



Redbubble 2021 AGM Report

ASX Code	RBL
Meeting Time/Date	5pm, Tuesday 26 October 2021
Type of Meeting	Virtual
Monitor	John Whittington (proxy collector)
Pre AGM Meeting?	No

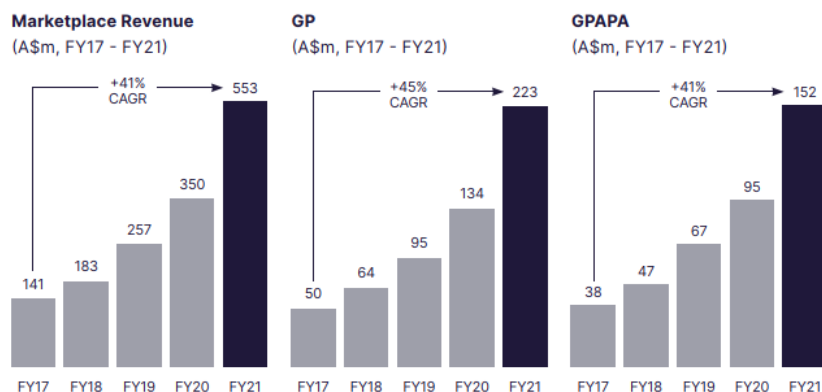
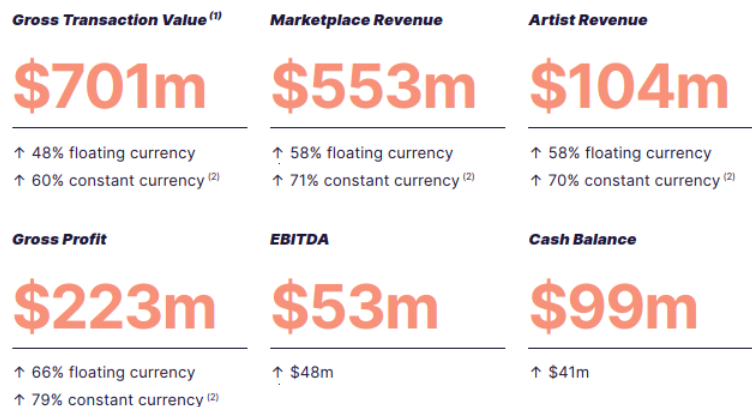
A Glitch in the Growth Story and Another Virtual Meeting Fail

What the Company Does

Redbubble owns and operates global marketplaces hosted at redbubble.com and teepublic.com where independent artists can sell uncommon designs on everyday products such as apparel, stationery, housewares, bags, wall art and so on. This way independent artists can profit from their creativity whilst Redbubble takes care of sales, production and distribution.

Developments in the Financial Year

Redbubble had a strong 2021 financial year (FY21) with sales strongly turbocharged by the production of face masks.



Source: Redbubble Annual Report

Redbubble's main market is North America with T-shirts being the most common type of product sold.

Region	% Total Business	FY20-21 YoY
North America	67%	44%
EU	15%	54%
UK	11%	59%
AU/NZ	6%	56%
Rest of World	1%	34%

Category	% Total Business	FY20-21 YoY
T-shirts	34%	34%
Accessories	18%	119%
Other Apparel	14%	46%
Stationery and Stickers	12%	11%
Homewares	11%	68%
Artwork	11%	60%

Source: Redbubble presentation to Goldman Sachs Conference, 27 October 2021

However, on 22 April, the company put out a trading outlook following which the share price dropped from the \$5.50-6 range down to below \$4. It is now trading just above \$4. This seems to be because a lot of the FY21 growth was due to face masks, a category which has subsequently fallen considerably.

Summary of Historical ASA Issues with the Company

Whilst the ASA has monitored RBL AGMs for the past two years, this year was the first year we were given any proxies so were allowed to speak and vote at the meeting. There were some informal discussions with the company following the 2019 (face-to-face) meeting, but this wasn't possible at the 2020 virtual meeting.

Debate and Voting at the AGM

The AGM was opened by the usual [presentations from the Chair and CEO](#), the CEO giving a good overview of the business. The meeting then proceeded to the formal part where all the resolutions were presented together with questions relegated to one general session at the end.

All three directors standing for re-election spoke briefly to the meeting.

When it came to the questions, this is where things fell over from a technical point of view. Your ASA representative asked an oral question then re-entered the queue to ask a second question but was ignored for the rest of the meeting. So the oral question capability, a requirement of virtual meetings, did not work.

The ASA commended the company on a well communicated remuneration report and asked for the company to include a table of actual remuneration and for clarification of how their Base Equity award (replacing a STI but more like part of fixed pay awarded in deferred shares) was calculated. They will look at including such a table and eventually (the initial answer was incorrect but was corrected later in the meeting) provided the answer to the second (which is VWAP "face value").

There were a number of other fairly detailed questions from other shareholders covering topics such as climate change, Apple privacy changes, what does Redbubble lack compared with global leaders, customer loyalty, is the company moving fast enough, will the market be a winner-takes-

all one, is Amazon a competitor, and shipping costs. Most were handed with detailed responses from the Chair although the CEO was occasionally asked to contribute.

For reasons mentioned above, the ASA’s question about changes to the constitution which would allow virtual only meetings (something the ASA and most proxy advisors oppose and is typically getting rejected at AGMs this year) in future was never put to the meeting.

We were also disappointed that questions were closed before the proxy positions were shown (the ASA believes that shareholders should be able to ask questions based on this information).

All three directors were easily re-elected with 96%+ support, there was almost 16% against the remuneration report, and, in line with many other such resolutions this year, the constitutional change failed as it did not receive the required 75% support (only got 72%).

After the meeting, your ASA representative emailed the Chair highlighting the technical problems with the meeting and she responded within minutes, phoning to apologise. This call also provided an opportunity to discuss the failed constitutional change.

Outlook Statements from the Company

The CEO outlined that first quarter marketplace revenue was down ~28%, or down ~4% when excluding face masks and delivery timing. He did highlight however that these figures were still 55% up on two years ago. He also gave more detail on the quarter with marketplace revenue in July being down 11% on last year whereas in September it was only down 2%.

He reiterated guidance provided to the market in August that FY22 marketplace revenue should be slightly above FY21 underlying marketplace revenue, with a decline in the first half being followed by return to growth in the second half.

Outlook

In the near term, Redbubble will cycle strong prior period comparatives, particularly as mask sales contributed \$57 million to FY21 Marketplace Revenue, resulting in FY21 underlying Marketplace Revenue of \$497 million

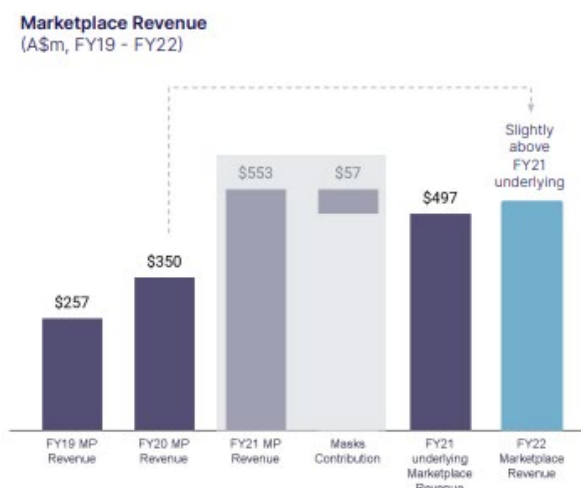
Redbubble expects FY22 Marketplace Revenue to be slightly above FY21 underlying Marketplace Revenue

- 1H FY22 Marketplace Revenue growth will likely be negative YoY as the business cycles a particularly strong prior period (due to COVID and including masks, 1H FY21 saw 96% growth and 105% on a constant currency basis)
- From 2H FY22, Redbubble expects a steady return to YoY growth rates consistent with meeting its medium term aspirations.

Targeted investments will continue to be made and will affect Gross Margin, Marketing and OPEX lines. Investments in FY22 will focus on key aspects of the customer experience, both digital and physical. These are aimed at driving cumulative increases in users, order rate, average order value and repeat rate

As noted in April, EBITDA margin as a percent of Marketplace Revenue is expected to be in the mid single digit range for FY22, with EBITDA margin expected to expand over the medium-term with top-line growth

The business remains confident and excited about the medium to longer-term opportunity to grow strongly and extend Redbubble's global market leadership as the largest marketplace for independent artists

Source: Redbubble Investor Presentation, 19 Aug 2021

Meeting Statistics

Number of Holdings Represented by ASA	4
Number of Shares represented by ASA	8,328
Value of Shares represented by ASA	\$35,000
Number Attending Meeting	Unknown
Market capitalisation	\$1.15bn
Were proxies voted?	Yes, on a poll