



## APPENDIX 4D REPORT AND HALF YEAR UPDATE

- RB Group's audit reviewed results consistent with preliminary results provided with its Appendix 4C announcement on 29 January 2019
- 1H FY2019 RB Group Marketplace Revenue of \$142.9 million with year-on-year growth of 39.7%, slight increase of \$0.3 million from the previously reported figure
- Operating EBITDA profit of \$5.8 million and free cash flow of \$25.8 million for 1H FY2019 on track for positive result on both measures for full year
- 1H FY2019 Net loss after tax of \$2.2 million

**Melbourne, Australia; 26 February 2019:** Redbubble Limited (ASX: RBL), which owns and operates Redbubble and TeePublic, together the leading global marketplaces for independent artists, today lodged its Half Year Report (Appendix 4D) for the half ended 31 December 2018. All 1H FY2019 figures are on an RB Group basis, unless otherwise stated, which includes TeePublic for the two months to 31 December 2018. Reported growth rates are on a year-on-year basis, comparing 1H FY2019 figures, to 1H FY2018 which does not include TeePublic.

In conjunction with the lodgement of the Appendix 4D, Redbubble Group ("RB Group" or "Group") is providing a brief summary of its Income Statement down to net loss after tax for the first half of FY2019.

### 1H FY2019 Performance

RB Group reported its half year results including TeePublic for the two months to 31 December 2018 (pre audit review) with its Appendix 4C announcement on 29 January 2019. Following audit review, RB Group Marketplace Revenue has been lifted slightly by \$0.3 million due to revenue being recognised from alignment of revenue recognition policies between Redbubble and TeePublic, and Operating EBITDA increasing \$0.2 million as a result of that and other minor adjustments.

An updated Income Statement Summary with related commentary is provided. The key information provided with RB Group's Appendix 4C announcement has also been updated with the addition of net loss after tax and is shown below alongside previously reported figures:

- Marketplace Revenue of \$142.9 million (up 39.7%), previously reported as \$142.6 million
- Gross profit of \$52.1 million (up 47.4%), previously reported as \$51.9 million
- Gross profit after paid acquisition of \$36.7 million (up 42.9%), previously reported as \$36.6 million

- Cash operating expenses of \$30.9 million (up 33.9%), unchanged
- Operating EBITDA profit of \$5.8 million (up 122.4%), previously reported as \$5.6 million

The Group reported a net loss after tax of \$2.2 million (compared to a net loss after tax of \$2.3 million in the prior comparative period). Due to the nature and extent of the taxable loss generated in the half year, the Group has taken a conservative approach and not recognised the half year losses as an additional deferred tax asset. The income tax expense for the half year was \$0.8 million compared to an income tax benefit of \$0.3 million for the prior comparative period.

The Group also delivered free cash flow of \$25.8 million (aggregate operating and investing cash flow, excluding consideration for TeePublic) for 1H FY2019, previously reported as \$25.6 million. This increase was due to reclassification in the acquisition balance sheet of TeePublic.

### Healthy Marketplace Metrics

As reported with the Appendix 4C release, the RB Group marketplaces benefit from the mutually reinforcing value of a flywheel. Key marketplace metrics (shown below with growth rates on a year-on-year basis, comparing 1H FY2019 figures, to 1H FY2018 which does not include TeePublic) remain healthy:

- 1H unique customers<sup>1</sup> increased by 23.7% to 3.3 million
- 37.1% growth in 1H repeat customers
- 1H selling artists<sup>2</sup> increased by 41.2% to 279,000
- 1H visits to the sites<sup>3</sup> increased by 25.1% to 179 million, of which mobile (web and app) represented 58.0% (compared to 54.4% in 1H FY2018)

In addition, the Group reported on its membership work and the 1H FY2019 metrics (shown below with growth rates on a year-on-year basis, as compared to the six months ending 31 December 2017) were promising:

- Active members<sup>4</sup> grew 61% to 3.1 million
- Month 1 Revisit Rate<sup>5</sup> for new members increased from 15.7% to 21.3%
- Marketplace Revenue from members<sup>6</sup> grew by 113% reaching 25% of Group Marketplace Revenue
- Member Marketplace revenue per Active Member<sup>7</sup> grew 33%

### Looking Forward

RB Group remains focused on strategy to enhance the differentiated customer experience and accelerate the marketplace flywheel. For further details of RB Group's strategic priorities, please refer to the Appendix 4C announcement.

<sup>1</sup> Defined as an unique email address. Does not account for overlaps between Redbubble and TeePublic.

<sup>2</sup> 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.

<sup>3</sup> Obtained from internal management reports.

<sup>4</sup> Unique members who visited either the web or app platform while logged in at least once during the period.

<sup>5</sup> Percentage of new members who visited the app or site at least once between 30 and 60 days from signup during the period.

<sup>6</sup> 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.

<sup>7</sup> Total Marketplace Revenue from member purchases divided by total active members for the period.

In addition, RB Group still expects to generate a positive Operating EBITDA and cash flow result for FY2019.

**For further information, please contact:**

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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.

# 1H FY2019 Income Statement Summary - RB Group

P&L (A\$M)	1H		YoY (1H FY19 v 1H FY18)	
	FY18	FY19	Growth	CC Growth <sup>3</sup>
Total Revenue <sup>1</sup>	122.0	170.7	39.9%	31.9%
Less: Artist Revenue	(19.7)	(27.8)	40.7%	32.6%
Marketplace (MP) Revenue	102.3	142.9	39.7%	31.7%
Gross Profit	35.3	52.1	47.4%	38.8%
GP % (on MP Revenue)	34.5%	36.4%	1.9pp	1.9pp
Paid Acquisition	(9.6)	(15.4)	59.4%	50.2%
GPAPA (Gross Profit after Paid Acquisition)	25.7	36.7	42.9%	34.5%
GPAPA % (on MP Revenue)	25.1%	25.7%	0.6pp	0.5pp
Operating Expenses	(23.0)	(30.9)	33.9%	27.9%
Operating EBITDA <sup>2</sup>	2.6	5.8	122.4%	95.2%
Operating EBITDA % (on MP Revenue)	2.6%	4.1%	1.5pp	1.2pp
Other Income/Expenses	(1.7)	(3.8)	121.7%	138.9%
EBITDA Profit	0.9	2.1	123.6%	41.3%
Depreciation & Amortisation	(3.9)	(3.6)	(7.4%)	(8.7%)
Net Finance Income	0.3	0.1	(54.6%)	(53.4%)
Income Tax Benefit/(Expense)	0.3	(0.8)	(342%)	(319%)
Net Loss after Tax	(2.3)	(2.2)	5.8%	(20.1%)

## Commentary

- Figures include November and December contribution of TeePublic in 1H FY19 results
- Revenue, Gross Profit and Operating EBITDA show small increase when compared with Appendix 4C announcement due to alignment of revenue recognition policies between Redbubble and TeePublic
- Other Income/Expense includes non-cash share-based payments, currency gains/losses and one off costs associated with the TeePublic acquisition of \$1.2m in 1H FY2019
- Depreciation & Amortisation includes \$3.0m of amortisation of capitalised development costs
- In 1H FY19, the Group did not recognise any further Deferred Tax Assets from carried forward tax losses and non-refundable research and development tax offsets (refer to Note 7 of Interim Financial Report)

### Notes:

1. Inclusion of Artist Revenue (i.e. Margin) complies with the new revenue recognition standard which came into effect on 1 July 2018. As such, Artist Revenue (i.e. Margin) are now included in Total Revenue. Marketplace Revenue equates to the previous Revenue classification. Artist Revenue is also included in costs, negating any impact at a GP, GPAPA or EBITDA level.

2. Operating EBITDA is EBITDA excluding non-cash share-based payments, currency gains/losses and one off costs associated with the TeePublic acquisition of \$1.2m in 1H FY2019.

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.