AGM Management Presentation

FY2020

28 October 2020

RB Group owns and operates the leading global online marketplaces, Redbubble and TeePublic, bringing more creativity into the world.

*The financial results have been audited and are on a delivered basis (unless otherwise noted). Strategic and operational metrics are from internal management reports and have not been subject to audit.

Creating the world's largest marketplace for independent artists

Redbubble Group offers a compelling investment opportunity

1. **Emerging winner in rapidly shifting landscape**
   With ecommerce accelerating, the combination of on-demand technology and user-generated content has enabled rapid scaling

2. **Industry-leading marketplaces with strengthening flywheel effects**
   Virtuous cycle of a growing community of artists fuelling strong demand for unique content

3. **The on-demand business model is scalable, diversified and resilient**
   Global network of 3P localised fulfilment, with natural FX hedge

4. **Demonstrated commitment to strong, profitable growth**
   Tripling of sales since IPO in 2016, with margin upside, operating leverage, positive EBITDA and free cash flows

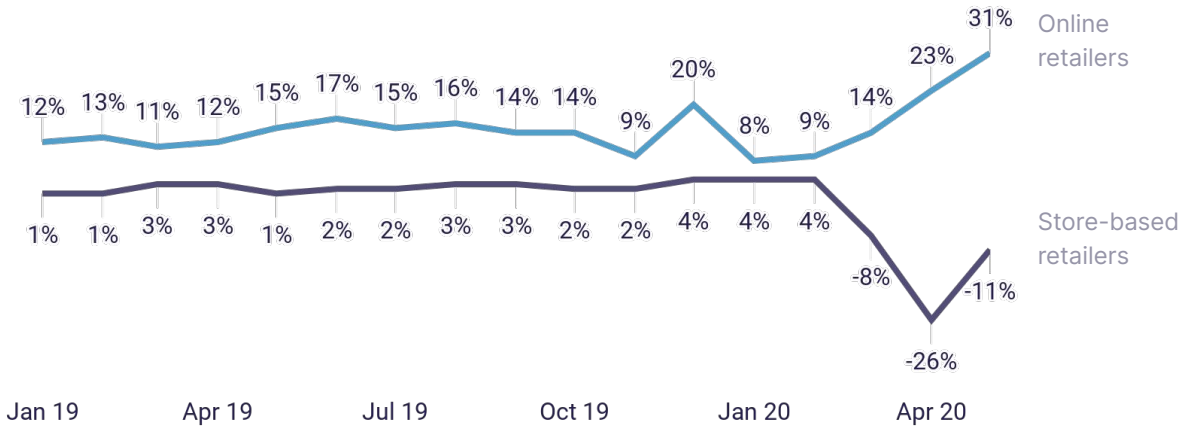
1.

Emerging winner in rapidly shifting landscape



COVID-19 has accelerated ecommerce, and the structural shifts are likely to endure

US non-store v. store-based retailer YoY growth
(%, Jan 2019 - May 2020)



Online retailing growing more quickly than ever

- ~10 years of growth achieved in 3 months

Signs of enduring structural shift in consumer behaviour

- Online growth continuing even as offline starts to reopen
- Surveys indicate **60%** of buyers expect to continue online spending behaviours post-COVID-19

Source: U.S. Census Bureau and RBC Markets; McKinsey analysis.

RB Group positioned to win as COVID-19 accelerates long-term retail trends

Retail trends accelerating in 2020:

Customers seeking more value within tight discretionary spending

> After this crisis, consumers will become much more discerning with discretionary purchasing. Their connection with brands will be important, and they "will want something meaningful." ... Made-to-order, particularly with customization, attaches more meaning to products.
> Forbes, April 2020

Design to Retail lead times too long

> Before the crisis struck, the fashion industry had started to change its out-of-date sourcing model characterized by long lead times, maximizing order sizes, and relatively low flexibility. It was already clear that transformation was needed, particularly in making sourcing more demand-driven and more sustainable on social and environmental dimensions.
> McKinsey, May 2020

Overstock and Inventory risk

> Manufacturing on demand eradicates overstock and risk, reduces inventory costs and slashes lead times. Digital printing continues to transform the fashion industry, rebalancing power - more to the consumer and the designer - and increasing sustainability in the garment printing space.
> Which PLM, November 2019

RB GROUP

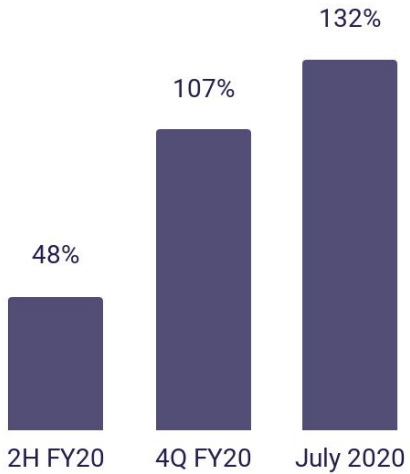
→ **Meeting consumer desire for customisation and meaning**

→ **With art created by Independent Artists**

→ **Large product range manufactured on-demand**

Revenue growth has accelerated through the second half of FY20

RB Group Marketplace Revenue YoY growth
(%, 2H FY2020 - July 2020[1])



RB Group recorded accelerating growth during COVID-19

- Benefitted from increased online activity

Topline momentum from April - June continued in July

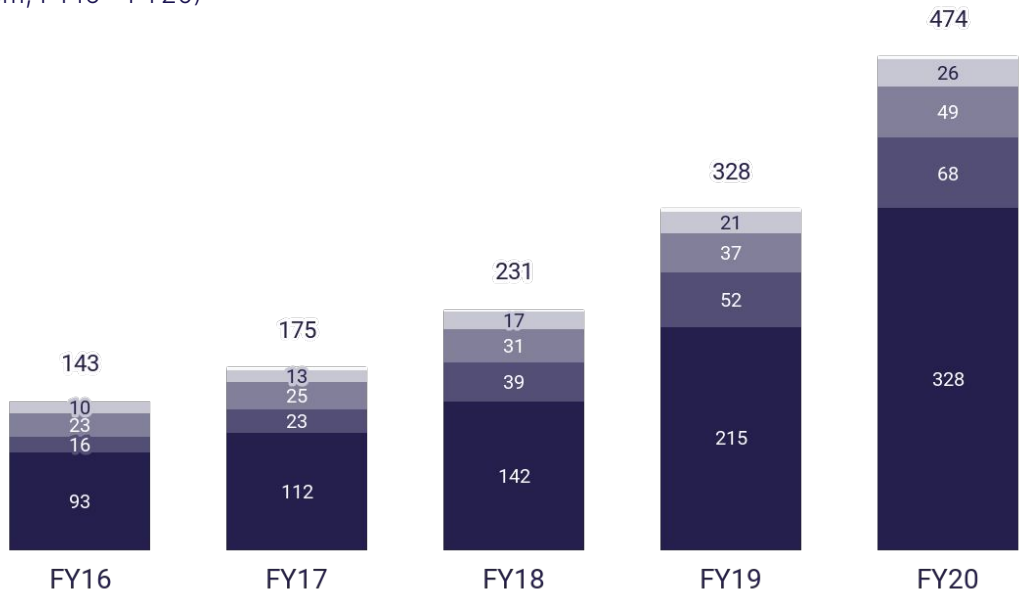
- Recent momentum propelling the business across geographies and product categories



Source: RB internal data.
1. 4Q FY20 and July 2020 (unaudited) shown on paid basis, and 2H FY20 is reported on a delivered basis.

RB Group is a global marketplace, with growth in all geographies

Gross Transaction Value by Region
(A$m, FY16 - FY20)



Region	% total business	FY19-20 YoY	4Q YoY
ROW	1%	7%	24%
AU/NZ	5%	24%	79%
UK	10%	33%	124%
EU	14%	30%	61%
North America	69%	53%	121%

Source: RB internal data.

2.

Strengthening flywheel dynamics



Core strategic assets drive flywheel effects across Redbubble and TeePublic marketplaces



Leading Print-On-Demand marketplaces for independent artists

511,000 selling artists on RB marketplaces (↑51% YoY)

Aggregated, growing demand

6.8 million customers (↑30% YoY) bought from RB marketplaces spending $474m GTV (↑44% YoY)

Scalable on-demand global 3rd party fulfilment

41 fulfilment locations across global network (↑9 locations)

Source: RB internal data.

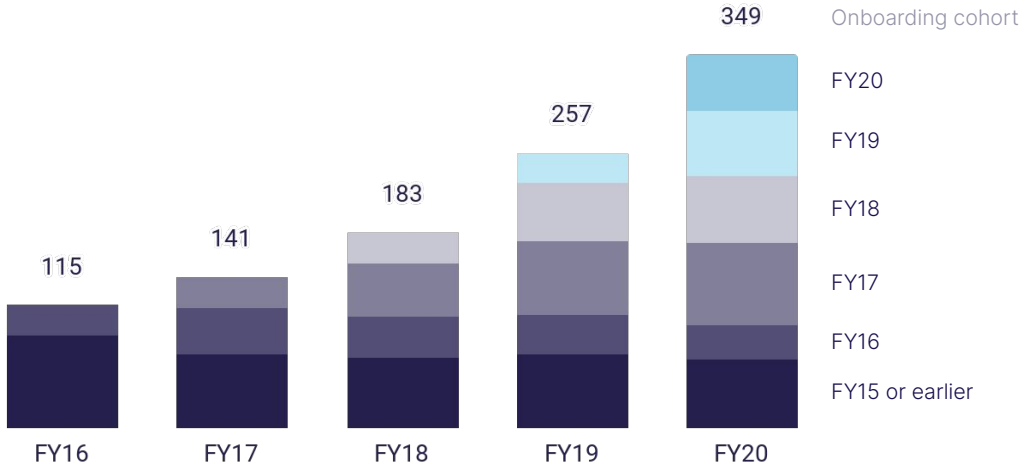
RB Group is powered by a loyal and growing artist community

New artists are additive to marketplace growth, while older artists provide sustained revenue

FY20 Focus
Artist onboarding and engagement
Artist shops
IP protection

Next
Systems for stronger account management of artists
Active outreach and marketing to high value artists

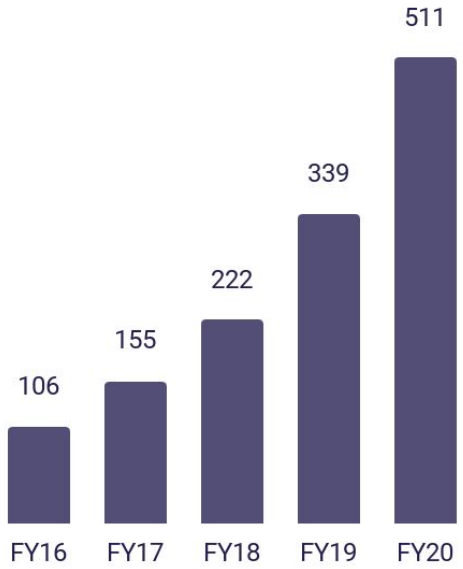
Marketplace Revenue by artist cohort[1]
(A$m, FY16 - FY20)



Source: RB internal data.
1. TeePublic artists onboarded prior to incorporation in FY17 assumed to be onboarded in FY17 cohort.

~511,000 artists made sales across RB Group marketplaces in FY20

Selling artists
('000, FY16 - FY20)

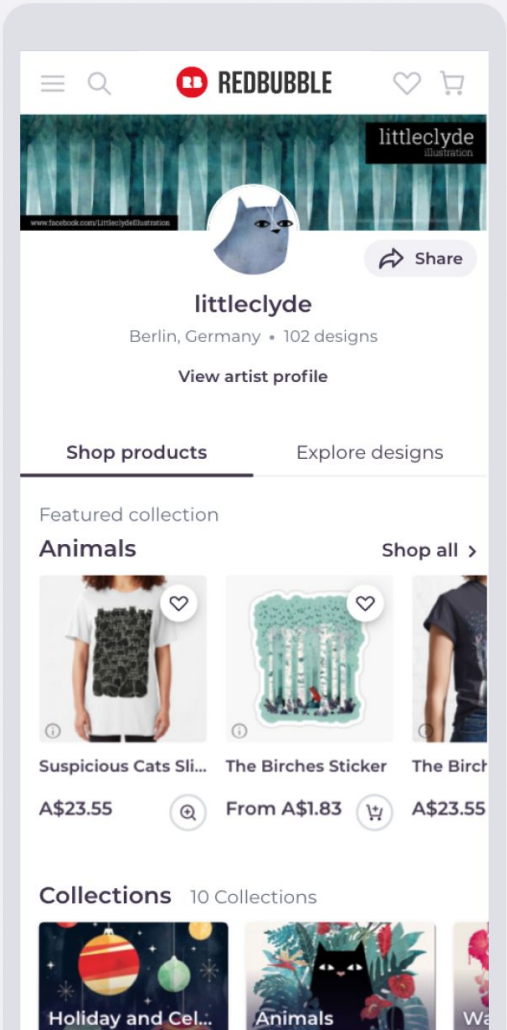


$67m

paid to artists in FY20
(up 35% YoY)

From an Australian artist:

> "I have been having some great sales success. Prior to the March I would expect to earn $300 per month and am now regularly seeing a return of up to $1000 per month, which is very very nice!
>
> A lot of my sales are of masks, quite a few jigsaw puzzles and overall...people are shopping more extensively for other products and designs within my range. I've found more success through COVID-19."



Source: RB internal data.

RB Group's customer growth has accelerated through FY20

Growth in unique customers accelerated in 4Q (74% YoY)

Marketing spend low at 11.4% of MPR:

- Marketplace / e-commerce peers spend 11-26% of revenue[1]
- TeePublic expanding efficiently into paid marketing

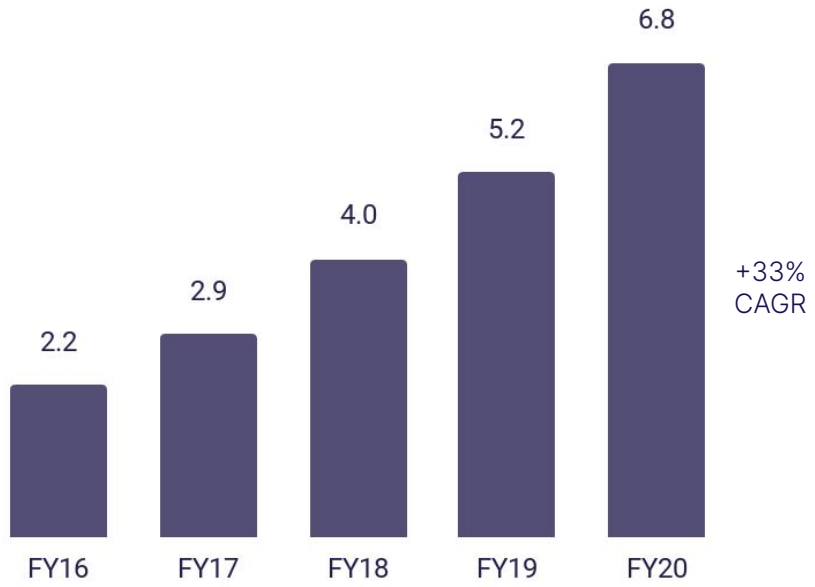
FY20 Focus

SEO improvements
Content management systems

Next

Uplift in core ecommerce elements

Unique customers
(m, FY16 - FY20)



Source: RB internal data.
1. Based on marketing / advertising spend as % of Marketplace Revenue or equivalent in the last fiscal year from publicly available information.

Loyalty is an area of opportunity with focus on building a global brand

Repeat purchasing has remained strong during COVID-19. Apps have strong user engagement, conversion and repeat

Marketing diversifying: targeting new customers segments and channels to increase effectiveness and reach

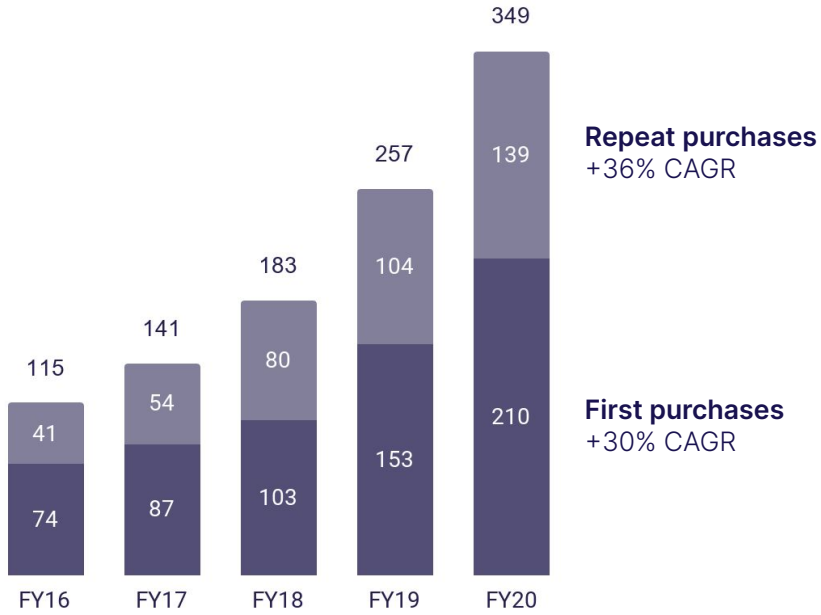
FY20 Focus

Android app launch
Deeper personalisation

Next

Alignment of Group brands to target customers
Audience-based targeted marketing

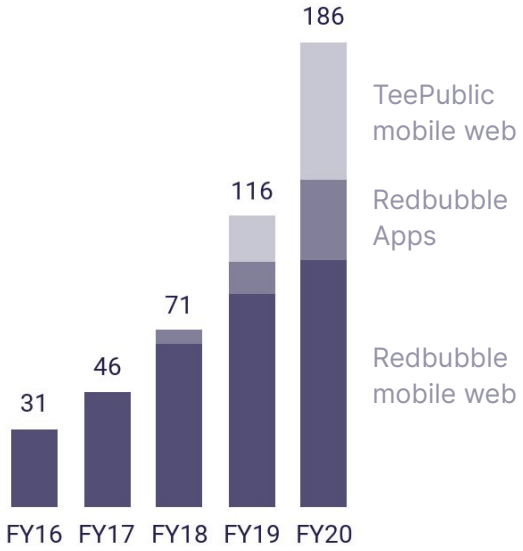
Marketplace Revenue by purchase type
(A$m, FY16 - FY20)



Source: RB internal data.

Sales through apps are growing rapidly, attracting loyal users

Marketplace Revenue from Mobile,
(A$m, FY16 - FY20)

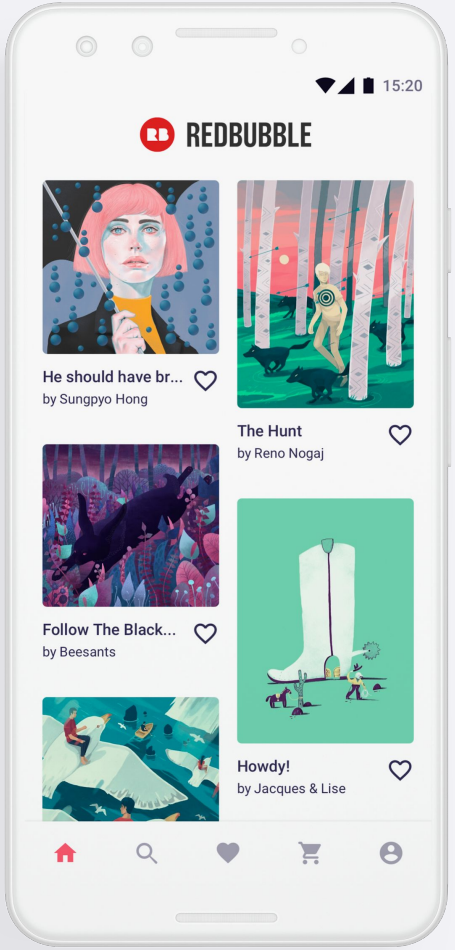


13%

Redbubble Marketplace Revenue through apps in FY20
(up 159% YoY)

From an app user in Canada:

> "I will definitely be doing most of my shopping online! Not planning to go to any malls this Christmas. I'll probably be back on Redbubble shortly to look at Christmas gifts... Awesome app, love you guys."



Source: RB internal data.

3.

Scaling on-demand fulfilment



3P fulfilment is localised in core regions providing customer benefits, cost advantages and resilience

~96% of orders are shipped locally, up from ~87% in FY16

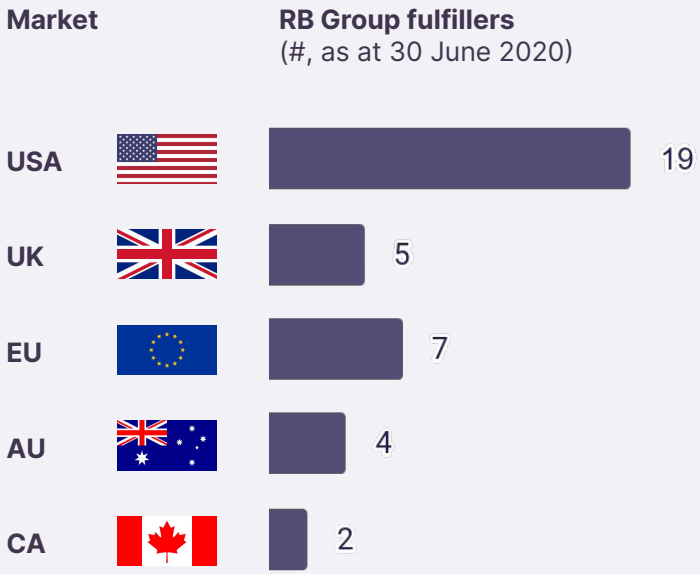
Localising improves customer experience
→ Faster delivery times
→ Lower contact rates
→ Lower shipping costs

Diversified network assures resilience in peak times

Aggregated Group volumes provide scale benefits

Competition between fulfillers keeps costs low

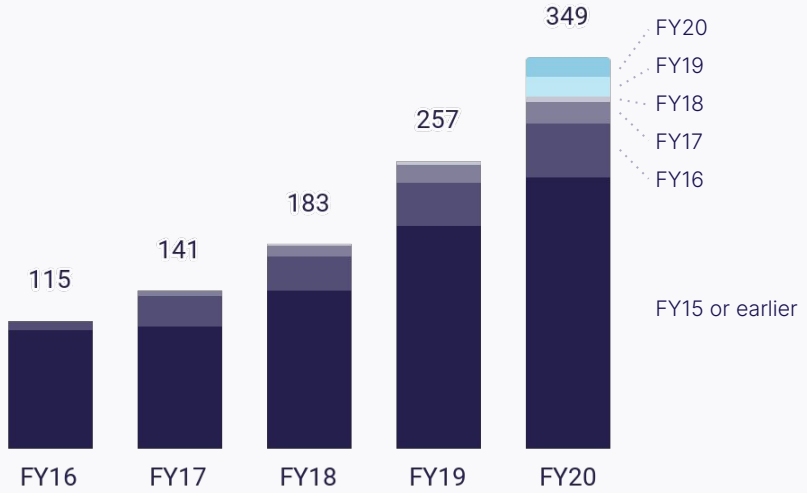
Next
Ongoing localisation and fulfiller diversification as volumes increase and new products grow



Source: RB internal data

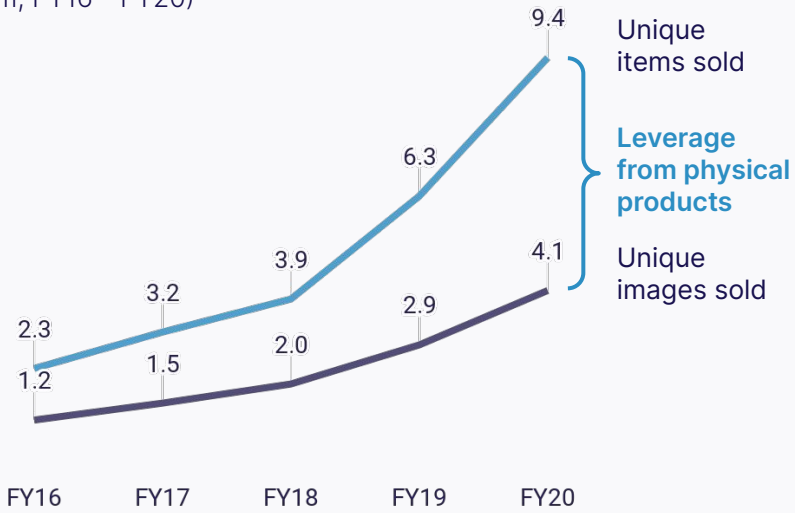
This fulfilment network supports ongoing addition of new products, increasing leverage on unique works

Revenue by product launch year
(A$m, FY16 - FY20)



$17m Marketplace Revenue
from 16 new products in FY20

Unique items and works sold
(m, FY16 - FY20)



117 products[1] now live
with hundreds more in the pipeline

Source: RB internal data.
1. Excludes double counting of the same product on both Redbubble and TeePublic. Total of 152 if including overlaps.

There are 117 physical products currently on offer with many more to come








Added to collection of over 100 products in FY20 / FY21

Possible future additions

Apparel

Socks
Kids Hoodie
Toddler Hoodie
Active T-Shirt
Footwear
Outerwear
Recycled, Organic
Swimwear
Underwear

Accessories

Masks
Duffle Bag
Back Pack
Cotton Tote
Pin Button
Water Bottle
Hats, Caps & Beanies
Patches

Home and wall art

Apron
Coasters
Comforter
Die Cut Magnet
Jigsaw Puzzle
Mounted Print (Canvas)
Mounted Print (Wood)
Drinkware
Kitchen & Dining
Outdoor

Electronics

Samsung Galaxy Case (Soft)
Laptop Skin Model Extension
iPad / Tablet Cases
Wearables Tech Cases
Gaming

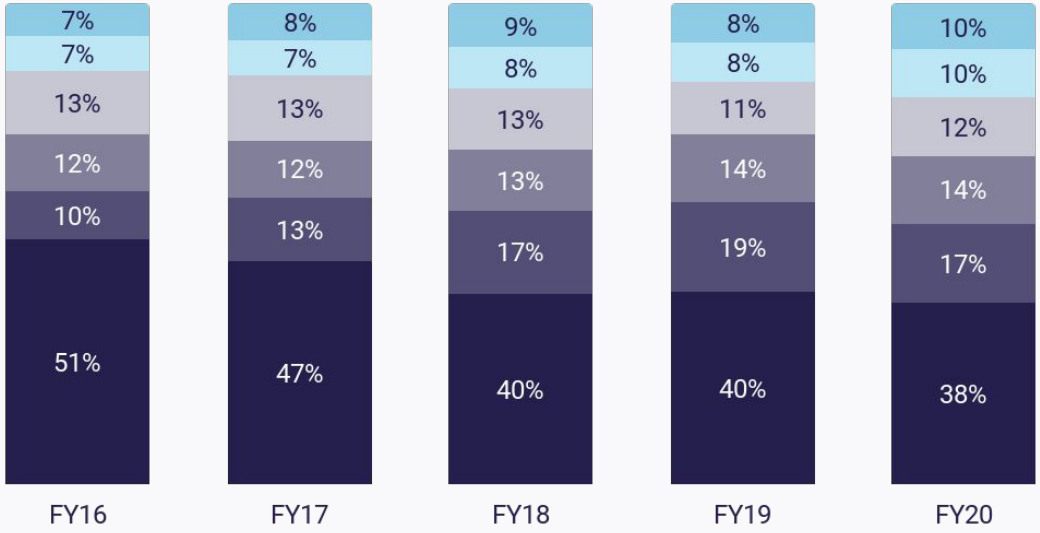
...Future category expansions

Pets
Home Office
Nursery and Baby
Active wear
Printed Fabric / DIY

Source: RB internal data.
1. Excludes double counting of the same product on both Redbubble and TeePublic. Total of 152 if including overlaps.

During COVID-19, growth has accelerated across all product categories, driving further diversification

Product contribution
(% of Marketplace Revenue, FY16 - FY20)



Category	FY19-20 YoY	Q4 YoY
Homewares	63%	220%
Artwork	68%	195%
Accessories	52%	273%
Other Apparel	38%	75%
Stationery and Stickers	21%	65%
T-shirts	30%	46%

Source: RB internal data

Masks were launched in record time in response to COVID-19, with rapid financial impact

At a glance
Since late April launch to 30 June 2020:

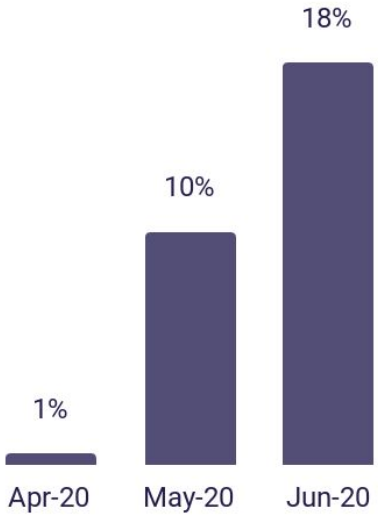
741K Masks sold

$12.1m Marketplace Revenue

10m Designs enabled

$1.4m Artists earnings

Face masks contribution to Group
(% of monthly MPR, Apr-Jun 2020)



Social impact
Donations to communities in need

400,000+ face masks donated

Donations were made to **Heart to Heart International** and **Direct Relief** who are working to help those on the frontline and communities most in need

Source: RB internal data

4.

Strong financials underpinned by operational performance



Strong financial results have been underpinned by growth in core operational metrics

Marketplace Revenue

$349m

↑ 36% floating
↑ 29% cc

Operating EBITDA

$15.3m

↑ 141%

EBITDA

$5.1m

↑ $7.1m
First EBITDA profit since IPO

Free Cash Flow

$38m

↑ $38m
First positive FCF since IPO

Selling artists

511k

↑ 51%

Unique customers

6.8m

↑ 30%

Repeat purchases

40%

of Marketplace Revenue

New products contribution to FY

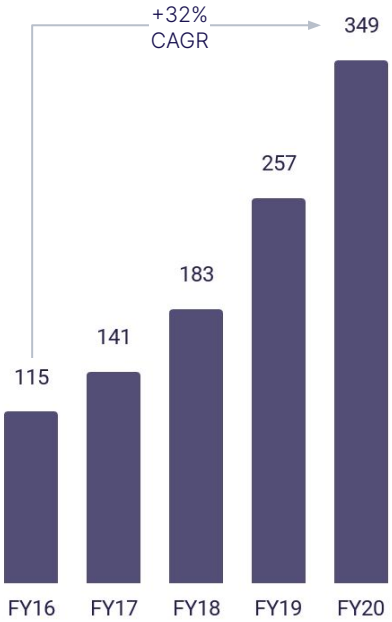
$17m

of Marketplace Revenue

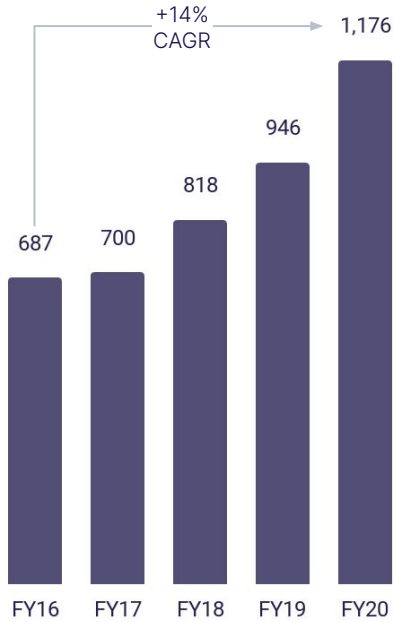
Source: RB internal data

RB Group has a strong track record of delivering topline growth

Marketplace Revenue
(A$m, FY16 - FY20)



MPR per employee
(A$ '000, FY16 - FY20)



Source: RB internal data

RB Group has a strong track record of growth

- 5-year CAGR of +32% at the topline since IPO

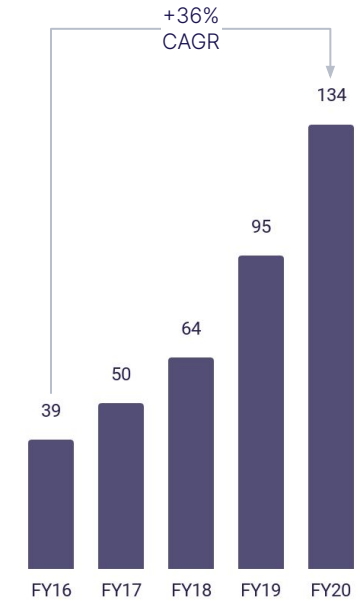
Recent macro shifts in online activity has accelerated growth momentum

- 4Q20 topline trends also continuing into FY2021

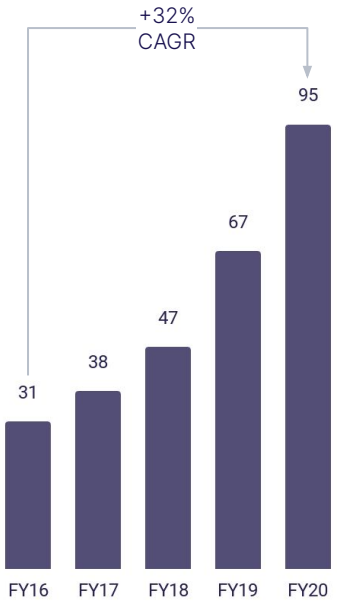
Increasing productivity generating topline performance

This growth has also translated to margin, with increasing profitability across the P&L

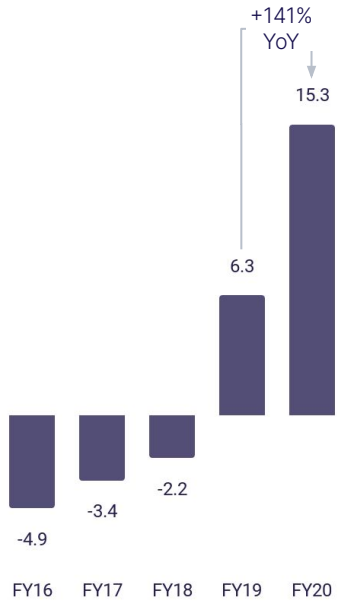
GP
(A$m, FY16 - FY20)



GPAPA
(A$m, FY16 - FY20)



Operating EBITDA
(A$m, FY16 - FY20)



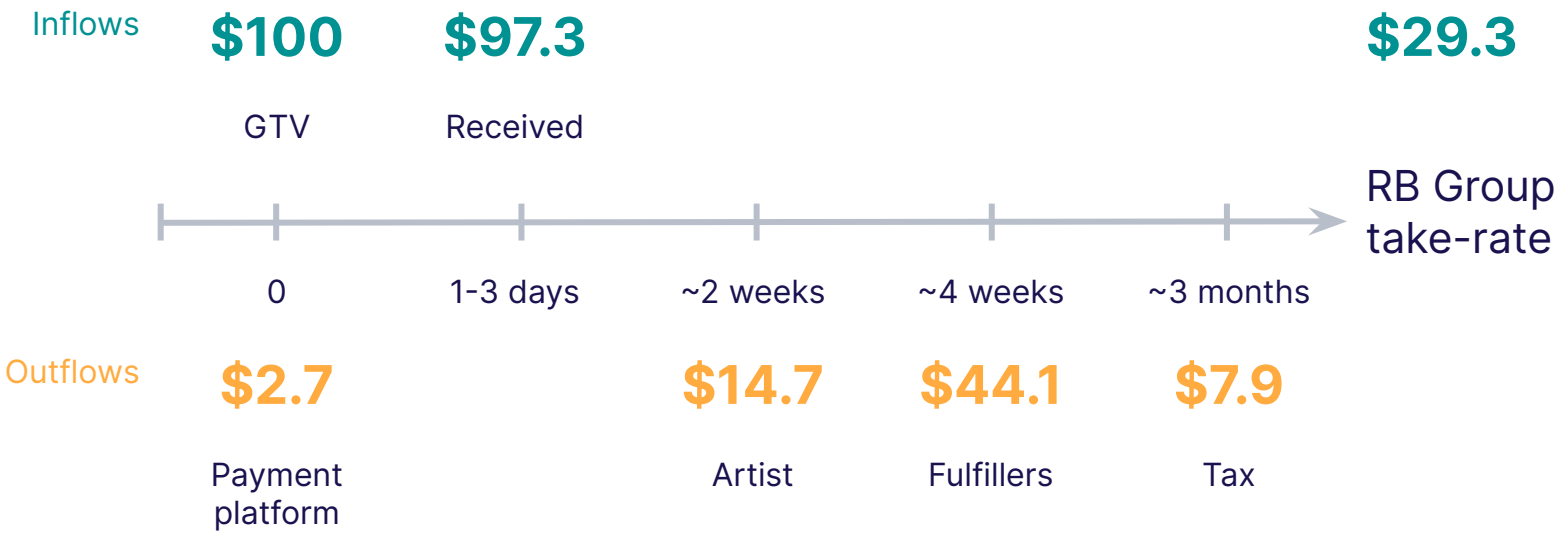
Topline growth propelling increasing profitability driven by scale benefits

- Expanding margins whilst controlling opex growth
  - GPAPA margin of 27.1% in FY20 v. 26.3% in FY19
  - Operating EBITDA margin of 4.4% in FY20 v. 2.5% in FY19

Profitable growth via further margin upside and demonstrable operating leverage

Source: RB internal data

Also benefiting from favourable working capital cycle, with high take-rate of ~$29.3 for $100 of GTV



Source: RB internal data. Analysis based on FY20 figures, on a shipped basis without delivery date adjustments.



2021 is a year of opportunity for Redbubble Group

RB Group is positioned to build on a decade of momentum and aggressively pursue the global opportunity presented by the shift to online activity and increasing adoption of ecommerce platforms.

Work in 2021 will be across:

Artist activation and retention at Group level

User acquisition and transaction optimisation

Customer understanding, loyalty and brand building

Further physical product and fulfilment network expansion

Appendix



4Q & FY20 Income Statement Summary - RB Group[1]

P&L (A$M)	4Q		YoY (4Q FY20 v 4Q FY19)	FY		YoY (FY20 v FY19)
	FY19[1]	FY20	Growth	FY19[1]	FY20	Growth
Total Revenue	71.3	124.6	75%	307.0	416.3	36%
Less: Artist Revenue	(11.5)	(21.3)	85%	(50.1)	(67.4)	35%
Marketplace (MP) Revenue	59.8	103.3	73%	256.9	348.9	36%
Gross Profit	22.8	42.9	88%	94.5	134.4	42%
GP % (on MP Revenue)	38.2%	41.6%	3.4pp	36.8%	38.5%	1.7pp
Paid Acquisition (Marketing)	(5.8)	(11.7)	102%	(27.0)	(39.8)	47%
GPAPA (Gross Profit after Paid Acquisition)	17.1	31.2	83%	67.5	94.5	40%
GPAPA % (on MP Revenue)	28.5%	30.3%	1.7pp	26.3%	27.1%	0.8pp
Operating Expenses	(15.7)	(22.8)	46%	(61.2)	(79.3)	30%
Operating EBITDA	1.4	8.4	506%	6.3	15.3	141%
Operating EBITDA % (on MP Revenue)	2.3%	8.1%	5.8pp	2.5%	4.4%	1.9pp
Other Income/Expenses[2]	(3.0)	(1.0)	(65%)	(8.3)	(10.1)	22%
EBITDA	(1.6)	7.4	570%	(2.0)	5.1	358%
Depreciation & Amortisation	(2.7)	(3.5)	29%	(10.0)	(13.7)	37%
EBIT	(4.3)	3.9	190%	(12.0)	(8.6)	28%

1. FY19 results include TeePublic from 1 November 2018 onwards.
2. Includes non-cash share-based payments, currency gains/losses, rent expenses (as per AASB 16 effective 1 July 2019), depreciation and amortisation.

Glossary

- **Marketplace Revenue:** Total Revenue less Artist Revenue (i.e. margin)
- **Gross Transaction Value (GTV):** Gross Transaction Value less Taxes and Artist Revenue is equal to Marketplace Revenue.
- **Constant currency:** 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 about 89% of its Marketplace Revenue in US dollars.
- **Operating EBITDA:** excludes non-cash share-based payments, currency gains/losses, rent expenses (as per AASB 16 effective 1 July 2019), depreciation and amortisation. Comparative figures have been adjusted accordingly on a like for like basis. 4Q and FY2020 Operating EBITDA also includes the impact of $2.2m related to one-off reorganisation costs.
- **Free cash flow:** aggregate of operating and investing cash flows excluding consideration for TeePublic. Recent changes in the accounting treatment of rent expenses on property leases (as per AASB 16 effective 1 July 2019) have reclassified payments for such leases as financing cash flows and are therefore excluded from the free cash flow figure. FY19 comparative figures have also been adjusted accordingly.
- **Take rate:** Gross Profit as % of Gross Transaction Value. Gross Transaction Value less Taxes and Artist Revenue is equal to Marketplace Revenue.
- **Selling artists:** currently active artists (i.e. not suspended or deleted) who sold a currently published work during the period; does not account for overlaps between Redbubble and TeePublic
- **Unique customers:** defined as an unique email address; does not account for overlaps between Redbubble and TeePublic
- **Repeat purchases:** based on Repeat Marketplace Revenue earned from purchases made by customers who have previously purchased, regardless of the date of their initial purchase
- **New products contribution to FY:** Marketplace Revenue earned from sales of products launched within the financial year

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.

Disclaimer

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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.