



15 February 2023

Redbubble Limited 1HFY23 Results

The Redbubble Limited (ASX:RBL) group (the Group) announces its results for the half year ended 31 December 2022 (1HFY23). This follows the release of unaudited preliminary financial metrics on 18 January 2023, which have not changed. The Group's Profit and Loss statement is attached to this announcement.

1HFY23 overview

- 2QFY23 Marketplace Revenue (MPR)¹ up 3% on the prior corresponding period (pcp), and up 5% on an Underlying² basis. 1HFY23 MPR of \$289.3 million, in line with the pcp
- TeePublic continued to deliver a strong performance, with double-digit MPR growth resulting in its highest quarter to date
- Experimented with promotional initiatives to drive MPR growth and improve proportion of revenue from repeat purchases, which increased to 47% during 1HFY23.³ Refining use of promotional initiatives to protect margins going forward
- Began testing of AI technology to understand how it could significantly enhance the Redbubble marketplace's content quality and search and discovery experience. Early results are positive and expect to implement at scale in calendar year 2023
- Step-change in the Redbubble marketplace's partner program with launch of Netflix fan-art licensing agreement
- Implementing cost-reduction initiatives aimed at returning the Group to cash flow positive by the end of calendar year 2023⁴
- As the Group is focused on maximizing its Gross Profit After Paid Acquisition (GPAPA), FY23 MPR guidance revised to be slightly below FY22 MPR. Reaffirmed FY23 GPAPA margin guidance for GPAPA margin to be higher than 1HFY23 but below FY22 GPAPA margin

Michael Ilczynski, CEO of Redbubble Limited, said, "The Group delivered a solid MPR result this half, driven by strong apparel sales across both marketplaces and TeePublic's double-digit MPR growth. We are particularly pleased by TeePublic's performance as it reinforces our conviction that the marketplaces are well placed to benefit from macroeconomic tailwinds over the long term. TeePublic's performance also provides valuable insight into how we can improve the Redbubble marketplace, particularly in relation to content.

¹Marketplace Revenue is total revenue less artist revenue.

²1HFY23 included \$0.7 million of mask sales (2QFY23: \$0.3 million), compared to \$7.9 million of mask sales in 1HFY22 (2QFY22: \$3.8 million). 1HFY23 also included a \$1.8 million delivery date adjustment (2QFY23: \$0.2 million), and 1HFY22 included a \$3.2 million delivery date adjustment (2QFY22: \$0.8 million).

³Proportion of MPR from purchases made by customers who have previously purchased, regardless of the date of their initial purchase.

⁴Our ability to achieve this aim is highly dependent on consumer demand, foreign exchange rates, geographic and product mix.



“Enhancing the Redbubble marketplace’s content quality and search and discovery is a primary focus for the Group to ensure customers can find products among four billion listings which appeal to their specific interests and needs. We are uniquely positioned to benefit from recent improvements in AI, which could revolutionize search and discovery of artists’ content and greatly enhance new and existing customers’ experience. Early signs are positive and we expect to roll-out implementation of this technology at scale this calendar year.

“MPR from repeat purchases increased 5% in 1HFY23, compared to the pcp, which led to a record-high proportion of revenue from repeat purchases of 47%. This uptick is driven by a number of operational improvements across both marketplaces that we progressed during the half, including experimenting with new promotional activities, securing a fan-art licensing agreement with Netflix and improving the post-purchase experience for artists’ customers.

“As we look ahead, we expect market conditions to remain challenging in the short term. Accordingly, we have narrowed our near-term priorities to focus on those which will assist us to improve our GPAPA margin and accelerate our return to cash flow positive. We have also implemented a number of cost-saving initiatives, which we expect will reduce our cost base by approximately \$20 million to \$25 million on an annualized basis. We believe that we are taking the necessary steps now to position our business to capitalize on the Group’s tremendous potential and deliver long-term shareholder value.”

FY23 guidance

In January 2023, the Group revised its FY23 guidance, given the Redbubble marketplace’s performance in 2QFY23, as well as initial January trading. In this environment, we have remained focused on optimizing our price, promotional activity and paid marketing to maximize GPAPA and our GPAPA margin improved significantly in January.

Going forward, we will continue to focus on maximizing GPAPA. Due to this approach, in addition to continued softness in demand, particularly in our largest markets, the US and UK, we now expect the Group’s FY23 MPR to be slightly below FY22.⁵

Our FY23 GPAPA guidance is unchanged and we continue to expect the Group’s FY23 GPAPA margin to be higher than 1HFY23 (17.9%) but below FY22 GPAPA margin (22.1%).⁵

In August 2022, we forecasted the Group’s FY23 operating expenditure to between \$135 million and \$145 million. Due to the cost-reduction initiatives announced in January 2023, which are now largely implemented, we expect FY23 operating expenditure to be between \$125 million and \$135 million. This

⁵ This guidance assumes that there is not a significant change to current levels of consumer demand, foreign exchange rates or geographic and product mix.



does not include one-off restructure costs of approximately \$2.1 million in 3QFY23, related to these initiatives.

Market briefing

Michael Ilczynski (CEO) and Mark Hall (Interim CFO) will host a market briefing at 10.00am (AEDT) Wednesday 15 February 2023 | 3.00pm (PST) and 6.00pm (EST) on Tuesday 14 February 2023.

Please register for the webcast via the following link:

<https://webcast.openbriefing.com/rbl-1hfy23-150223/>.

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

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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, 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. Redbubble Group disclaims any responsibility for the accuracy or completeness of any forward-looking statement. Redbubble Group disclaims any responsibility to update or revise any forward-looking statements to reflect any change in



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Appendix 1: 1HFY23 and Q2FY23 Profit and Loss Statement (\$ million)

This table should be read in conjunction with the Group's financial statements for the six months ending 31 December 2022.

	2Q		YOY 2Q FY23 v 2Q FY22	1H		YOY 1H FY23 v 1H FY22
	FY22	FY23	Growth	FY22	FY23	Growth
Total Revenue	214.9	222.6	4%	341.6	343.8	1%
Less: Artist Revenue	(32.7)	(34.2)	5%	(53.5)	(54.5)	2%
MPR	182.2	188.5	3%	288.1	289.3	0%
Gross Profit	65.7	61.9	(6%)	108.1	101.3	(6%)
Gross Profit Margin	36.0%	32.9%	(3.2)pp	37.5%	35.0%	(2.5)pp
Paid Acquisition	(29.3)	(33.4)	14%	(44.6)	(49.5)	11%
GPAPA	36.4	28.6	(21%)	63.4	51.8	(18%)
GPAPA Margin	20.0%	15.2%	(4.8)pp	22.0%	17.9%	(4.1)pp
Brand Investment	0.0	(2.3)	n/a	0.0	(6.1)	n/a
Operating Expenses (excl Brand)	(29.6)	(33.5)	13%	(52.9)	(63.6)	20%
Operating EBITDA	6.8	(7.2)	nm	10.5	(18.0)	nm
Other Income/Expenses	(2.7)	(1.4)	(48%)	(2.5)	(5.2)	107%
EBITDA	4.1	(8.6)	nm	8.0	(23.2)	nm
Depreciation & Amortisation	(2.8)	(2.5)	(9%)	(5.7)	(4.9)	(13%)
EBIT	1.4	(11.1)	nm	2.3	(28.2)	nm