Redbubble Group (RBL.ASX)

Presented by Emma Clark, CFO

RB Group operates the leading global online marketplaces, Redbubble and TeePublic, powered by **over one million independent artists**, bringing more creativity into the world.

* Results and figures are quoted in AUD (unless otherwise specified) and select metrics are from internal management reports and have not been subject to audit.
RB Group operates two online marketplaces

Supply side

1.0 million artists active on RB marketplaces

48 brands on-boarded from content partners

32 3P product fulfilment locations across 3 continents

Demand side

5.4 million customers bought from RB marketplaces

$328m GTV on 94 awesome products

Note: As for FY2019, or as at 30 June 2019.
RB Group at forefront of a retail commerce revolution

*RB Group connects authentic artists and content partners with millions of loyal customers enabling personalised adventures in creativity*

- **Powered by the new gig economy**
- **Enabled by on-demand technology**
- **Tapping into shift towards personalisation**
RB Group has a huge addressable market

~US$280B<sup>1</sup> Total global online market for Apparel and Homewares<sup>2</sup> to grow at 10-14% p.a. to 2020

Within this market, **On-Demand Retail** is accelerating
- Personalised products on-demand will become more mainstream as technologies mature to support enhanced access to quality and affordable products


Notes:
1. RB analysis of the total market of customers seeking creative expression on lifestyle products (apparel, electronic accessories, homewares and stationery) Apparel = US$111B, Homewares = US$172B.
2. Homewares = furniture and household goods such as kitchen and bathroom accessories, textile furnishings, office supplies and stationery.
RB Group is a flywheel business

- **ARTISTS & CONTENT**: Personal content for a global audience, enjoyably and easily discovered
- **LOYAL CUSTOMERS**: Faster, easier, more affordable end-to-end experience
- **FULFILLMENT & OPERATIONS**: Positive signals inspire artists, and enable new products
- **Economies of scale enable operational excellence**
RB is propelled by a large artist community

Who continue to contribute to a large library of content

Large and growing community of ~1 million independent artists

Active artists (in millions, FY15 - FY19)

Growing content library

24.1 million

Active art works

Evergreen content a vital asset

~60% of revenue

From works published for 1+ years

Large group of top artists

~80% of sales

Made by 33,000 artists

Negligible artist acquisition costs

Strong artist retention

3.3 years

Average artist tenure

Source: RB internal data.

Notes:
1. As at FY19.
2. Based on the average tenure of all active artists as at FY19.
RB competes in six categories with new products a driver of growth

Scalable new product launches to further growth across the Group

Product contribution (% of Marketplace Revenue, FY15 - FY19)

Source: RB internal data.
Content partners connecting with fans via RB platform

48 licensed brands and ~350,000 pieces of licenced content

Examples of brands on-boarded during FY19

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q FY19</td>
<td>Orphan Black, Zorro</td>
</tr>
<tr>
<td>2Q FY19</td>
<td>Rick and Morty, Alfred Hitchcock</td>
</tr>
<tr>
<td>3Q FY19</td>
<td>Hell’s Kitchen, Steven Universe</td>
</tr>
<tr>
<td>4Q FY19</td>
<td>Billions, Star Trek</td>
</tr>
</tbody>
</table>

Partners say that RB marketplaces are...

“A superhighway that can take brands directly to some of their most passionate fans.

Licensors can use the marketplace[s] to increase loyalty, manage fan-generated content on the web, execute instant promotions to a wide base of people already enthusiastic about their brand, and more.” - Long-time licensing executive

Notes:
1. As at the end of FY19. Content refers to product and work combinations.
Large and growing base of delighted RB customers
With upside potential from deeper relationships

RB marketplaces are online shopping destinations for 5.4 million unique customers

Unique customers¹ and Marketplace Revenue (in millions and $ millions, FY15 - FY19)

Customers love their experiences on both Redbubble and TeePublic....

Net Promoter Scores (NPS)²,³

68
52

..... and there is further upside from improving customer engagement and loyalty

1.1 average orders per customer per year

Source: RB internal data.

Note:
1. Defined as an unique email address. Does not account for overlaps between Redbubble and TeePublic.
2. Redbubble NPS is a sales-weighted average for survey responses received during FY2019 (as approximated by responses to orders shipped one month earlier)
3. TeePublic NPS is based on CY2018 survey responses for all customers and may include some responses from customers who purchased 12 months ago, i.e. from Jan - Dec 2018
RB is focused on growing four regions

Redbubble growth in EU supported by new languages with similar opportunity for TeePublic

Geographic contribution (% of Marketplace Revenue, FY15 - FY19)

Source: RB internal data.
RB is building deeper relationships with customers
Shift from earlier transactional orientation

Accelerating base of active members\(^1\) on Redbubble as customers convert to membership

Active members on Redbubble within each period (in millions, FY17 - FY19)

<table>
<thead>
<tr>
<th>Year</th>
<th>Active Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>2.8</td>
</tr>
<tr>
<td>FY18</td>
<td>3.7</td>
</tr>
<tr>
<td>FY19</td>
<td>5.7</td>
</tr>
</tbody>
</table>

CAGR: \(\uparrow 41\%\)

Redbubble sales\(^1\) from members growing strongly and now contributing a meaningful share

Redbubble Marketplace Revenue from Members per period (A$ millions, FY17 - FY19)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (A$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>22.9</td>
</tr>
<tr>
<td>FY18</td>
<td>30.7</td>
</tr>
<tr>
<td>FY19</td>
<td>64.2</td>
</tr>
</tbody>
</table>

CAGR: \(\uparrow 68\%\)

\(^{1}\) Total web and app members visiting Redbubble and Marketplace Revenue from Redbubble members within each period.
Attractive economics: take rate\(^1\) of 29%

RB benefits from a favourable working capital cycle

Source: RB internal data. Analysis based on FY19 figures.

Notes:
1. Take rate is Gross Profit as % of Gross Transaction Value.

<table>
<thead>
<tr>
<th>Inflows</th>
<th>Outflows</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$100</strong></td>
<td><strong>$2.7</strong></td>
</tr>
<tr>
<td>GTV</td>
<td>Payment Platform</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>0</th>
<th>1-3 days</th>
<th>~2 weeks</th>
<th>~4 weeks</th>
<th>~3 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>$97.3</td>
<td>$15.3</td>
<td>$46.6</td>
<td>$6.4</td>
</tr>
</tbody>
</table>

RB Group take rate

$29.1
Economies of scale emerging at current size

**GP margins gradually rising as supply chain efficiencies continue**

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Profit as % of Marketplace Revenue (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15</td>
<td>33.0%</td>
</tr>
<tr>
<td>FY16</td>
<td>35.0%</td>
</tr>
<tr>
<td>FY17</td>
<td>37.0%</td>
</tr>
<tr>
<td>FY18</td>
<td></td>
</tr>
<tr>
<td>FY19</td>
<td></td>
</tr>
</tbody>
</table>

- Increased scale generating optionality within fulfiller and shipping network
- Sustainable and ongoing margin improvement

**Sustainable reduction in core operating costs as % of sales**

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating expenses as % of Marketplace Revenue (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15</td>
<td>35.0%</td>
</tr>
<tr>
<td>FY16</td>
<td>27.5%</td>
</tr>
<tr>
<td>FY17</td>
<td>20.0%</td>
</tr>
<tr>
<td>FY18</td>
<td></td>
</tr>
<tr>
<td>FY19</td>
<td></td>
</tr>
</tbody>
</table>

- Disciplined management of cost base
- Automation slowing cost growth
- Focus on efficient growth investments
Summary of TeePublic acquisition performance
RB Group generating scale and growth benefits across both platforms

Realised $1.3m of benefits in FY19\(^1\)

- Diversifying supply chain to enable fulfilment cost savings from joint scale and mitigate network risk
- Implementing features and other changes from shared insights
- Expansion of Content Partnership brands to TeePublic
- Leveraging Group functions in Marketplace Integrity, Finance, Legal and People & Culture

...with more benefits to be delivered as integration continues to progress

- Extend on savings with greater integration of supply chains
- Enhance artist tools and services and enable easier access to share content across both brands
- Build shared marketing and cross-brand planning
- Share localisation capabilities to support TeePublic’s growth ex-US
- Collaborate on new product insights and launches

Notes:
1. Benefits captured from date of acquisition to end of FY19 (eight months from 1st Nov 2018 to 30 June 2019) and considered Operating EBITDA accretive.
Clear opportunities to propel flywheel for growth

**Artists & Content**
1. Authentic content
2. New products

**Customers**
3. Deeper relationships
4. Brand-driven customer growth
Adjacent growth horizons

- Artist services
- Wholesale on-demand
- Asia expansion
- Selective white labeling
- Retail footprint
- Disciplined inorganic pursuits
RB investment opportunity

- Loved by consumers seeking personalized creative adventures with emerging brand and deepening relationships
- On-demand content supply market leader - valuable back catalog, generative artists, fan art partners, scaling 3P fulfilment / operations
- Large addressable market trending toward on-demand commerce
- Flywheel effects strengthening the moat
- Range of low risk growth opportunities in core and adjacent
- Robust economics as growth enables margin upside, opex leverage and positive cash flows
- Management team that delivers: ~6x gross profit growth since FY2014
Disclaimer

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