15 August 2025

FY25 results webcast transcript

Articore Group Limited (Articore or the Group) released its financial results for the twelve months ended 30 June 2025 (FY25) on 14 August 2025. The FY25 results webcast transcript is attached.

For further information, please contact:

Virginia Spring
VP, Investor Relations
virginia.spring@articore.com

About Articore Group

Articore owns and operates the leading global online marketplaces, Redbubble.com and TeePublic.com. The Group's community of passionate creatives sell uncommon designs on high-quality, everyday products such as apparel, stationery, housewares, bags and wall art. 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.

Founded in 2006, Articore Group (ASX: ATG) was previously known as Redbubble Limited (ASX:RBL).

This announcement was authorised for release by Articore Group Limited Board Chair.

Company: **Articore Group Limited**

Date: **14 August 2025**

Time: **09:30am AEST**

[START OF TRANSCRIPT]

Virginia Spring: Good morning to our Australia participants and good afternoon and evening for those joining us from the Northern Hemisphere. My name is Virginia Spring and I am responsible for Investor Relations at Articore.

With me today I have the Articore Group CEO and Managing Director, Vivek Kumar, and Interim Group CFO Curtis Davies. Vivek and Curtis will provide an overview of our FY25 results shortly and we will then open it up for questions.

The key information for today's call is contained in the ASX announcement and investor presentation released to the market this morning. I would like to call your attention to the Safe Harbour Statement in our ASX release regarding forward looking information. That Safe Harbour Statement also applies to this investor call. This session is being recorded, and a transcript will be released to the ASX.

I will now hand over to Vivek.

Vivek Kumar: Good morning everyone and thank you for joining us today. My name is Vivek Kumar and I am the Group CEO and Managing Director of Articore. It is my pleasure to present our audited financial results for the year ended 30 June 2025, and to provide our outlook for the coming financial year.

For those of you I have not met before, I joined the Group around three years ago as CEO of TeePublic. In October last year I was promoted to CEO of the combined marketplaces and two months ago I was appointed Group CEO.

I am joined by our Interim Group CFO Curtis Davies, who was recently appointed to this role. Curtis joined the Group in 2018 and is a senior leader of our Melbourne-based team. Curtis has already made significant contributions to our finance, function and strategy. It's great to introduce you to the earnings call today, Curtis.

Let's start with the overview of our results for both the full year and fourth quarter FY25. In October 2024 we announced a transformative change for the Group – the consolidation of our marketplaces operations under a single leadership team, which we began to roll out progressively over the remainder of the year.

The goal of the consolidation was to drive cost synergies, sharpen our execution and deepen focus on profitable growth. The impact of this change can be seen in our fourth quarter results, which were the strongest in five years. This was driven by a record high gross profit margin and a sharp reduction in operating expenses. This is a clear signal that our turnaround strategy is gaining momentum.

I am especially proud of our fourth quarter underlying cash flow of $2.5 million, which is a significant improvement of $6 million on the prior corresponding period. Delivering positive underlying cash flow in a typically soft quarter highlights a step change in the Group's performance.

Marketplace revenue decline is also moderating, which is a key focus for us.

I would like to begin the operational highlights by providing a quick overview of the Group's two marketplaces – Redbubble and TeePublic. Both marketplaces are operating at a significant scale globally. On the Redbubble marketplace there were over 0.5 million artists, who sold a product during FY26, 3.5 million customers and 3.6 million designs sold. For TeePublic there were 167,000 artists who sold a product, 2.5 million customers and 1.4 million designs sold. TeePublic's business is much more focused than Redbubble, with the vast majority of revenue coming from apparel sales in North America.

Since it was acquired in 2019, TeePublic has grown significantly from about a quarter of Redbubble's size to nearly the same size today, based on MPR. This is because TeePublic has delivered MPR growth while expanding its gross profit and GPAPA margins due to a strengthened content curation and activation, paid marketing execution, and continuous improvements in supply chain.

In contrast, Redbubble has experienced a decline in MPR, but we have mitigated some of this at the gross profit level through base price optimisations, artists fees and supply chain improvements. We are confident that the issues at Redbubble are surmountable. We know what needs to be done to turn this business around and we are already beginning to see progress.

Having two substantial marketplaces provides the Group significant scale which we can leverage going forward.

The consolidation of our marketplaces under a single executive team has been a transformative change for the Group. We began this journey in October last year with the consolidation of our leadership team, followed by our supply chain team in January and our marketing team in March. Having one leadership team across both marketplaces allows us to be much more hands-on and allocate resources to initiatives that will have the greatest impact, regardless of the marketplace.

This new structure is already unlocking significant synergies, as well as cost savings, as evident by a 410 basis points improvement in our GPAPA margins in the fourth quarter. We are working on combining the tech stacks starting with the marketing stack this year, to drive further efficiencies and unlocking more growth opportunities for the business.

The significant supply chain efficiencies we have been able to unlock through consolidating this team has been the cornerstone of our margin expansion to date. This chart on the left shows a clear step up in our gross profit margins in the second half of FY25, which we are confident is sustainable.

We achieved significant cost reductions by consolidating our preferred blanks, such as blank T-shirts, as well as printing volumes across both marketplaces to leverage our combined scale with third-party fulfillers. We also renegotiated logistics costs with carriers and onboarded our first third-party fulfiller in Asia for non-US regions, unlocking an untapped geography to drive further supply chain cost efficiencies.

One of our key priorities this year was turning around Redbubble's paid marketing performance, and this chart shows we have delivered. Paid marketing revenue has consistently improved year-over-year, while costs have come down, demonstrating strong execution and created efficiency and more scale. This momentum, accelerated after we combined operations, is driven by a stronger more analytical team and improved analytics, by directly applying cross-marketplace learnings we have gained a powerful executional edge, spotting patterns faster and multiplying the impact of our campaign testing efforts.

As we look to FY26 we have clear priorities in place for marketing, including the focus on improving customer retention by investing in our lifecycle marketing capabilities, work that has already begun. Additionally, we plan to integrate our marketing tech stacks in FY26 to drive further OpEx savings and unlock new growth opportunities.

We are leveraging AI to enhance our operations and create efficiencies across the business. This slide shows how AI is being used across the flywheel in a variety of different ways, from helping us detect fraud patterns to driving improved onsite search experiences, and for customer service, to name a few. We also have policies and tools in place to manage the sale of AI generated art on our marketplaces.

I am confident we as a Group are well positioned and have the team capabilities and the focus to take advantage of latest AI advancements across all dimensions of the business, from driving growth and customer experiences to enhancing productivity and reducing costs.

Dashery is a measured strategic bet we are making. This initiative leverages our established artists and creator cohort, experience and cost-efficient sales team and global fulfillment network, and is an important defensive move in our ecosystem. Dashery allows creators to easily set up their own branded storefronts without the operational hassle of managing the back end. We have worked hard to make sure that it is super easy, that anyone can set up a store in minutes, and the feedback we are getting is very positive.

With Dashery we are re-engaging high-value creators who have left one of our marketplaces, or are considering it, to set up their own stores. Our sales team is also reaching out to new creators who have large followings, such as podcasters and influencers. As these creators have their own following and promote their own designs, they are able to make a higher margin than on our marketplaces. In FY25 we invested $3.4 million in Dashery and we expect a similar investment in FY26 to allow us to continue developing the platform based on user feedback.

I will now hand over to Curtis to take us through the financial performance in more detail.

Curtis Davies: Thank you Vivek. It is a pleasure to be on the call today.

On this slide you can really see the financial benefits of combining our marketplaces, especially looking at the fourth quarter results. We achieved our highest gross profit margin to date in the fourth quarter at 49.7%, up 430 basis points from the prior corresponding period, which was a direct result of supply chain synergies.

The Group also drove a significant improvement to our GPAPA margin, which was up 410 basis points to 31.0%, due to improved marketing efficiency. Our disciplined focus on cost control led to a 16% reduction in operating expenses in the fourth quarter, combined with the uplift in our GPAPA margin, this resulted in the first positive EBIT the Group has delivered in a fourth quarter in five years.

Now we turn to a more detailed view of the performance of our two marketplaces. TeePublic continues to perform well with a 1% increase in MPR and a 4% rise in gross profit for the year. Its operating EBITDA was up a remarkable 47%, demonstrating its profitable growth in a tough consumer environment.

Redbubble's MPR declined by 19% for the year, but its operating EBITDA was largely in line with FY24. This is a result of the improvements we have made to its unit economics, increased paid marketing efficiency and a 17% reduction in operating expenses.

We are systematically applying the successful learnings from TeePublic to address Redbubble's issues with the goal of turning around its performance.

The benefits of our consolidation efforts and cost discipline are obvious on the next slide. On the left you can see the significant uplift in gross profit and GPAPA margins from the second half of FY25, which we are confident is sustainable. The chart on the right shows our success in managing operating expenditure, with a 29% reduction in our OpEx base from FY23 to FY25. This reflects our post-COVID restructure and the consolidation of our marketplaces which allowed us to identify and address inefficiencies. These decisive actions position us well to deliver positive EBIT FY26.

We ended the year with a closing cash balance of $28.4 million, lower than FY24 as our positive underlying cash flow was offset by the timing of payables and our share buy-back program. Excluding the $3.2 million investment in our new Dashery product, our underlying cash flow would have been a positive $3.8 million.

Now I will hand back to Vivek for his closing remarks.

Vivek Kumar: Looking ahead we have a clear set of priorities to build up the momentum from our strongest quarter in five years. First, we must address Redbubble's MPR decline and return the Group to growth. I will touch more on our key initiatives to do this on the next slide.

Second, we will continue to implement further cost-savings and efficiencies to improve margins.

Third, we will harmonise the marketplaces tech stacks and operations to achieve future cost savings.

Finally, the Board has launched a strategic review to assess our capital structure and identify new value creation pathways.

This is a key slide that underpins our MPR priorities. Over the past three years TeePublic has maintained revenue growth via expanding margins which gives us confidence that our new leadership team can turnaround Redbubble's performance.

Earlier this week we announced a new fee structure for artists on the Redbubble marketplace, designed to reward commercially valuable artists and to help cover the costs of hosting accounts and their content. The fees will support stronger shareholder returns while keeping the platform competitive for artists. The new fees will take effect from 1 September.

In closing, the foundations we have laid in FY25 position us for a strong and profitable FY26. We are guiding to a GPAPA margin of 27% to 29%. Most importantly, we expect to deliver positive EBIT between $2 million to $8 million, and positive underlying cash flow between $5 million and $12 million for the full year.

For EBIT, this will be the first year in five years that we have delivered a positive result. The executive team is well-equipped to face the challenges and opportunities ahead, and we are committed to delivering sustainable value for all shareholders.

Thank you. I will now open the line up to questions.

Operator: Thank you. If you wish to ask a question, please press star then one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star then two. If you are on a speaker phone, please pick up the handset to ask your question. We will poll for questions.

Again, if you have a question, please press star then one.

There seems to be no questions at this time. I will now hand the call back to Miss Spring for closing remarks. Please go ahead. Actually, Miss Spring, we do have a question in, would you like to take it?

Virginia Spring: Yes please.

Operator: Mr or Mrs [Moody] can you please re-queue? It seems that our question has disconnected. So Miss Spring, the floor is yours for closing remarks.

Vivek Kumar: I will take that, thank you for joining today. I know it is a busy morning with quite a few results out, so if you do have any questions throughout the day, please feel free to get in touch with Virginia, and thank you again everyone for the call.

[END OF TRANSCRIPT]