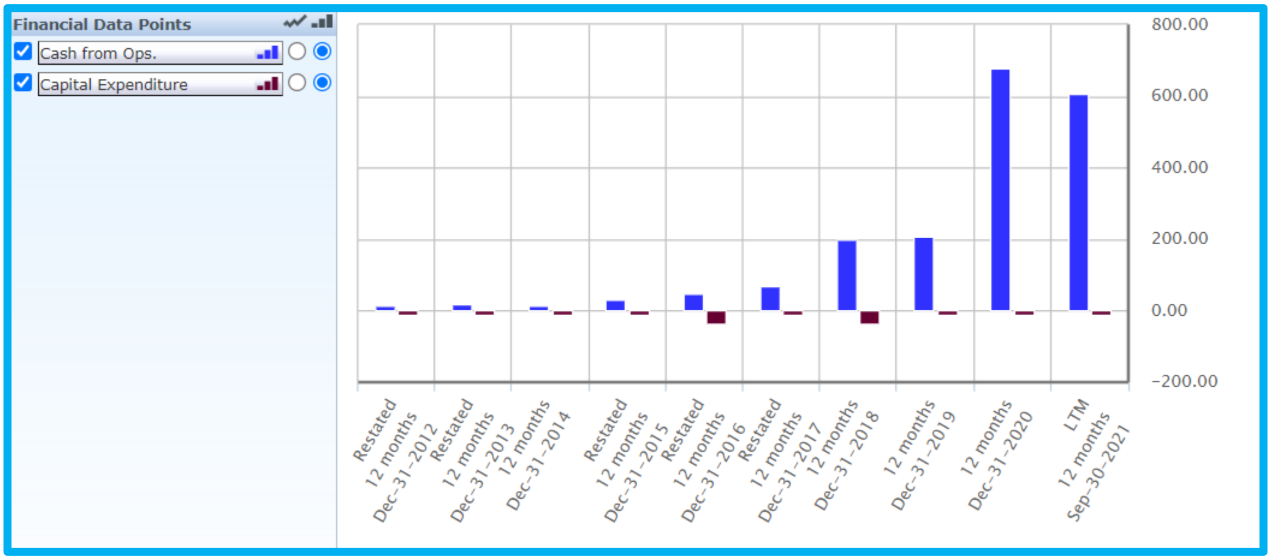
1. Figures are in millions
2. Figures are in USD

Osmium: Values, Offices, and Financial Figures

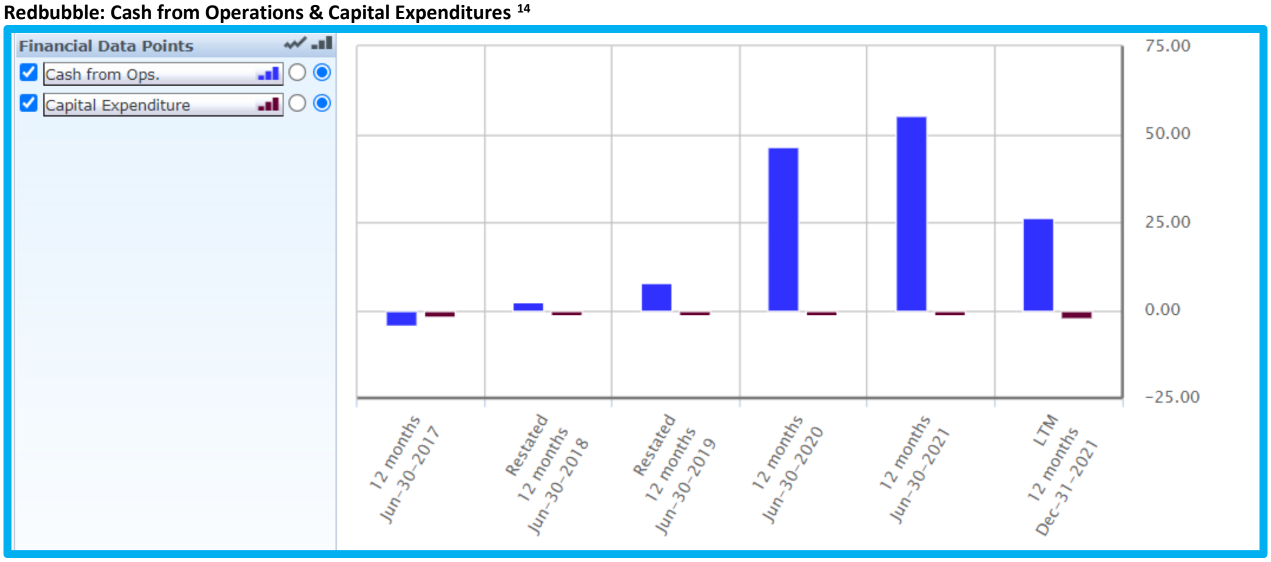
	Etsy	Redbubble
Values		
	- Democratizes Entrepreneurship	- Platform Built On Supporting Artists
	- Sellers Run Own Business	- Supporting Creatives
	- Sellers Are Self Reliant	- Inspiring Good
	- New Business Model	- Multi-sided marketplace
	- Income From Creative Pursuit	- Income From Creative Pursuit
	- Supporting Creatives	- Supporting Creatives
	- Commit To Our Craft	
	- Minimize Waste	- Zero Waste Retailer
	- Embrace Differences	- Made One At Time
	- Dig Deeper	
	- Lead With Optimism	- Environmentally Friendly
Offices		
Berlin	x	x
New York City	x	x
San Francisco	x	x
Melbourne		x
Office Overlap	**75%**	
Financial Figures		
Fixed Asset Turnover [1]	14	86
Inventory Turnover [1]	nmf	93
Cash Conversion Cycle [1]	-7.6	-9.6
% Revenue in US [2]	66.7%	67.5%
% Revenue in UK [2]	11.3%	11.2%

1. Turnover ratios and cash conversion cycle are as of the last 12 months
2. Revenue by geography is as of last fiscal year for RBL and ETSY

Etsy: Cash from Operations & Capital Expenditures [13]



Redbubble: Cash from Operations & Capital Expenditures [14]



Concluding Highlights: Why We believe Etsy and Redbubble are "Better Together!"

- Etsy sellers can monetize their portfolio of physical designs by converting them into *"digital twins"* that can be sold endlessly without effort, inventory, accounting, and shipping while earning a 20% royalty.

- Etsy could convert just 5% of its sellers and buyers to Redbubble then it would potentially yield approximately *$800 million in high margin incremental revenue*

[13] Source: Capital IQ
[14] Source: Capital IQ

- Etsy could acquire Redbubble for USD 1 billion (1/17th of market cap) and Etsy's revenue growth for 2022 would increase from 20% to nearly 40%. We believe *the near doubling of Etsy's revenue growth would add $3+ billion to Etsy's market cap.*

- *Etsy "House of Brands' M&A checklist is a perfect home for Redbubble's business model:* 75% office overlap, similar culture and values, and similar buyer/seller bases

- Etsy could achieve $2 billion in revenue: *20% EBITDA margins provide Etsy shareholders $400 million, and a 20% royalty provides artists with $400 million.*

We also believe that Redbubble could be better with eBay, Amazon, and Walmart Digital.

Point 5: All Redbubble Stakeholders Benefit

Redbubble has disappointed shareholders. The sell-side target upon IPO in 2016 was $2.10. Today, the sell-side target is $2.73, equating to a 4.5% compound annual growth rate. Meanwhile, Redbubble's revenue increased 257% over the same time and generated positive and significant cash flow. The following add insult to injury:

- 72% share price decline over the trailing 12 months
- Two -50% share price declines over the last 26 months
- Three different CEOs inside of 25 months
- 20 million shares short
- Despite an ASX listing, only 8% of the shares are owned by Australian firms that acquired their stakes after the IPO.
- Removed from the ASX 200 after seven months in December 2021

We believe a sale of Redbubble would benefit the following stakeholders:

- Employees may receive higher bonuses if they grow the business faster and increase margins
- Management can focus on scaling the business instead of spending most of their time with shareholders and analysts
- Customers could expect a better user experience
- Shareholders could potentially earn a substantial return on a very valuable business that public markets have long misunderstood.

Appointment of Michael McConnell to the Board

We request that Michael McConnell be considered for an immediate appointment to the Board. Mike formerly served as a Managing Director of Shamrock Capital Advisors, a private investment company managing private equity/hedge funds for the Roy E. Disney family and institutional investors. He led a $1.5 billion activist fund and was a member of the firm's Executive Committee. Additionally, he served as an interim CEO or Executive Chairman at four publicly listed companies to oversee and lead operational optimization and alignment programs and revised corporate strategies over the last decade. Over the last 24 years, he has served as a non-executive director at 16 listed companies in the US, Australia, New Zealand, and Israel and in all Board leadership roles. He recently served on the Board of Vonage (VG), which was sold to Ericsson for $6.2 billion. Moreover, Osmium appointed Mike to the Board of Vitacost Limited, which underwent a strategic alternatives process resulting in a sale to Kroger for $350 million. Mike has a BA from Harvard University and an MBA from the University of Virginia.

Finally, in our opinion, it is clear that a sale to a strategic buyer is simply better for everyone involved.

We are committed to unlocking shareholder value.

Sincerely,
John H. Lewis
Managing Partner

Contact: John Lewis: JL@osmiumpartners.com