**FY22 Full Year Results**

Redbubble achieves improved operating and financial momentum in 4QFY22

Melbourne, Australia; 17 August 2022: Redbubble Limited (ASX: RBL; ADR: RDBBY) today released its full year results\(^1\) for the twelve months ended 30 June 2022 (FY22).

**FY22 Operational Highlights**

- 809K selling artists across the two marketplaces, up 19% vs FY21, the largest number of selling artists ever
- 14.4 million active Redbubble members, down 7% vs FY21, up 32% vs FY20
- 68% of Marketplace Revenue (“MPR”) is recurring from existing artists, up from 60% in FY21 - reinforces annuity value of artist content
- 60% of MPR from organic (unpaid) channels, in line with FY21
- Continued positive momentum in repeat purchases, to 46% of MPR, up from 42% in FY21
- 60% of sales from mobile platforms, with 15% of Redbubble\(^2\) MPR from apps
- Days to ship reduced 28% in 2H22 and delivery time estimates reduced 1-5 days for 91 products
- AOV of $59.7 (on GTV) up 5% vs FY21, and up 9% in Q4FY22 vs pcp
- Average base price rise of approximately 6% implemented in May 2022
- Successful free shipping UK trial in May 2022

**4QFY22 and FY22 Financial Performance**

<table>
<thead>
<tr>
<th></th>
<th>4Q ($m)</th>
<th>$m Change</th>
<th>% Change</th>
<th>% CC</th>
<th>FY ($m)</th>
<th>$m Change</th>
<th>% Change</th>
<th>% CC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY21</td>
<td>FY22</td>
<td></td>
<td></td>
<td>FY21</td>
<td>FY22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GTV</td>
<td>124.2</td>
<td>125.9</td>
<td>1.6</td>
<td>1%</td>
<td>(3%)</td>
<td>700.7</td>
<td>629.6</td>
<td>(10%)</td>
</tr>
<tr>
<td>MPR</td>
<td>97.0</td>
<td>98.2</td>
<td>1.1</td>
<td>1%</td>
<td>(4%)</td>
<td>553.3</td>
<td>482.6</td>
<td>(13%)</td>
</tr>
<tr>
<td>Underlying MPR</td>
<td>92.2</td>
<td>95.9</td>
<td>3.7</td>
<td>4%</td>
<td>(1%)</td>
<td>484.9</td>
<td>472.2</td>
<td>(3%)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>39.0</td>
<td>39.0</td>
<td>(0.0)</td>
<td>(0%)</td>
<td>(5%)</td>
<td>222.7</td>
<td>183.1</td>
<td>(18%)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1.7</td>
<td>(8.9)</td>
<td>(10.6)</td>
<td>nm</td>
<td>nm</td>
<td>52.7</td>
<td>(11.2)</td>
<td>(63.9)</td>
</tr>
<tr>
<td>EBIT</td>
<td>(1.5)</td>
<td>(11.4)</td>
<td>(9.9)</td>
<td>nm</td>
<td>nm</td>
<td>39.4</td>
<td>(21.9)</td>
<td>(61.3)</td>
</tr>
<tr>
<td>NPAT</td>
<td>(8.7)</td>
<td>(10.7)</td>
<td>(2.0)</td>
<td>NA</td>
<td>NA</td>
<td>31.2</td>
<td>(24.6)</td>
<td>(55.8)</td>
</tr>
<tr>
<td>Op Cash Inflow</td>
<td>1.5</td>
<td>(2.9)</td>
<td>(4.4)</td>
<td>nm</td>
<td>nm</td>
<td>55.1</td>
<td>2.8</td>
<td>(52.3)</td>
</tr>
<tr>
<td>Cast at Bank</td>
<td>98.7</td>
<td>89.1</td>
<td>(9.6)</td>
<td>(10%)</td>
<td>NA</td>
<td>98.7</td>
<td>89.1</td>
<td>(9.6)</td>
</tr>
</tbody>
</table>

The table above includes non-IFRS measures. Non-IFRS measures are unaudited.

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\(^1\) The financial results have been audit reviewed and are on a delivered basis (unless otherwise noted). Strategic and operational metrics are from internal management reports and have not been audit reviewed.

\(^2\) For the Redbubble marketplace only. Excludes TeePublic.
Redbubble’s 4QFY22 and FY22 financial metrics (with YoY & pcp growth rates, where applicable) are:

- Q4FY22 MPR versus pcp up 1% to $98.2 million and gross profit flat at $39 million.
- Q4FY22 GP margin versus pcp was down 50bps to 39.7%.
- Q4FY22 EBITDA and EBIT loss of $8.9 million and $11.4 million respectively.

- Reported FY22 MPR\(^3\) of $482.6 million, down 13% or $70.7 million YoY.
- Underlying MPR\(^4\) of $472 million, down 2.6% YoY, up 33% since FY20.
- Artist revenue was $91 million, which is down 13% YoY, up 38% since FY20.
- GP\(^5\) of $183.1 million, down 18% YoY, up 36% since FY20.
- EBITDA loss of ($11.2) million, down from $52.7 million YoY.
- EBIT loss of ($21.9) million, down from $39.4 million YoY.
- NPAT loss of ($24.6) million, compared to a profit of $31.2 million in FY21.
- Operating cash inflow of $2.8 million, compared to $55.1 million in FY21.
- Closing cash balance at 30 June 2022 of $89 million.

**Strategic & Business Update - CEO Commentary**

“During FY22, Redbubble continued to execute against four strategic themes:

- Artist activation and engagement
- User acquisition and transaction optimisation
- Customer understanding, loyalty and brand building
- Product range and 3rd party fulfilment network improvements

“Actions taken by Redbubble during FY22 remain focussed on continued investment in our technology platforms, experiences for artists and their customers, and more recently our brand. This reflects our disciplined approach to investing to drive sustainable growth for the medium and long term.

“Overall, the Group’s outcomes demonstrate continued resilience across all three sides of the marketplaces, and importantly, financial performance and operating momentum improved in Q4FY22.

“Consistent with these strategic priorities, during FY22 we invested significantly in additional people to boost our internal capacity and capability, particularly within the product and engineering teams in the Redbubble.com business that are focused on improving our technical foundations. Ongoing COVID-19 impacts have resulted in talent pools being constrained in our four operating regions, and competition for individuals has been high. This has meant a slower build up of capacity than initially forecast, however we enter FY23 with a large proportion of hiring now complete.

“Pleasingly, we increased the number of both artists and their customers on our already well established platforms compared to prior years. To this end, the Group invested substantially in both the artist and

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\(^3\) FY21 Marketplace Revenue included $55 million and FY22 Marketplace Revenue included $10 million of mask sales. FY21 also included a $13 million delivery date adjustment and FY22 included a $0.3 million delivery date adjustment.

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\(^5\) Gross Profit is calculated based on Marketplace Revenue less fulfiler expenses, comprised of product and printing, shipping and transaction costs, and are equivalent to cost of goods sold.
customer experiences to improve loyalty and retention and to ensure long-term growth. Importantly, in FY22 artist uploads continued to grow from the prior-year, and the positive trend of purchases by repeat customers increased to 46% of Marketplace Revenue, up from 42%.

“In Q4FY22 the business grew MPR by 1% and delivered gross profit in line with the pcp. Gross profit margin was 39.7%, down 50bps from the pcp. Operating momentum improved relative to Q3FY22, with MPR and gross profit up 1.9% and 7.9% respectively. Importantly, GP Margin improved by 220bps in Q4FY22 relative to Q3FY22 to 39.7%.

“In Q4FY22 the business implemented some proactive measures to support Redbubble’s unit economics. In recognition of expected higher CODB, an average base price rise of ~6% was implemented in early May 2022; this was an average increase across the entire product range into all markets. To date, AOV has increased and there has been negligible impact on conversion from this change.

“To further support long term unit economics, and our continued focus on lowering shipping margins, we implemented a free shipping trial in the UK in early May 2022. The UK trial achieved a higher MPR offsetting the shipping cost, resulting in higher gross profit versus the preceding month. Given the positive outcomes of the UK trial, a US free shipping trial commenced in July 2022; both trials remain in place today.

“In order to achieve our medium term operational and financial aspirations, in FY22, the business continued to invest in building internal capacity and capability. This investment is reflected in the $21 million increase in Opex, with salary and wages the principal driver. The Group’s strong cash position enables it to continue this organic investment in FY23. The growth in additional FTE’s will slow considerably in FY23, to 4%, compared to the 30% growth in FY22. The salary and wages run rate will normalise in FY23 at an average of ~$7.0 million to $7.4 million per month. The Group commenced investment in the Redbubble brand in May; this program will accelerate from $1.1 million in FY22 to ~$8 million to $12 million in FY23.

**Medium Term Aspirations**

“We shared our medium term aspirations, to reach $1.5 billion in GTV and $250 million in annual Artist Earnings, in April last year. We remain committed to these aspirations, which includes growing marketplace revenue in line with historical CAGR of between 20-30%, and we continue to believe that the margin profile presented with these aspirations is achievable at that level of scale. In recognition of our current position, the solid progress we are making against our strategic priorities and the challenges faced by the Group to replace the ~$55 million in mask sales in FY21, we have updated our time-frame for these aspirations to the two-year period from FY26-FY27.

“In FY23, our investments will include the first phase of brand investment in the Redbubble business, and initiatives to grow revenue, improve scale and drive momentum across marketplaces. In turn, this will help to strengthen our competitive position and increase margins, enabling the company to continue on its mission to create the world’s largest marketplace for independent artists, bringing more creativity into the world.”

**FY23 Outlook**

- Revenue growth is expected in FY23, with the benefit of one-off mask sales in FY21 of ~$55 million now largely fully cycled.
Redbubble unit economics to remain compelling, supported by the ~6% average base price rise from early May 22, and with 60% of marketplace revenue from unpaid sources on a last-click attribution basis.

Forecast FY23 opex reflects:
- A slowing of new roles in FY23, down to 4%, from 30% growth in FY22;
- FY23 forecast FTE Salaries and Wages average run rate of between ~$7.0 million to $7.4 million per month, an increase of between ~$14 million to $18 million for the year; and
- FY23 forecast Redbubble brand investment of ~$8 million to $12 million (at constant currency) to build awareness that reinforces the path to our medium term aspirations.

Further information has been provided in the Investor Presentation also released today.

This announcement was authorised for lodgment by Redbubble Limited’s Board of Directors.

Michael Ilczynski (CEO) and Emma Clark (CFO) will host a conference call via live webcast this morning at 10.00am (AEDT) Wednesday 17 August 2022 || 5.00pm (PST) and 8.00pm (EST) on Tuesday 16 August 2022. Participants will need to PRE-REGISTER for the call via the link below:

https://s1.c-conf.com/diamondpass/10023080-h3mrsz.html

They will then receive a calendar invite and a unique code which is to be quoted when dialling into the call. To ask a question, participants will need to dial “*1” (star, 1) on their telephone keypad. A full transcript and recording of the webcast will subsequently be made available on the Redbubble Group Investor Centre website: shareholders.redbubble.com. The recording will also be available on openbriefing.com.

For further information, please contact: peter.kopanidis@redbubble.com

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, Redbubble.com and TeePublic.com. 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 the artists’ 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 Group. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.