



22 August 2023

Redbubble Group FY23 Results

Redbubble Limited (ASX:RBL) and its subsidiaries (the Group) announces its results for the fourth quarter of FY23 (4QFY23) and the full year ended 30 June 2023 (FY23). The Group's profit and loss statement is attached to this announcement.¹

Overview

- Co-Founder and largest shareholder, Martin Hosking, appointed Chief Executive Officer (CEO) and Managing Director in March 2023. Operational review completed and steps taken to return to growth and achieve sustainably positive underlying cash flow²
- 4QFY23 Gross Profit After Paid Acquisition (GPAPA) margin of 28.5%, 550 basis points above the prior corresponding period (pcp) and 350 basis points above the historical average, as the Group successfully reduced its cost of goods sold (COGS), introduced artist account categories and associated fees for some accounts and improved its paid marketing efficiency. Despite the improved performance in 4QFY23, the FY23 GPAPA margin was down 120 basis points on the pcp to 20.9%, due to the Group's softer performance in the first half
- 4QFY23 Marketplace Revenue (MPR)³ of \$89.9 million, down 8% on the pcp, and FY23 MPR of \$467.5 million, down 3% on the pcp, reflecting the Group's focus on maximising GPAPA and weaker trading conditions in the US in the second half
- Reduced operating expenditure by approximately \$45 million on an annualised basis. Full benefit realised from the start of FY24
- Market conditions expected to remain challenging in the near term. The Group expects FY24 GPAPA margin to be between 23% and 26% and its FY24 operating expenditure to be between \$92 million and \$100 million⁴

Martin Hosking, said, "Since being appointed CEO in March, I have undertaken a detailed review of the Group's operations, financial position and its operating environment. This process reinforced my view that the Group consists of two well-established marketplaces, with strong unit economics. It also highlighted that the Group did not adjust quickly enough to an evolving operating environment in the post-pandemic world. We have learnt from these mistakes and taken decisive actions to rightsize our cost base and accelerate our return to positive underlying cash flow. It is significant that we are

¹ All references to dollar amounts or figures are in AUD unless stated otherwise.

² Underlying cash flow defined as operating EBITDA less payments for capitalised development costs, leases and property, plant and equipment (PPE). Our ability to achieve this aim is highly dependent on consumer demand, foreign exchange rates, geographic and product mix.

³ Marketplace revenue is total revenue less artist revenue.

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



beginning the new financial year on stable footing, with neutral underlying cash flow achieved in July 2023.

“During the second half of the year, we focused our efforts on a narrow set of priorities. This included rolling out a dynamic order routing system for the Redbubble marketplace in the US, introducing artist account tiers on the Redbubble and TeePublic marketplaces and optimising our paid marketing spend. Our 4QFY23 GPAPA was 13% higher than the pcp and our GPAPA margin was 28.5%, up 550 basis points, on the pcp.

“We also implemented a number of cost-saving measures, which reduced our operating expenditure by approximately \$45 million on an annualised basis. Throughout this process, we were careful to maintain sufficient resources to deliver our priority initiatives, achieve a return to growth and position the Group for long-term success.

“As we look ahead, we remain cautious and expect market conditions to remain challenging. As a result, we are focused on what we can control - ensuring we are operating as efficiently as possible and maintaining strong cost discipline. We continue to believe in the potential of our two marketplaces, Redbubble and TeePublic, and are confident that both businesses can deliver sustainable growth.”

FY24 guidance

The Group expects trading conditions to remain soft in its key markets, particularly the US, in the near term. In this environment, it will remain focused on optimising COGS, promotions and paid marketing activities to maximise GPAPA. The Group expects its FY24 GPAPA margin to be between 23% and 26%.

The Group expects to see the full benefit of cost-saving measures implemented in FY23 in FY24. As a result, combined with a continued focus on strong cost discipline, it expects its FY24 operating expenditure to be between \$92 million and \$100 million.

After achieving neutral underlying cash flow in July 2023, the Group is aiming to deliver positive underlying cash flow for FY24.

American Depositary Receipts Program

The Group has terminated its Level 1 American Depositary Receipts Program (ADR Program) due to the Group’s ongoing focus to reduce its operating expenditure and reflecting the limited take up of the program by investors.

The Group’s nominated depository bank, the Bank of New York Mellon (BNYM), has advised ADR holders on the termination process, including how to convert ADRs into RBL ordinary shares.



Market briefing

Martin Hosking and Rob Doyle (CFO) will host a market briefing at 9.30am (ADT) Tuesday 22 August 2023 | 4.30pm (PDT) and 6.30pm (EDT) on Monday 21 August 2023.

Please register for the webcast via the following link: <https://webcast.openbriefing.com/rbl-fyr-2023/>.

This announcement was authorised for lodgment by the Redbubble Limited Board.

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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 Redbubble Group's financial condition, status or affairs or any change in the events, conditions, or circumstances on which a statement is based, except as required by law. The projections or forecasts included in this announcement have not been audited, examined, or otherwise reviewed by the independent auditors of Redbubble Group. You must not place undue reliance on these forward-looking statements.



Appendix 1: 4QFY23 and FY23 Profit and Loss Statement (AU\$million)

This table should be read in conjunction with the Group's financial statements for the twelve months ending 30 June 2023.

P&L	4Q FY22	4Q FY23	% change	% cc change	FY22	FY23	% change	% cc change
Total Revenue	116.9	106.0	(9%)	(15%)	573.4	555.1	(3%)	(8%)
Less: Artist Revenue	(18.8)	(16.2)	(14%)	(19%)	(90.8)	(87.6)	(4%)	(8%)
MPR	98.2	89.9	(8%)	(14%)	482.6	467.5	(3%)	(8%)
Gross Profit	39.0	39.2	1%	(6%)	183.1	174.2	(5%)	(10%)
Gross Profit Margin	39.7%	43.7%	4.0pp	4.0pp	37.9%	37.3%	(0.7)pp	(0.7)pp
Paid Acquisition	(16.3)	(13.6)	(17%)	(22%)	(76.4)	(76.6)	0%	(7%)
GPAPA	22.6	25.6	13%	6%	106.7	97.6	(9%)	(12%)
GPAPA Margin	23.0%	28.5%	5.5pp	5.5pp	22.1%	20.9%	(1.2)pp	(0.9)pp
Brand Awareness Project	(1.1)	0.0	(101%)	(101%)	(1.1)	(6.8)	530%	503%
Operating Expenses	(29.7)	(28.4)	(4%)	(9%)	(109.3)	(122.6)	12%	7%
Operating EBITDA	(8.1)	(2.7)	66%	64%	(3.6)	(31.8)	(773%)	(699%)
Other Income/Expenses	(0.8)	(2.2)	189%	(8%)	(7.6)	(8.9)	17%	22%
EBITDA	(8.9)	(4.9)	45%	53%	(11.2)	(40.7)	(263%)	(253%)
Depreciation & Amortisation	(2.5)	(3.1)	27%	25%	(10.7)	(10.7)	1%	(1%)
EBIT	(11.4)	(8.0)	29%	38%	(21.9)	(51.4)	(135%)	(126%)