



# 1HFY24 Results

27 February 2024

# 1HFY24 Group financial highlights

Marketplace revenue	<b>\$260.4m</b> 1HFY23: \$289.3 -10%
Gross profit	<b>\$108.4m</b> 1HFY23: \$101.3m, +7%
GPAPA	<b>\$64.1m</b> 1HFY23: \$51.8m, +24%
Operating EBITDA	<b>\$13.5m</b> 1HFY23: -\$18.0m, +175%
Closing cash balance	<b>\$87.1m</b> 31 December 2022: \$97.0m

**Gross profit margin 41.6%**  
1HFY23: 35.0%

**GPAPA margin 24.6%**  
1HFY23: 17.9%

Drove 670 bps improvement to GPAPA margin

Maintained strong cost discipline with operating expenses down 27% on pcp

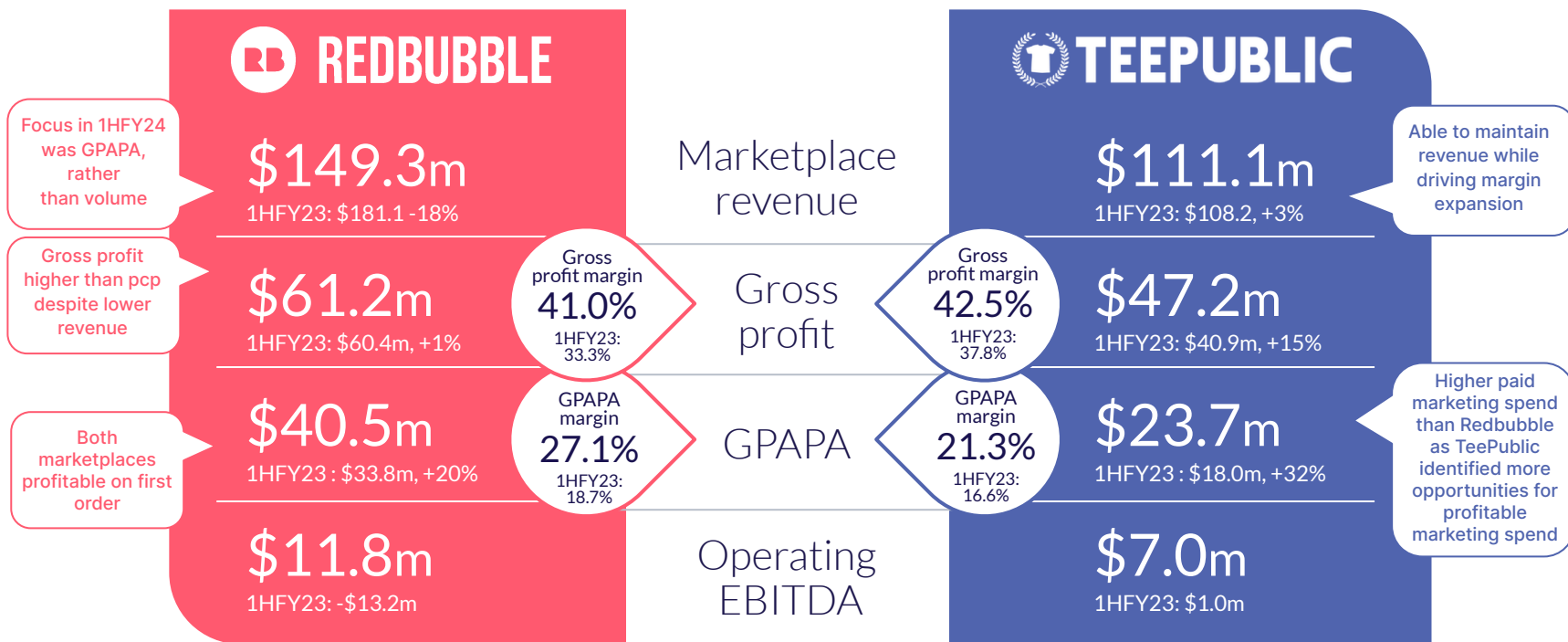
Achieved positive underlying cash flow<sup>1</sup> of \$8.8 million, up \$36.4 million on pcp

Gross profit, GPAPA and operating EBITDA all significantly above pre-COVID results, reflecting successful execution of Group's strategy

Gross profit, GPAPA, operating EBITDA and underlying cash flow are non-IFRS measures. Non-IFRS measures are unaudited. The numbers shown in this presentation are underlying numbers and may differ from those reported in the statutory financial statements. Please see the table on slide 19 for an explanation of the underlying adjustment.

1. Underlying cash flow defined as operating EBITDA less payments for capitalised development costs, leases and property, plant and equipment (PPE).

# 1HFY24 marketplace highlights



**Both marketplaces delivered positive underlying cash flow**

# Marketplace updates



# Redbubble update

## Artists

- Successfully controlled surge of low-value content being uploaded to marketplace
- Launched duplicate work detection using AI to protect most valuable artists
- Increased frequency of artist communication, providing more insight on how to move up tiers and generate sales on the marketplace

## Buyers

- Improved onsite experience, through faster site speed and enhancements to search and discovery
- Refined marketing strategy, enabling Redbubble to increase promotional days without impacting margins

## Supply chain

- Ongoing benefits from recently-implemented dynamic order routing system (DORS)

## 1HFY24 operational metrics

Selling artists

**514k**

1HFY23: 472k

Artist  
earnings  
**\$31.1m**

1HFY23:  
\$40.8m

Customers

**2.7m**

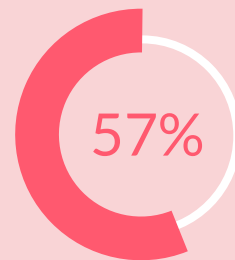
1HFY23: 3.3m

Designs sold

**2.9m**

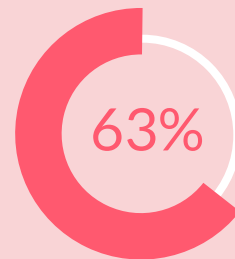
1HFY23: 3.5m

## 1HFY24 financial metrics



**Marketplace revenue  
contribution**

1HFY23: 63%



**GPAPA contribution**

1HFY23: 65%

# Optimising the Redbubble flywheel to return to profitable revenue growth



## Inhibitors

**Surge in low-quality content being uploaded to marketplace**

**Attracting new customers in highly-competitive market**

**Protecting margins in an inflationary environment**

## Inhibitors

## Our response

- ✓ Added friction to sign-up process
- ✓ Introduced artist account categories to encourage positive engagement with marketplace

- ✓ Refined offsite promotions to focus on more in-demand products
- ⚙️ Growing email, SMS and app user base
- ⚙️ Focusing on scaling paid marketing spend while maintaining profitability

- ✓ Rolled out DORS, increasing transparency to encourage competition among fulfilers
- ✓ Renegotiated shipping contracts, leveraging Group purchasing power

## Our response

Proportion of uploads from Pro and Premium artists ~56% in Dec-23

Dec-22: ~15%

Paid marketing spend down 22% in Dec-23 vs pcp

COGS down ~8% in Dec-23 compared to pcp

**Improving one side of the flywheel creates a positive reinforcing impact on other side**

# TeePublic update

## Artists

- Embedded introduction of artisan and apprentice account categories and associated change in artist earnings

## Buyers

- Commenced roll out of website redesign
- Added content categories to assist customers initiate and narrow search results
- Launched gifting module

## Supply chain

- Increased allocation of volume to lower-cost third-party fulfilers
- Adjusted order priority to reduce shipping costs

## 1HFY24 operational metrics

Selling artists

**117k**  
1HFY23: 84k

Artist  
earnings  
**\$11.3m**

1HFY23:  
\$13.7m

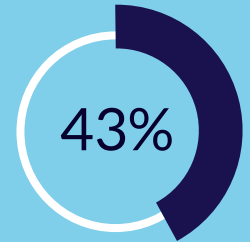
Customers

**1.5m**  
1HFY23: 1.6m

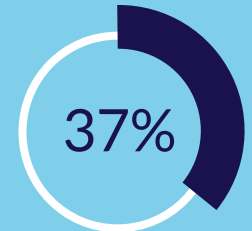
Designs sold

**0.9m**  
1HFY23: 0.8m

## 1HFY24 financial metrics



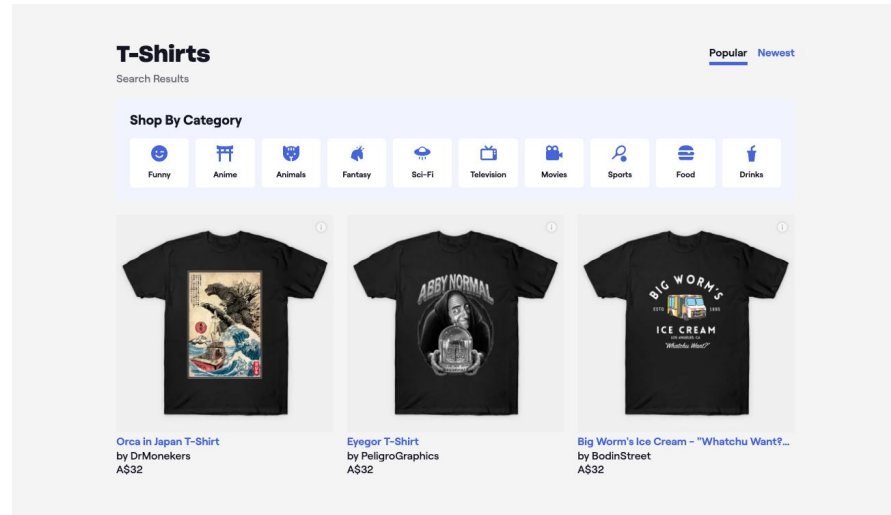
**Marketplace revenue  
contribution**  
1HFY23: 37%



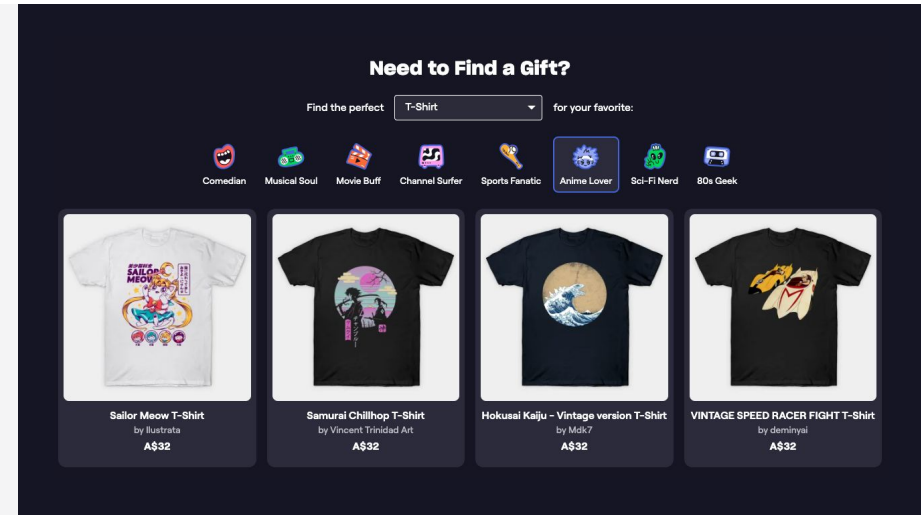
**GPAPA contribution**  
1HFY23: 35%

# Recent site upgrades improving customer experience on TeePublic

## Launch of search categories in Oct-23



## Launch of gifting module in Oct-23



Bounce rate for homepage more than halved in Nov-Dec 2023 compared to prior year

Driving significant higher Google ranking for key searches



Conversion 87% higher for gifting module users, Nov-Dec 2023





1HFY24  
financial  
overview



# 1HFY24 Group profit and loss statement

	1HFY23	1HFY24	% change
Total revenue	343.8	302.7	(12%)
MPR	289.3	260.4	(10%)
Gross profit	101.3	108.4	7%
Gross profit margin	35.0%	41.6%	6.6pp
Paid acquisition	(49.5)	(44.2)	(11%)
GPAPA	51.8	64.1	24%
GPAPA margin	17.9%	24.6%	6.7pp
Brand awareness project	(6.1)	0.0	(100%)
Operating expenses	(63.6)	(50.6)	(20%)
Operating EBITDA	(18.0)	13.5	175%
Other income/expenses	(5.2)	(3.5)	(34%)
EBITDA	(23.2)	10.0	143%
Depreciation and amortisation	(4.9)	(6.8)	37%
EBIT	(28.2)	3.3	112%

Expected decrease as the Group focused on profitability, rather than volume, and softer trading conditions.

Improvement to gross profit driven by adjustment of base prices, introduction of artist account tiers and optimisation of each marketplaces' supply chains.

More efficient paid marketing spend, in line with focus on profitability, supported by increased understanding of unit economics.

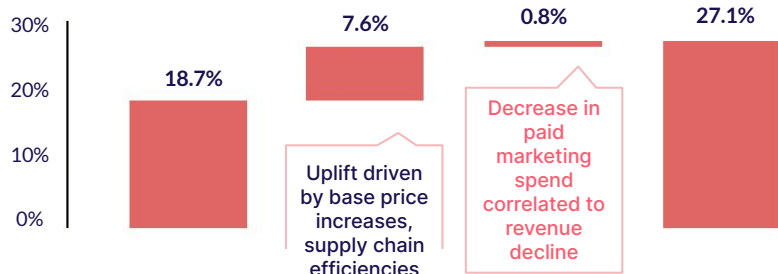
Full benefit of cost-reductions initiatives implemented in FY23 realised in 1HFY24 and maintaining strong cost discipline.

# Improvement to GPAPA margin coupled with significant cost savings driving increased profitability

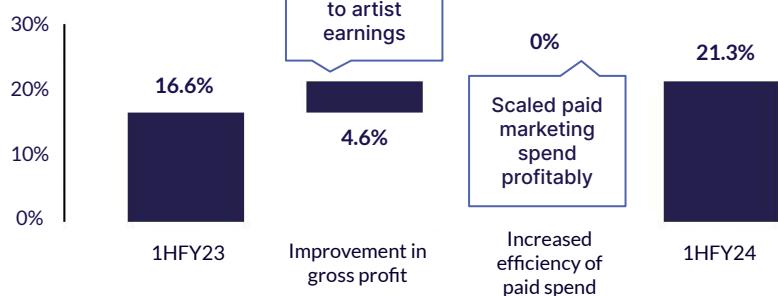
## Key drivers of GPAPA margin improvement

(1HFY23 to 1HFY24)

### Redbubble

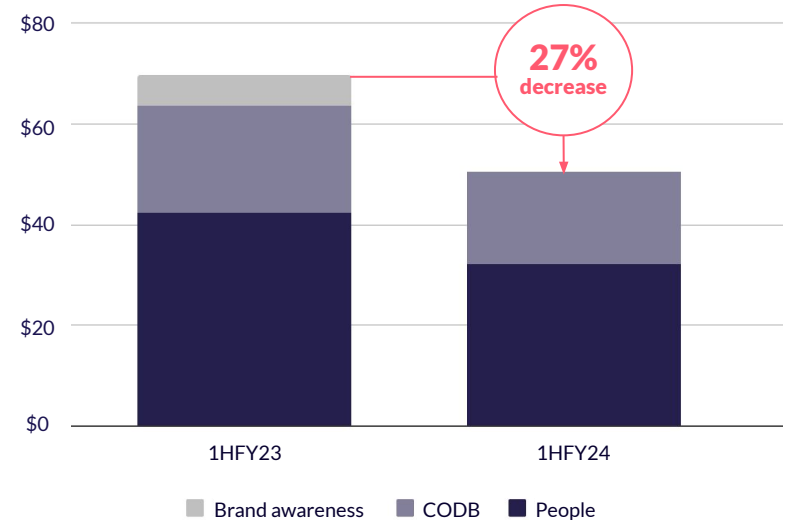


### TeePublic



## Operating expenditure

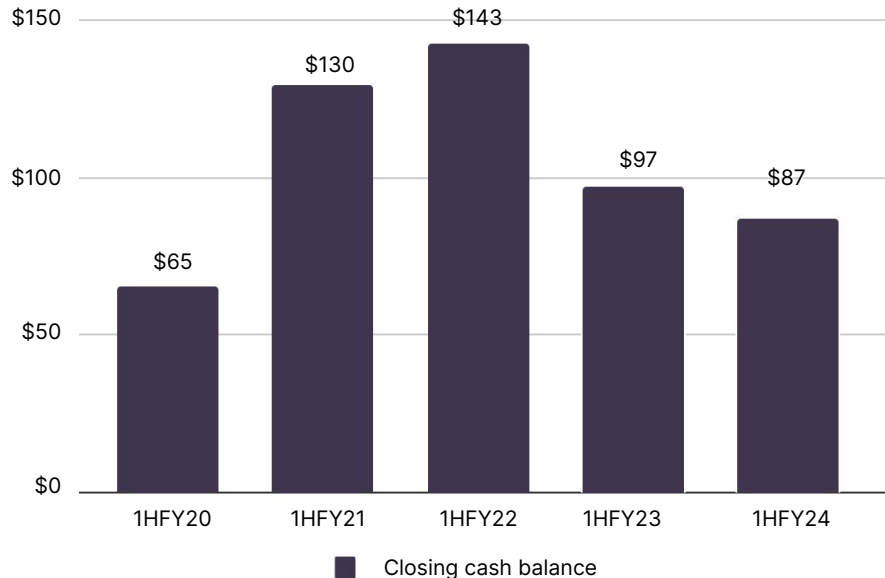
(1HFY23 to 1HFY24)



# Necessary framework in place to deliver positive underlying cash flow for FY24

## Closing cash balance

(millions, 1HFY20 - 1HFY24)



- Positive underlying cash flow delivered in 1HFY24
- Consistent with seasonal payments to marketplace participants, 31 January 2024 cash balance of \$41 million (31 January 2023: \$44 million), \$5 million higher than cash balance at 30 June 2023
- Aiming to deliver positive underlying cash flow for FY24



# Summary and guidance

# Near-term priorities to return the Group to profitable revenue growth



Supporting marketplaces to leverage core strengths and maintaining cost discipline



Addressing identified issues which are inhibiting the flywheel from operating optimally



Building on strong performance by expanding into new products and customer segments, and building presence outside US

# After stabilising our foundation, we are now focused on reinstating growth

**Phase 1**  
Stabilise foundation



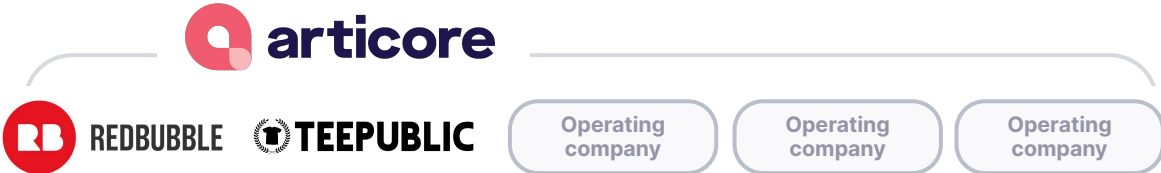
Both marketplaces delivered GPAPA growth and positive underlying cash flow in 1HFY24

**Phase 2**  
Deliver profitable revenue growth from existing business and consider adding new companies



Group has been restructured to enable addition of new operating companies, which leverage Group assets

**Phase 3**  
Execute long-term growth strategy



# FY24 guidance

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In 1HFY24, the Group demonstrated its ability to drive absolute GPAPA growth by focusing on unit economics and optimising its paid marketing activities. While the Group expects trading conditions to remain soft in the near term, it is confident in the execution of its strategy and as a result, it has narrowed its FY24 GPAPA margin range to between 24% and 26%, the higher end of its previously given guidance, 23% to 26%.<sup>1</sup>

The Group expects the decline in Group MPR to be more moderate in the second half of the financial year, as the Group revised its strategy to focus on profitability in the comparable period in FY23.

The Group realised the full benefit of cost-saving measures implemented in FY23 in 1HFY24. It will continue to focus on strong cost discipline in the second half of the financial year. Largely due to foreign exchange rate movements and a decision to change the executive team's short-term incentive to an at-risk cash award, the Group now expects its FY24 operating expenditure to be between \$97 million and \$100 million, previously \$92 to \$100 million.

After delivering positive underlying cash flow for the Group and both marketplaces in 1HFY24, the Group is continuing to focus on its aim to deliver positive underlying cash flow for FY24.<sup>1</sup>

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





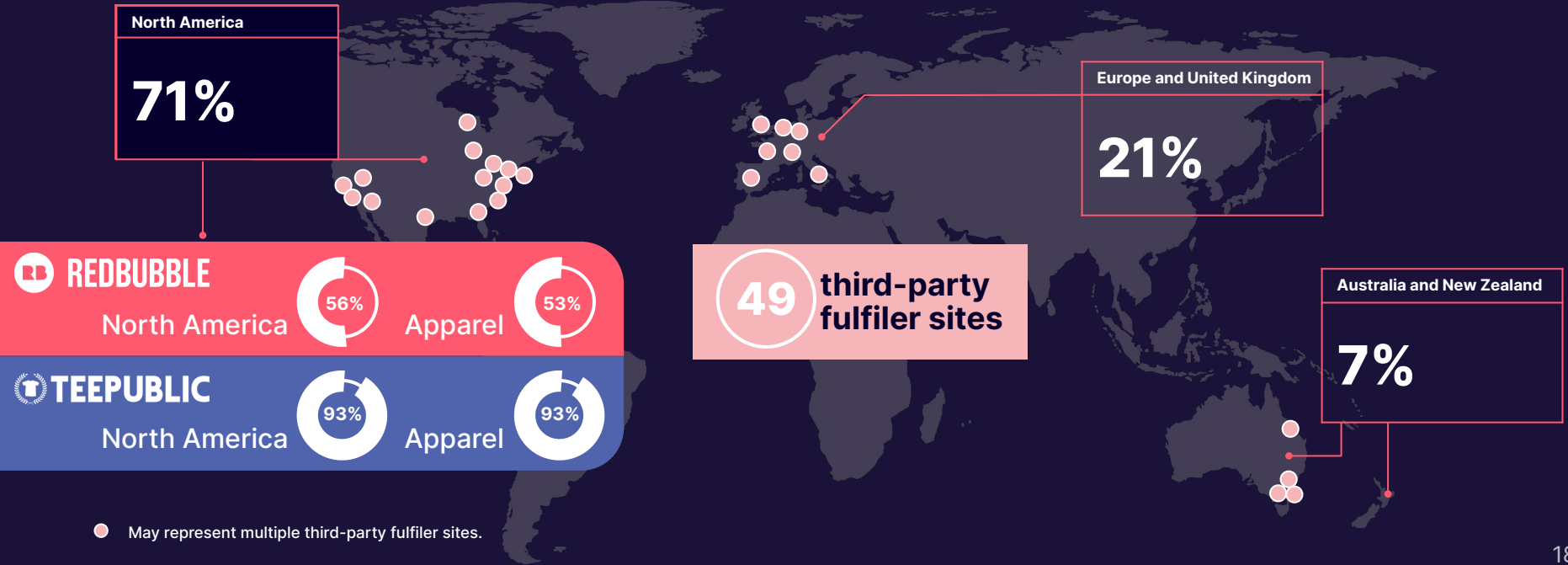
# Supplementary information



# Two distinct marketplaces operating at a global scale

## Geographic Diversity

(% of gross transaction value)



## 2QFY24 and 1HFY24 profit and loss statement

P&L	2QFY23	2QFY24	% change	% cc change	1HFY23	1HFY24	% change	% cc change
Total revenue	222.6	191.3	(14%)	(16%)	343.8	302.7	(12%)	(15%)
Less: artist revenue	(34.2)	(25.6)	(25%)	(27%)	(54.5)	(42.4)	(22%)	(25%)
<b>MPR</b>	<b>188.5</b>	<b>165.8</b>	<b>(12%)</b>	<b>(14%)</b>	<b>289.3</b>	<b>260.4</b>	<b>(10%)</b>	<b>(13%)</b>
Underlying adjustment <sup>(1)</sup>	-	(2.7)	(100%)	(100%)	-	(2.7)	(100%)	(100%)
<b>Gross profit <sup>(1)</sup></b>	<b>61.9</b>	<b>66.2</b>	<b>7%</b>	<b>5%</b>	<b>101.3</b>	<b>108.4</b>	<b>7%</b>	<b>4%</b>
Gross profit margin	32.9%	39.9%	7.1pp	7.1pp	35.0%	41.6%	6.6pp	6.6pp
Paid acquisition	(33.4)	(28.5)	(15%)	(15%)	(49.5)	(44.2)	(11%)	(13%)
<b>GPAPA <sup>(1)</sup></b>	<b>28.6</b>	<b>37.7</b>	<b>32%</b>	<b>29%</b>	<b>51.8</b>	<b>64.1</b>	<b>24%</b>	<b>19%</b>
GPAPA margin	15.2%	22.7%	7.6pp	7.4pp	17.9%	24.6%	6.7pp	6.5pp
Brand awareness project	(2.3)	0.0	(100%)	(100%)	(6.1)	0.0	(100%)	(100%)
Operating expenses	(33.5)	(27.4)	(18%)	(19%)	(63.6)	(50.6)	(20%)	(22%)
Operating EBITDA	(7.2)	10.3	243%	236%	(18.0)	13.5	175%	168%
Other income/expenses	(1.4)	(1.2)	(13%)	(27%)	(5.2)	(3.5)	(34%)	(24%)
<b>EBITDA <sup>(1)</sup></b>	<b>(8.6)</b>	<b>9.1</b>	<b>206%</b>	<b>178%</b>	<b>(23.2)</b>	<b>10.0</b>	<b>143%</b>	<b>137%</b>
Depreciation & amortisation	(2.5)	(3.5)	39%	38%	(4.9)	(6.8)	37%	36%
<b>EBIT <sup>(1)</sup></b>	<b>(11.1)</b>	<b>5.6</b>	<b>150%</b>	<b>134%</b>	<b>(28.2)</b>	<b>3.3</b>	<b>112%</b>	<b>106%</b>
Interest expense	(0.0)	0.0	(162%)	(153%)	(0.1)	(0.0)	(97%)	(95%)
Tax expense	(1.5)	(1.0)	(32%)	(32%)	(1.5)	(1.0)	(32%)	(32%)
<b>Net profit/loss</b>	<b>(12.7)</b>	<b>4.6</b>	<b>137%</b>	<b>123%</b>	<b>(29.8)</b>	<b>2.2</b>	<b>107%</b>	<b>103%</b>

1. The 1HFY24 statutory results include a one-off release of an accrual that has been excluded in this investor presentation for the purpose of assessing the Group's 1HFY24 performance on a like-for-like basis. This table shows the impact this has on underlying gross profit, GPAPA, EBITDA and EBIT. These underlying results and the numbers presented in this investor presentation differ from the statutory financial statements by this amount. Gross profit, gross profit margin, GPAPA, GPAPA margin, operating EBITDA, EBITDA and EBIT are non-IFRS measures. Non-IFRS measures are unaudited.

# Reconciliation of segment results

	1HFY23	1HFY24	% change
Redbubble MPR	\$181.1m	\$149.3m	(18%)
TeePublic MPR	\$108.2m	\$111.1m	3%
<b>Articore MPR</b>	<b>\$289.3m</b>	<b>\$260.4m</b>	<b>(10%)</b>
Redbubble gross profit	\$60.4m	\$61.2m	1%
TeePublic gross profit	\$40.9m	\$47.2m	15%
<b>Articore gross profit</b>	<b>\$101.3m</b>	<b>\$108.4m</b>	<b>7%</b>
Redbubble GPAPA	\$33.8m	\$40.5m	20%
TeePublic GPAPA	\$18.0m	\$23.7m	32%
<b>Articore GPAPA</b>	<b>\$51.8m</b>	<b>\$64.1m</b>	<b>24%</b>
Redbubble operating EBITDA	(\$13.2m)	\$11.8m	190%
TeePublic operating EBITDA	\$1.0m	\$7.0m	630%
Corporate costs	(\$5.8m)	(\$5.3m)	(8%)
<b>Articore operating EBITDA</b>	<b>(\$18.0m)</b>	<b>\$13.5m</b>	<b>175%</b>

Gross profit, gross profit margin, GPAPA, GPAPA margin, operating EBITDA, EBITDA and EBIT are non-IFRS measures. Non-IFRS measures are unaudited.

# Glossary

<b>Term</b>	<b>Definition</b>
\$	All references to dollar amounts or figures are in AUD unless stated otherwise
1H/2H	First or second half of the financial year
1Q/2Q/3Q/4Q	First, second, third or fourth quarter of the financial year
AI	Artificial intelligence
Selling artists	Number of artists who sold a product printed with their art during reporting period
b	Billion
bps	Basis points
CODB	Cost of doing business
COGS	Cost of goods sold
Constant currency (cc)	Reflects the underlying growth before translation to Australian dollars for reporting purposes. Redbubble sources about 88% of its marketplace revenue in currencies other than Australian dollars. TeePublic sources about 90% of its marketplace revenue in US dollars
CY	Calendar year
Designs sold	Number of artists' designs that have sold on at least one product during reporting period
DORS	Dynamic order routing system
EBITDA	Earnings before interest, tax, depreciation and amortisation. This is a non-IFRS measure and is unaudited
FY	Financial year
GP	Gross profit. This is non-IFRS measure and is unaudited
GPAPA	Gross profit after paid acquisition. This is a non-IFRS measure and is unaudited
GTV	Gross transaction value less taxes and artist revenue is equal to marketplace revenue. This is a non-IFRS measure and is unaudited
MPR	Marketplace revenue. Total revenue less artist revenue
m	Million
pcp	Prior corresponding period
Underlying cash flow	Operating EBITDA less payments for capitalised development costs, leases and property, plant and equipment (PPE)
US	United States of America
YoY	Year on year

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