



Half Year FY2020 Update

- RB Group delivers HY Operating EBITDA of \$10.1 million
- RB Group Total Revenue growth of 25% and Marketplace Revenue growth of 26%¹
- RB Group has reviewed its strategy and looks to enhance growth by:
 - Increasing focus on SEO, performance marketing and improving customer experience
 - Accelerating the launch of new products
 - Increasing investment in the fast growing Content Partnerships and licensed fan art segment
- 3Q QTD has seen encouraging growth for the Redbubble branded marketplace

Melbourne, Australia; 26 February 2020: Redbubble Limited (ASX: RBL), which owns and operates Redbubble and TeePublic, the leading global marketplaces for independent artists, today provided its strategic and financial updates for the half (HY or 1H) ended 31 December 2019. The financial results have been subject to audit review (unless otherwise noted) and strategic and operational metrics are from internal management reports and have not been subject to audit review.

HY FY2020 Financial Performance

Core Redbubble Group's ("RB Group" or "Group") HY FY2020 financial metrics (with YoY growth rates¹, where applicable) are:

- Total Revenue of \$213 million, up 25% (up 20% on a constant currency basis²)
- Marketplace Revenue of \$180 million, up 26% (up 21% on a constant currency basis)
- Gross profit of \$66 million, up 27% (up 23% on a constant currency basis)
- Gross profit margin up 0.3pp to 36.7% (based on Marketplace Revenue)
- Operating EBITDA profit of \$10.1 million, an improvement of \$3.2 million from a 1H FY2019 profit of \$6.9 million³
- EBITDA profit of \$4.3 million, an improvement of \$1.1 million from a 1H FY2019 profit of \$3.2 million³
- Free cash flow result of \$36.6 million⁴, improving from \$25.8 million in 1H FY2019⁵

¹ YoY growth rates based on TeePublic contributions from 1 Nov 2018.

² "Constant currency basis" reflects the underlying growth before translation to Australian dollars for reporting purposes. Redbubble sources about 94% of its Marketplace Revenue in currencies other than Australian dollars. TeePublic sources most of its Marketplace Revenue in US dollars.

³ Following the accounting change (AASB 16) effective 1 July 2019, lease charges have been shifted below the EBITDA line and this had a net impact of \$0.3m on the YoY comparison of both metrics. That is, this boosted both Operating EBITDA and EBITDA by \$1.4 million in 1H FY2020 and 1H FY2019 comparative figures were adjusted upwards by \$1.1 million.

⁴ Aggregate operating and investing cash flows. FY19 figures exclude consideration for TeePublic.

- Closing cash balance at 31 December 2019 was \$65.2 million

The Group's Marketplace Revenue growth was the result of strong trading continuing at TeePublic, whilst growth headwinds seen at Redbubble and disclosed in early December persisted through the remainder of the month. Since then, in the 3Q QTD, the Redbubble branded marketplace has seen encouraging topline growth above 1H trends.

The Redbubble branded marketplace maintained its economics despite the recent growth headwinds, whilst the TeePublic branded marketplace has been an excellent contributor to Group financial performance. RB Group's take rate⁶ remain strong. At the Group level, 1H GP margins benefited from enhanced scale, whilst efficient and profitable paid marketing efforts have seen GPAPA⁷ grow at 26%, a similar rate to both Marketplace Revenue and Gross Profit. The Group's positive 1H Operating EBITDA results were driven by profitability across both Redbubble and TeePublic branded marketplaces.

Further 2Q and 1H FY2020 numbers and analysis are provided in the attached presentation and can be referenced in the Director's Report and 4D Financial Statements.

Business Update

RB Group continues to demonstrate progress in areas that are critical to marketplace growth and capturing the business's long term potential.

For the Redbubble branded marketplace, key initiatives are continuing to power the business:

- **Artists:** Product Revenue⁸ from authentic sellers⁹ on Redbubble grew by 15% in 1H FY2020 and now represent 66% of Redbubble Product Revenue
- **Membership:** During 1H, Marketplace Revenue from members¹⁰ grew by 64%, being 42% of Redbubble Marketplace Revenue, and there were 5.2 million active members on Redbubble during 1H
- **Mobile App:** Marketplace Revenue from Redbubble apps saw growth of 122% in 1H and represented 10% of Redbubble Marketplace Revenue. The Redbubble Android app had launched in October 2019
- **Marketing:** RB Group remains profitable on the first transaction and 1H marketing spend was 11.0% of Marketplace Revenue, below many online marketplace and ecommerce peers
- **Content Partners:** RB Group has on-boarded a total of 58 brands, with 3 new brands added in 2Q. Licensed content grew to 720,000, up 32% QoQ

⁵ The AASB 16 change also increased 1H FY2020 free cash flows by \$1.3 million, and 1H FY2019 comparative figures adjusted upwards by \$1.0 million.

⁶ Take rate is defined as Gross Profit as % of Gross Transaction Value. Gross Transaction Value less Taxes and Artist Revenue is equal to Marketplace Revenue.

⁷ Gross Profit After Paid Acquisition (Marketing).

⁸ Does not include shipping income.

⁹ Defined as those artists that tend to upload high quality, original works which resonate well with customers. Data Science work during 2018 has helped identify this critical segment at Redbubble and significant development investment has been focused on increasing the output of this group. TeePublic's artists are yet to be segmented.

¹⁰ Marketplace Revenue from Members comes from Redbubble only and contribution is measured on a Redbubble basis only.

- **New Products:** 12 new products launched since May 2019. New products across the Group contributed ~\$10 million in 1H Group Marketplace Revenue representing ~6%

For the TeePublic branded marketplace, 1H efforts focused on the following aspects:

- **Paid Marketing:** Driving strong growth profitably across paid channels, particularly Google Shopping
- **Europe:** Benefitted from roll out of geo-location redirect and localised currencies in UK, EU, Canada and Australia
- **New Products:** 2 new products launched during 1H (magnets and pins) exceeded expectations
- **Supply Chain:** Leveraged Group scale and network during the peak holiday season to meet the surge in volumes

Strategic Update

RB Group Board and management have completed a review of the company strategy. The business has established strong fundamentals and is committed to investing and realising its full potential. Efforts continue to grow the customer base and enhance the user experience. SEO and performance marketing remain important growth drivers for RB Group. Progress is also being made in areas of strategic focus that are critical to driving long term marketplace growth.

At its core, the Group is a business powered by high quality content, launching new products and increasingly, Content Partnerships enabling licensed fan art. The strategy review supported the work the company has already progressed in new product capabilities and in the Content Partnerships business. These initiatives will fill sizable gaps in RB Group's content library and each area represents a large and sustained pool of high ROI growth. Therefore the company's focus remains on continuing to invest in its current growth initiatives, with RB Group seeking to establish authoritative positions in key content and product categories. There is significant value across these initiatives, with increasing upside as they reach and gain scale to further propel the flywheel.

Looking Forward

The business is focused on both short term execution consistency and delivering on long term growth investments. The balancing act that is required may continue to see growth variability in the near term, even as some of the prior strategic work generates impact.

Looking ahead to the second half of FY2020, key priorities are:

- Increasing focus on SEO, performance marketing and improving customer experience
- Accelerating the launch of new products
- Increasing investment in the fast growing Content Partnerships and licensed fan art segment

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

For further information, please contact:

Louise Lambeth – Head of Investor Relations

louise.lambeth@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 hosted at Redbubble.com and TeePublic.com, powered by over one million 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 RB Group. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.