



Chair's Address and Management Presentation at AGM

Melbourne, Australia; 28 October 2020

Attached is the text of the Chair's Address delivered by Anne Ward and Management Presentation delivered by Martin Hosking (CEO) and Emma Clark (CFO), at Redbubble Limited's (ASX:RBL) Annual General Meeting today, 28 October 2020.

This announcement was authorised for lodgment by the Chair of Redbubble Limited's Board.

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Chair's Address, Anne Ward

I will now provide my Chair's address. I was delighted to assume the role of Board Chair in March this year. I would like to thank my predecessor Richard Cawsey for his leadership and contributions to Redbubble over the past decade. Thanks also to Redbubble's co-founder Martin Hosking for coming out of retirement to step in as interim CEO in February. Martin is continuing as interim CEO whilst the Board completes a global search for a permanent Redbubble CEO. That search is progressing well and I look forward to making an announcement in that regard in coming months.

2020 has been a tumultuous year and I am proud of Redbubble's strong business performance during this challenging period. Like most businesses worldwide, at Redbubble we have had to adjust our ways of working to cater for remote working as the norm, and the company adapted quickly to these conditions. Our primary focus has been on the safety and well being of all our staff as we navigate these changes. The COVID-19 pandemic has also accelerated the shift to online retail platforms. Redbubble has benefitted from this shift, with strong growth evident across geographies and product categories. Our supply chain has proven to be highly resilient and largely unaffected by the pandemic. We rose to the challenge presented by COVID by swiftly designing and launching a new facemask product that has been an important sales contributor this year.

I would like to thank our wonderful community of committed artists, our valued third party fulfillers, content partners and our customers for their continued support – and thanks to our employees for their efforts and commitment this year.

Finally, I want to thank you, our shareholders. We will continue to focus on building long term value for you as we realise our ambition of creating the world's largest marketplace for independent artists and the world's best place to go for those wanting unique, custom made creative products.

I now call on Martin and Emma to provide you with the management update.

[End of Chair's Address]

Management Presentation

Martin Hosking, CEO:

Hi, I am Martin Hosking, the interim CEO of Redbubble. I am delighted to be with you to present the results for FY 2020 for Redbubble. We have previously shared this information with investors. So excuse me if it is somewhat of a reprise. Emma Clark, the CFO, will also summarise the financials.

2020 has been unbelievable. Most importantly I want to say that it has been an immensely difficult year for all the communities in which Redbubble operates and for all our employees and other stakeholders. Our greatest sympathy is for all those who have been ill. We are deeply thankful for all their carers and the essential service providers.

We are pleased that Redbubble has been able to play its role by keeping operating and providing our important service. As a consequence, Redbubble has emerged stronger and is well positioned for the future. Importantly, what we are seeing is bringing forward structural changes that were already underway. The trajectory of the Company has not changed; it has just accelerated. We have responded to events and are well positioned to ride out of it as the structural factors endure.

I would note that two weeks ago we released our Q1 results for FY 2021. These results confirmed the trends which I will be talking about - namely the strong financial underpinnings of the Company demonstrated during 2020.

Over the next few minutes, I want to look at the immediate phenomena but more importantly at the fundamentals as these point to the future of the Company.

The outline of what I will be talking about comes down to 3 fundamental trends. These trends combine, with the effect that Redbubble Group is realising our ambition of “creating the world’s largest marketplace for independent artists”.

I want to reflect here for a moment, because the actual and inherent value of the Group resides in the marketplace model. The CEO of ETSY, a US\$15 billion market marketplace for handmade goods, said:

“2-sided marketplaces like Etsy are lightning in a bottle. You can probably count on 2 hands the number of 2-sided marketplaces you can think of at scale. ... In any given year, venture capitalists fund thousands of companies who aspire to become a 2-sided marketplace and, statistically speaking, roughly 0 succeed. But, once they're vibrant, once you've got the flywheel going, they take on a life of their own and they're very durable. They're wonderful businesses. As hard as they are to create, they are incredibly valuable once they're built.”

The reason marketplaces are hard to create is that there is a wicked two sided problem: as without sellers there are no buyers and without buyers there are no sellers.

In Australia we understand how valuable marketplaces can be, once they get going, with SEEK and REA providing the best examples. Redbubble is one of a tiny number of truly global marketplace to have come out of Australia – and indeed one of the few in the world.

It is quite common with marketplaces for them to move through an acceleration point at some stage as they become mainstream. We have seen this with REA and SEEK. Etsy has also moved through this point over the last few years. I believe this is now the case with Redbubble. And it is so for the three reasons I will cover:

1. We are an emerging winner in a rapidly shifting landscape
2. This is reinforcing the inherent flywheel effects - effects that have been in play for some years

And finally

3. The on-demand business model enables us to match the demand created, efficiently and highly profitably.

I will now take each point.

Firstly RB Group is an Emerging Winner.

It is easy to think about the last five months as a passing phenomenon. Increasingly this is not plausible. When the Covid-19 crisis ends the landscape will be changed. More consumers have adopted online shopping and will continue to shop in this way. The underlying trend has been accelerated, it has not changed. Bricks and mortar was already struggling; that is not going to reverse. All the analysts are coming to the same conclusion and we are seeing that post lock-down, while offline retail does come back, online remains strong.

Millions of new consumers have been exposed to online. Many of them will continue to shop in this way.

This is particularly true, in the case of Redbubble and Tee Public, as the experience and products we provide do not exist in traditional retail.

The advantages of the Group's model over traditional retail has allowed both marketplaces to gain traction over many years.

The current situation is playing to these advantages: Specifically:

- Customers are seeking more differentiated and personalized offerings. Pre-covid the drab sameness of most malls and shopping experiences was already wearing on consumers. In the current environment, customers want even more to put their discretionary spending to

more relevant and differentiated offerings. The millions of designs on Redbubble and Tee Public allow this desire to be met.

- Secondly, because the content is created by thousands of independent artists, it is ever moving and always relevant. The long lead times and bulk ordering of traditional retail suited the world of brick and mortar. But even pre-covid, a disconnect was forming with the changing needs of customers. At Redbubble we do not need to concern ourselves with the next trend, theme or meme as the artists have got there first and already created something that meets the immediacy of the moment.
- Finally, this is all made possible by an on-demand business model. Products are not created until they are ordered. Redbubble's lead time for a new product is not months but minutes as orders are manufactured on-demand at one of the Group's fulfilment partners. For the company this dramatically improves economics not only against bricks and mortar but against traditional online retailers:
 - We have minimal capital expenses as they are borne by 3rd Party Fulfillers
 - We carry no inventory
 - We have no wastage or overstock
 - We always have the most relevant content whether it be a meme, a movement or an obscure interest.

These advantages manifest themselves in the financial results with increasing profitability. Pre-covid, Redbubble was already winning. The Covid crisis has accelerated these underlying trends.

That we were winning and are now just winning more is illustrated on this slide. Growth rates pre-covid were already enviable. In the second half of FY 2020 they were 48% y/y. They have accelerated through the ongoing situation: increasing to 107% in Q4 and in Q1 2021 were 116% year on year.

Growth is strong across all our markets. Unlike other Australian online retailers, less than 6% of Redbubble group sales are in Australia. We are targeting a global market of almost a billion consumers in North America and Europe. In the last quarter of 2020 growth was from all geographies with a particularly impressive performance in the United States at 121%. This is where the TeePublic marketplace is strongest.

I now want to talk about the Flywheel Dynamics.

I talked earlier about the Group's marketplace effects, but as we have seen Redbubble is a 3 sided not 2 sided marketplace. This creates a reinforcing growth cycle, which we refer to as the Flywheel and it is now operating at significant scale:

- In the last year we had 511,000 selling artists
- They attracted 6.8 million customers
- Who bought \$474 million from these artists
- With the products created from 41 fulfilment locations all over the world.

It is a flywheel because the more artists in the marketplace, the more relevant content and so more reason for customers to come. The more customers the better the fulfilment network becomes, and this in turn brings back more customers. And with more customers more artists are attracted. And so on it goes. For over a decade this flywheel has been moving at some speed. It has accelerated in the last few months.

Looking now at the artists.

This slide shows the breakdown of sales by artists from when they joined. What we see is that each cohort of artists continues to sell at the same or an increasing rate in subsequent years. This illustrates the point that more artists equals more sales and that it is cumulative. No other company on the internet has so many artists making so many sales to so many customers.

As we look to 2021 we will be doubling down on artists sales, in particular by utilising the know-how that Tee Public has to both market to artists and manage them to ensure that their sales increase in subsequent years,

The acquisition of Tee Public in 2019 partly explains the increased sales by the later cohorts in 2020 and we want to build on this by creating a single artist sales and marketing pipeline across the Group.

The number of selling artists across the Group goes up every year. Last year it increased by just over 50%, especially as the Covid 19 crisis drove more people to find alternative sources of income. As we have seen above, once on the site they will continue to sell.

It is worth noting that with artist earnings of \$67M last year there is no other Australian organisation, public or private, that has contributed as much to earnings of visual artists. Needless to say the artists love what we do for them and are prepared to say so. Artist sales and marketing costs have been historically negligible as word of mouth has driven acquisition.

As the artists have come, so too have customers with 6.8 million customers last year, growing at 33% per annum over the last 5 years. The customer growth has come with very low customer acquisition costs. Marketing spend is 11.4% of Marketplace Revenue vs 11-26% for peers.

The low spend reflects the dynamics of the marketplace with customers being attracted to the differentiated content through unpaid search or social channels. Our vast content library and diverse product types means we are not trying to sell the same common products as everyone else. This keeps customer acquisition costs low and is an ongoing area of differentiated development. For example we feed Google Shopping over 200 million skus. Few if any other companies would top this.

In 2020 content management systems and SEO improvements were areas of focus. As we look towards 2021 we will be putting in place more fundamental tools for a consumer product marketplace: in particular a Customer Data Platform for the Redbubble marketplace that will allow for full-life cycle tracking. We will be continuing the work on SEO at the Redbubble marketplace,

leveraging learnings from Tee Public. And we will continue the work at both marketplaces on low-cost customer acquisition by expanding channels and optimising data feeds.

While repeat customer growth has been at or above the growth of first purchases (36% vs 30% per annum growth over the last 5 years) we see a significant opportunity in improving loyalty and brand awareness. We particularly want to see as many of the millions of recent new customers coming back in the holiday season and beyond. In 2021 we will be working to build and differentiate the two brands in the marketplace and improve customer experience and loyalty at both brands.

In relation to loyalty, the apps on Redbubble are proving a winner. Currently 13% of sales on the Redbubble marketplace are via the apps and steadily increasing. Both marketplaces have succeeded in the mobile game. As illustrated mobile growth is very strong and over 50% of sales come from mobile devices.

The third arm of the marketplace is the fulfilment network. It is this network which enables an artist in Pretoria to sell a facemask to someone in Berlin. Without the network the group would be just another collection of images. And it is only when that final product arrives that the artist's and consumer objectives are realised.

The network has taken 13 years to build and is without parallel in any other company. At the current time 96% of all products sold are fulfilled by a partner local to the same geographic region as the customer who bought them. This gives robustness to the network and means customers generally enjoy quick delivery times and lower shipping costs. It is worth noting that Redbubble also utilises 24 shipping partners globally. Again providing for resilience and redundancy.

Over the Covid crisis the diversity in the network has meant we have been able to continue to serve all markets. Continuing to build out and localise the network remains a focus area and just this week mask production has been localised in Australia reducing delivery times from 2 weeks to a few days.

The fulfillment network not only accelerates the flywheel by improving the customer experience but by creating the platform for product scope expansion. As you can see on the left of this slide, each new product we add creates immediate value but then this value then continues to grow over time. With our diversity and depth, no other company can add as many products as efficiently on a global basis.

Further, the existence of the image library means we can immediately compete in new product categories. When the Group launched Facemasks in early April we did not do so with a few designs but with millions of designs. Some were created specifically for face masks but many more images already existed on the sites.

This is shown on the right hand side chart. Last year 4.1 million unique images were sold on 9.4 million product types. In effect, our image library increases in value the more products we add. Typically when the Group enters any new category whether that be facemask, jigsaw puzzles or

aprons we immediately become the largest provider of products on the Internet with those images. Thus our scale begets ever greater scale. The wonder of the flywheel.

And as I noted at the start, this fulfilment network comes at no capital cost and with the on-demand model we hold no inventory and have no wastage. The Redbubble group is fundamentally disrupting traditional retail with economics and product types they cannot match. This existed pre-covid and will endure post-covid.

And how far can it go? Well at 117 products we are just beginning to scrape the surface. 16 new products were added last year.

The Group currently utilises **11** different printing technologies to print on the current range of products. When we started only a few technologies existed as print-on-demand was in its infancy. New technology, and new applications for existing technologies, are being created every year. They have enabled very large products, such as doona covers and small complex products such as socks and satchels.

The tech has moved from just printing on blanks, such as t-shirts, to print-cut-sew techniques that allow for more fashion and pattern products, such as dresses. The areas of expansion for the group extend in all our category areas: apparel, accessories, home and wall art and electronics as well as new categories such as home office, nursery and baby and even pets.

This is a virtual cycle because we have the demand and the content which means all the fulfillers want to work with us to create the best, newest and most interesting products.

As the new products are added, reliance on any given product line or category has diminished. Thus the marketplace gets ever more resilient. It is particularly pleasing to me, to see the very strong recent growth in some of our older categories – homewares and artwork – as more customers are realising Redbubble provides a compelling home decoration solution.

And clearly the standout winner in recent times has been facemasks. Redbubble was able to rapidly enter this new market because of the content we have and our relationships with fulfillers and blank providers. The masks have provided material sales to the group during the historically weaker 4th quarter. Many of the customers who have come for masks will be targets for our full product set as we enter the holiday season and beyond.

I will now pass over to Emma Clark to take you through the FY2020 results in more detail.

Emma Clark, CFO:

Thank you Martin.

We are proud of the FY20 result that Redbubble Group has delivered including the Group's first EBITDA profit and first positive free cash flow since our IPO.

Even during a long running global pandemic, with our teams continuing to work from home, the business has shown both its resilience and longer term potential.

Full year marketplace revenue was \$349 million, up 36%. Revenue growth accelerated during the last quarter, and has continued to date. Strong growth rates have been experienced at both Redbubble and TeePublic marketplaces, and also across all core geographies, and product categories.

As Martin has already mentioned, the strength of FY20's topline results is also reflected in growth across the flywheel as we recorded approximately 511,000 selling artists, up 51% YoY, who sold to 6.8 million unique customers, up 30%. Repeat sales accounted for 40% of the total.

In fact, the Group has demonstrated a strong track record of growth since our IPO. This has been reflected across all lines of the P&L, with marketplace revenue growing at a compound annual growth rate of 32% over the last 5 years. This has been generated whilst increasing productivity within the Group, which is reflected in our increasing revenue generation per employee.

Consistently over the last five years, growth at the topline has flowed through to the rest of the profit and loss, with both gross profit and gross profit after paid acquisition growing in line with topline CAGRSs. In FY2020 and particularly in the fourth quarter, gross profit and gross profit after paid acquisition margins have improved further from prior years and this has pleasingly continued into Q1 of the current year.

The Group's profitability has increased along with topline momentum as during the year we expanded margins whilst controlling opex growth. Operating expenses were \$79.3m for the full year, including a one off \$2.2m provision as a result of the organisational restructure announced in June. The reorganisation exercise has structurally reset our cost base to a lower level which sets us up well to continue to generate profitable growth.

Speaking of profitable growth, the Group has demonstrated its profitability with a full year Operating EBITDA of \$15.3 million. Compared to the 2019 result of \$6.3 million, this represented a 141% improvement. It is also pleasing to report that we delivered our first positive EBITDA profit of \$5.1 million.

The cash generative power of the Group's capital light business model is also quite apparent. Our strong earnings combined with high levels of working capital advantage meant that the full year generated a positive cash flow result of \$38 million, we ended the year with \$58 million of cash providing a very solid balance sheet position. Our take rate continues to be higher than many other global marketplaces.

It's an exciting time for the Group, and we are making the most of it.

Thank you and I will now pass back to Martin.

Martin Hosking, CEO

Thank you Emma.

As we look towards 2021 we see a year of promise. The flywheel for the group is turning faster as we become more mainstream. Other marketplaces have shown that when this occurs you need to step on the gas to seize the opportunity. We will do so in 4 areas:

1. Artist activation and retention at Group level. This is to ensure we are the natural home for all artists on the Internet. We need to attract, retain and develop them as they are the foundation for the differentiated consumer experience
2. User acquisition and transaction optimisation. We have unique assets in the vast content library and diverse product types. This allows us to attract customers in a low cost way but it requires ongoing development activity as we are doing something that is genuinely unique
3. Customer understanding, loyalty and brand building: This is the biggest single opportunity for the Company. The improvements in loyalty we are seeing are encouraging. Both the Redbubble and Tee Public have very loyal customers and the brands are being built. We will be doubling down in this area in both marketplaces. The scale of the opportunity is vast as we are not talking about 25 million Australians but something like a billion in our core geographies.
4. Finally, new physical products and network expansion. We can add 100s of products and many more fulfilment partners. The technology is ever expanding and what seemed fanciful only a few years ago is now everyday. Adding new products and partners will increase the scale and scope of the marketplaces, attracting and satisfying more customers.

Thank you

[End of Management Presentation]

Chair's Address, Anne Ward

I will now provide my Chair's address. I was delighted to assume the role of Board Chair in March this year. I would like to thank my predecessor Richard Cawsey for his leadership and contributions to Redbubble over the past decade. Thanks also to Redbubble's co-founder Martin Hosking for coming out of retirement to step in as interim CEO in February. Martin is continuing as interim CEO whilst the Board completes a global search for a permanent Redbubble CEO. That search is progressing well and I look forward to making an announcement in that regard in coming months.

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Management Presentation

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This slide shows the breakdown of sales by artists from when they joined. What we see is that each cohort of artists continues to sell at the same or an increasing rate in subsequent years. This illustrates the point that more artists equals more sales and that it is cumulative. No other company on the internet has so many artists making so many sales to so many customers.

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Over the Covid crisis the diversity in the network has meant we have been able to continue to serve all markets. Continuing to build out and localise the network remains a focus area and just this week mask production has been localised in Australia reducing delivery times from 2 weeks to a few days.

The fulfillment network not only accelerates the flywheel by improving the customer experience but by creating the platform for product scope expansion. As you can see on the left of this slide, each new product we add creates immediate value but then this value then continues to grow over time. With our diversity and depth, no other company can add as many products as efficiently on a global basis.

Further, the existence of the image library means we can immediately compete in new product categories. When the Group launched Facemasks in early April we did not do so with a few designs but with millions of designs. Some were created specifically for face masks but many more images already existed on the sites.

This is shown on the right hand side chart. Last year 4.1 million unique images were sold on 9.4 million product types. In effect, our image library increases in value the more products we add. Typically when the Group enters any new category whether that be facemask, jigsaw puzzles or

aprons we immediately become the largest provider of products on the Internet with those images. Thus our scale begets ever greater scale. The wonder of the flywheel.

And as I noted at the start, this fulfilment network comes at no capital cost and with the on-demand model we hold no inventory and have no wastage. The Redbubble group is fundamentally disrupting traditional retail with economics and product types they cannot match. This existed pre-covid and will endure post-covid.

And how far can it go? Well at 117 products we are just beginning to scrape the surface. 16 new products were added last year.

The Group currently utilises **11** different printing technologies to print on the current range of products. When we started only a few technologies existed as print-on-demand was in its infancy. New technology, and new applications for existing technologies, are being created every year. They have enabled very large products, such as doona covers and small complex products such as socks and satchels.

The tech has moved from just printing on blanks, such as t-shirts, to print-cut-sew techniques that allow for more fashion and pattern products, such as dresses. The areas of expansion for the group extend in all our category areas: apparel, accessories, home and wall art and electronics as well as new categories such as home office, nursery and baby and even pets.

This is a virtual cycle because we have the demand and the content which means all the fulfillers want to work with us to create the best, newest and most interesting products.

As the new products are added, reliance on any given product line or category has diminished. Thus the marketplace gets ever more resilient. It is particularly pleasing to me, to see the very strong recent growth in some of our older categories – homewares and artwork – as more customers are realising Redbubble provides a compelling home decoration solution.

And clearly the standout winner in recent times has been facemasks. Redbubble was able to rapidly enter this new market because of the content we have and our relationships with fulfillers and blank providers. The masks have provided material sales to the group during the historically weaker 4th quarter. Many of the customers who have come for masks will be targets for our full product set as we enter the holiday season and beyond.

I will now pass over to Emma Clark to take you through the FY2020 results in more detail.

Emma Clark, CFO:

Thank you Martin.

We are proud of the FY20 result that Redbubble Group has delivered including the Group's first EBITDA profit and first positive free cash flow since our IPO.

Even during a long running global pandemic, with our teams continuing to work from home, the business has shown both its resilience and longer term potential.

Full year marketplace revenue was \$349 million, up 36%. Revenue growth accelerated during the last quarter, and has continued to date. Strong growth rates have been experienced at both Redbubble and TeePublic marketplaces, and also across all core geographies, and product categories.

As Martin has already mentioned, the strength of FY20's topline results is also reflected in growth across the flywheel as we recorded approximately 511,000 selling artists, up 51% YoY, who sold to 6.8 million unique customers, up 30%. Repeat sales accounted for 40% of the total.

In fact, the Group has demonstrated a strong track record of growth since our IPO. This has been reflected across all lines of the P&L, with marketplace revenue growing at a compound annual growth rate of 32% over the last 5 years. This has been generated whilst increasing productivity within the Group, which is reflected in our increasing revenue generation per employee.

Consistently over the last five years, growth at the topline has flowed through to the rest of the profit and loss, with both gross profit and gross profit after paid acquisition growing in line with topline CAGRSs. In FY2020 and particularly in the fourth quarter, gross profit and gross profit after paid acquisition margins have improved further from prior years and this has pleasingly continued into Q1 of the current year.

The Group's profitability has increased along with topline momentum as during the year we expanded margins whilst controlling opex growth. Operating expenses were \$79.3m for the full year, including a one off \$2.2m provision as a result of the organisational restructure announced in June. The reorganisation exercise has structurally reset our cost base to a lower level which sets us up well to continue to generate profitable growth.

Speaking of profitable growth, the Group has demonstrated its profitability with a full year Operating EBITDA of \$15.3 million. Compared to the 2019 result of \$6.3 million, this represented a 141% improvement. It is also pleasing to report that we delivered our first positive EBITDA profit of \$5.1 million.

The cash generative power of the Group's capital light business model is also quite apparent. Our strong earnings combined with high levels of working capital advantage meant that the full year generated a positive cash flow result of \$38 million, we ended the year with \$58 million of cash providing a very solid balance sheet position. Our take rate continues to be higher than many other global marketplaces.

It's an exciting time for the Group, and we are making the most of it.

Thank you and I will now pass back to Martin.

Martin Hosking, CEO

Thank you Emma.

As we look towards 2021 we see a year of promise. The flywheel for the group is turning faster as we become more mainstream. Other marketplaces have shown that when this occurs you need to step on the gas to seize the opportunity. We will do so in 4 areas:

1. Artist activation and retention at Group level. This is to ensure we are the natural home for all artists on the Internet. We need to attract, retain and develop them as they are the foundation for the differentiated consumer experience
2. User acquisition and transaction optimisation. We have unique assets in the vast content library and diverse product types. This allows us to attract customers in a low cost way but it requires ongoing development activity as we are doing something that is genuinely unique
3. Customer understanding, loyalty and brand building: This is the biggest single opportunity for the Company. The improvements in loyalty we are seeing are encouraging. Both the Redbubble and Tee Public have very loyal customers and the brands are being built. We will be doubling down in this area in both marketplaces. The scale of the opportunity is vast as we are not talking about 25 million Australians but something like a billion in our core geographies.
4. Finally, new physical products and network expansion. We can add 100s of products and many more fulfilment partners. The technology is ever expanding and what seemed fanciful only a few years ago is now everyday. Adding new products and partners will increase the scale and scope of the marketplaces, attracting and satisfying more customers.

Thank you.

[End of Management Presentation]