



Redbubble Trading Update - 1QFY23

- Underlying Marketplace Revenue² (MPR) for 1QFY23 slightly below the prior corresponding period (pcp), down 2%
- MPR down 5% on a floating basis, and 8% on a constant currency basis
- Redbubble reiterates the FY23 Outlook provided in August 2022, with salary and wages to be towards the lower end of FY23 guidance range

Melbourne, Australia; 20 October 2022: Redbubble Limited (ASX: RBL; ADR: RDBBY) today provided a trading update relating to the first quarter (1QFY23) ended 30 September 2022.¹

1QFY23 Summary Financial Performance (Below table includes non-IFRS measures. Non-IFRS measures are unaudited)

	1Q (\$m)		\$m	%	% CC
	FY22	FY23	Change	Change	Change
GTV	142.2	134.9	(7.3)	(5%)	(8%)
MPR	105.9	100.8	(5.1)	(5%)	(8%)
Underlying MPR ²	104.2	102.0	(2.1)	(2%)	(6%)
Gross Profit	42.4	39.4	(3.0)	(7%)	(10%)
Brand Investment	-	3.8	(3.8)	nm	nm
EBITDA	3.9	(14.6)	(18.5)	nm	nm
EBIT	0.9	(17.0)	(18.0)	nm	nm

Redbubble's 1QFY23 financial metrics:

- Q1FY23 MPR versus pcp down 5% to \$100.8 million
- Underlying MPR² of \$102.0 million, down 2%, up 45% since FY20
- Artist revenue was \$20.3 million, which is down 2%, up 49% since FY20
- Gross profit (GP)³ of \$39.4 million, down 7%, up 52% since FY20
- Q1FY23 GP margin was 39.1%, down 90 basis points versus pcp
- Q1FY23 Brand Investment of \$3.8 million, versus NIL in pcp
- Q1FY23 EBITDA and EBIT loss of \$14.6 million and \$17.0 million respectively

¹ The financial results and operational metrics are unaudited and are on a delivered basis (unless otherwise noted).

² 1QFY22 MPR included \$4 million of mask sales vs 1QFY23 of \$0.4 million. 1QFY22 also included a \$2.4 million delivery date adjustment and 1QFY23 included a \$1.6 million delivery date adjustment.

³ GP is calculated based on Marketplace Revenue less fulfiller expenses, comprised of product and printing, shipping and transaction costs, and are equivalent to cost of goods sold.

- Closing cash at 30 September 2022 of \$74.9 million, down from \$89.1 million at 30 June 2022. Consistent with our seasonal trading pattern, the cash usage of the business peaks during the September quarter.

Business Update - CEO Commentary

“Redbubble continues to execute against the four strategic themes, this reflects the Group’s disciplined approach to investing in these areas to drive sustainable growth for the medium and long term. As expected, the Group monitors and adjusts investment in market to adapt for current trading conditions across all geographies.

“The MPR this quarter was down \$5.1 million versus the pcp. This largely reflects the impact of cycling \$4 million of mask sales within the Accessories category, and the encouraging and continued growth in the T-Shirts category of 12% or \$7 million. The growth in T-Shirts was not sufficient to offset the decline in the Artwork and Homeware categories. The MPR result was impacted by slightly lower sales in Australia, Europe and the UK than expected, particularly in September. Importantly, the Group’s largest market, North America, remained resilient in the first quarter of FY23.

“Underlying marketplace revenue, which adjusts for delivery date revenue adjustments and mask sales, was down 2% to \$102 million, compared to the pcp. On a floating basis, MPR was down 5%, and 8% on a constant currency basis.

“As disclosed at our FY22 Results, the business implemented some proactive measures to support Redbubble’s unit economics, both in the short and long term. This included an average base price rise of ~6%, and free shipping over a threshold order value in the UK and in the US. Our experience in both these trials has been encouraging, across both members and non-members, with free shipping thresholds driving incremental MPR and gross profit versus the preceding period. The increase in sales has more than offset the cost of reduced shipping revenue, which is a long-term objective.

“Gross profit for the quarter was \$39.4 million, down \$3 million or 7% on a floating basis from the prior corresponding quarter; Gross margin was 39.1%, down 90bps largely reflecting the margin impact of the free shipping trials.

“The EBITDA loss of \$14.6 million, which was down \$18.5 million, largely reflects the impact of the investment in the Redbubble brand of \$3.8 million, the investment in salaries and wages (up \$4.7 million), and the increase in other expenses (\$4.0 million), with this year on year change principally due to unrealised FX losses on foreign currency bank balances.

“Salaries and wages totaled \$19.3 million for the first quarter. The increase in salaries and wages reflects our strategy to invest to drive revenue and margin growth, with 76% of new FTEs since July 2021 added to our growth focused areas of Product & Technology, Marketing, Commercial and Supply Chain & Logistics.

“As per our FY23 Outlook, we continue to expect revenue growth over the financial year, supported by the Group’s favourable Gross Profit After Paid Acquisition (GPAPA) margin, resulting in improved quarterly EBITDA for the remaining three quarters of FY23.

“The Group deliberately slowed the rate of hiring during September given the current macro economic environment, to closely manage the Group’s cost base. As a result, we expect FY23 forecast FTE salaries and wages to be towards the lower end of the increase of between approximately \$14 million to \$18 million for the year.

“To date the investment in the Redbubble brand has been \$3.8 million, with FY23 guidance unchanged at ~\$8 million to \$12 million. We are pleased with the performance of the initial investments in increasing awareness in the key US cities we are testing in, and we have seen higher view-through rates of our ads and lower costs than benchmarks across all platforms. We will continue to closely monitor the performance of this program, and if appropriate, adjust the timing or quantum of the remaining investment.”

FY23 Outlook

- Revenue growth is expected in FY23, with the benefit of one-off mask sales in FY21 of ~\$55 million now largely fully cycled.
- Redbubble unit economics, as represented by the GPAPA margin, to remain compelling, supported by the ~6% average base price rise from early May 2022.
- Forecast FY23 opex reflects:
 - A slowing of new roles in FY23, down to 4%, from 30% growth in FY22;
 - FY23 forecast FTE salaries and wages to be towards the lower end of the increase of between ~\$14 million to \$18 million for the year; and
 - FY23 forecast Redbubble brand investment of ~\$8 million to \$12 million (at constant currency) to build awareness that reinforces the path to our medium term aspirations.

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

Michael Ilczynski (CEO) and Emma Clark (CFO) will host a conference call via live webcast this morning at 10.00am (AEDT) Thursday 20 October 2022 | 4.00pm (PDT) and 7.00pm (EDT) on Wednesday 19 October 2022. Participants will need to PRE-REGISTER for the call via the link below:

<https://s1.c-conf.com/DiamondPass/10025371-jd86y2.html>

They will then receive a calendar invite and a unique code which is to be quoted when dialling into the call. To ask a question, participants will need to dial “*1” (star, 1) on their telephone keypad. A full transcript and recording of the webcast will subsequently be made available on the Redbubble Group Investor Centre website: shareholders.redbubble.com. The recording will also be available on openbriefing.com.

For further information, please contact: virginia.spring@redbubble.com

About Redbubble Group

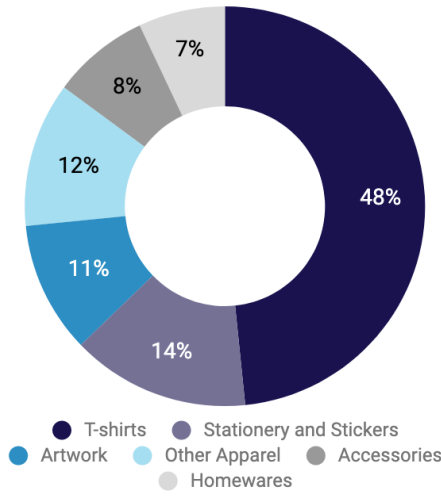
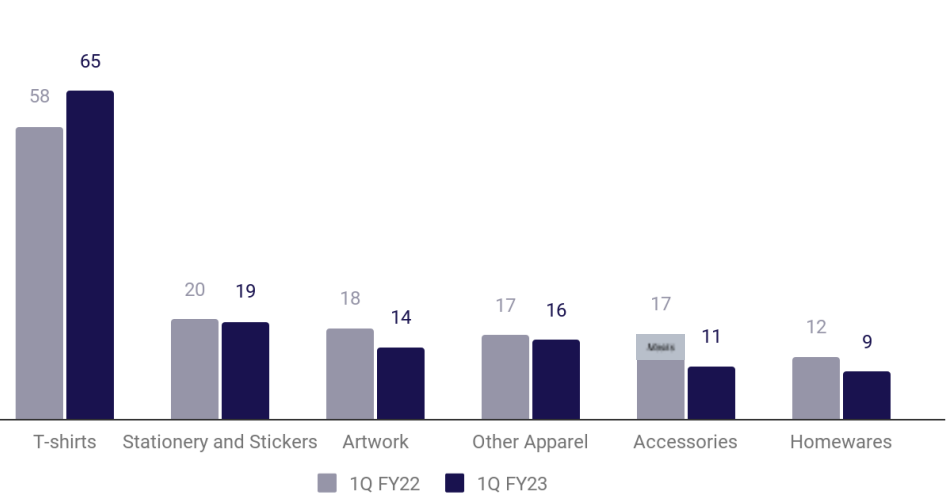
Founded in 2006, the Redbubble Group incorporates Redbubble Limited and its subsidiaries, including TP Apparel LLC (TeePublic). The Redbubble Group owns and operates the leading global online marketplaces, Redbubble.com and TeePublic.com. The Redbubble Group's community of passionate creatives sell uncommon 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

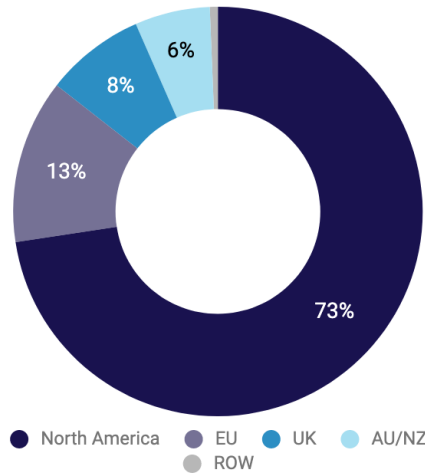
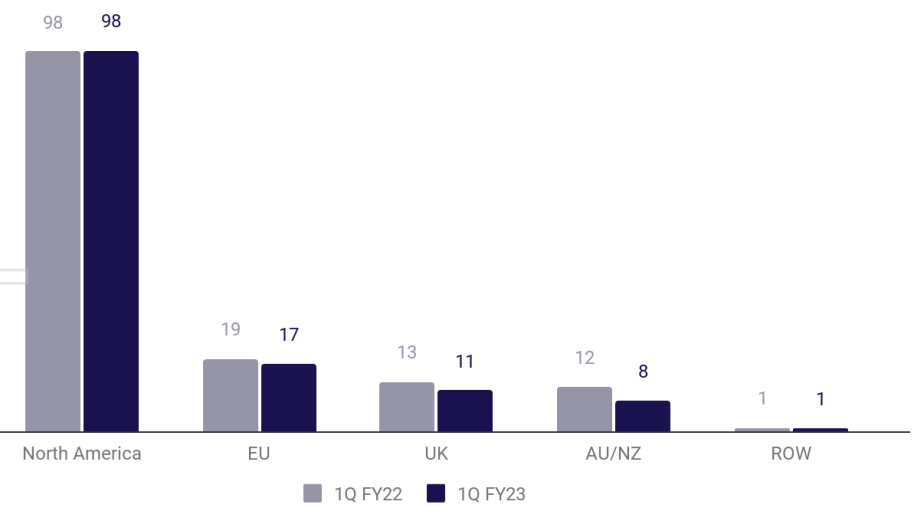
This announcement includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking 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.

APPENDIX 1 - Product Categories & Geographic Mix

Gross Transaction Value by Product Categories 1Q23 vs 1Q22
(A\$m, 1Q FY23 v 1Q FY22)



Gross Transaction Value by Region 1Q23 vs 1Q22
(A\$m, 1Q FY23 v 1Q FY22)



APPENDIX 2 - 1QFY23 Income Statement Summary

P&L (A\$M)	1Q		YOY 1Q FY23 v 1Q FY22	YOY (1Q FY23 v 1Q FY22)
	FY22	FY23	Growth	CC Growth
Total Revenue	126.7	121.2	(4%)	(8%)
Less: Artist Revenue	(20.8)	(20.3)	(2%)	(5%)
Marketplace (MP) Revenue	105.9	100.8	(5%)	(8%)
Gross Profit	42.4	39.4	(7%)	(10%)
GP % (on MP Revenue)	40.0%	39.1%	(0.9)pp	(0.9)pp
Paid Acquisition (Marketing)	(15.3)	(16.2)	5%	(2%)
GPAPA (Gross Profit after Paid Acquisition)	27.1	23.2	(14%)	(15%)
GPAPA % (on MP Revenue)	25.5%	23.0%	(2.5)pp	(1.9)pp
Brand Investment	0.0	(3.8)	n/a	n/a
Operating Expenses	(23.4)	(30.2)	29%	23%
Operating EBITDA	3.7	(10.8)	nm	nm
Other Income/Expenses ¹	0.2	(3.8)	nm	60%
EBITDA	3.9	(14.6)	nm	nm
Depreciation & Amortisation ²	(2.9)	(2.4)	(18%)	(19%)
EBIT	0.9	(17.0)	nm	nm

1. Includes non-cash share-based payments and currency gains/losses. 1QFY23 comprises \$2.1 million of share based payment expense and \$1.7 million of net currency losses. The \$4.0 million change year on year is principally due to unrealised FX losses on foreign currency bank balances.

2. Includes rent expenses (as per AASB 16 effective 1 July 2019).