

24 October 2024

2024 AGM Chair and Group CEO Addresses and Presentation

Please find attached a copy of the Chairman and Group CEO addresses and presentation to be delivered at the 2024 Annual General Meeting to be held at 10.00am (AEDT) today, 24 October 2024.

For further information, please contact:

Françoise Dixon
Investor Relations
francoise.dixon@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 lodgment by the Articore Group Limited Board.

Chairman's Address

FY24 has been a transformational year for our Company with a new name, a new leadership team and a new operating structure put in place. We successfully delivered the first phase of the strategy we set out last year, right sizing the business and returning both marketplaces and the Group to positive underlying cash flow.

The improvement in the Group's financial position was further highlighted in May 2024 with the launch of an on-market share buyback program.

We also delivered on our commitment to Board renewal with the appointment of two new directors.

Following an extensive search, we welcomed Robin Low to the Board in March 2024. Robin is a highly experienced non-executive director and Chair of the Audit and Risk Committee. Robin's strong financial expertise and extensive ASX-listed experience are proving highly valuable and complement our existing director skillset.

In July 2024, we appointed Robin Mendelson, a US-based director to the Board. Robin brings deep operational and e-commerce experience following a 20-year career with Amazon.com. As Head of Amazon's US Media Consumer Group, Robin delivered multi-year revenue and earnings growth across the US multi-billion dollar division. Alongside her executive experience, Robin is an accomplished non-executive director, and currently sits on the Board of a number of US-based companies in related industries.

Both Robin Low and Robin Mendelson are standing for election today.

We also recently announced that longstanding director Greg Lockwood will retire from the Board at the conclusion of this meeting. Greg has been a Director of your Company for the past nine years and I would like to acknowledge and thank him for the important contribution he has made to the Company during that time.

At the start of FY24, our central objective was to restore positive underlying cash flow. It is a testament to the strength and commitment of our team that we were able to finish the year with underlying cash flow of \$9 hundred thousand, a \$47.8 million cash turnaround from the prior year.

At the same time, we stabilised the business and returned to positive operating EBITDA with Gross Profit, GPAPA and operating EBITDA all above FY23 levels.

The improvement in our performance has been achieved through a disciplined focus on unit economics. We also realised the full benefit of cost reduction initiatives implemented in FY23 while also maintaining strong cost discipline.

This was achieved against a backdrop of softer trading conditions as consumers continued to be impacted by cost of living pressures across our core markets and geographies.

Each of our marketplaces contributed to the Group's significant improvement in Operating EBITDA and delivered positive underlying cash flow. The turnaround has been particularly significant for Redbubble with a \$32.4m improvement in operating EBITDA in FY24. Both marketplaces delivered significant margin expansion by prioritising profitable revenue over volume and focusing on initiatives that drove better unit economics.

The fundamentals of each of our marketplaces remain strong.

During the financial year, approximately 575,000 artists sold products on the Redbubble marketplace and approximately 4.2 million customers bought a product from an artist.

Whilst the number of designs sold reduced to about 4.1 million, we believe this is a short-term response to some of the measures we have taken to improve the quality of designs in the content library. A better quality content library should ultimately improve the onsite experience and enhance off-site marketing.

Returning Redbubble to profitable revenue growth remains our main priority and in FY24, we made good progress but clearly there is more to be done.

At TeePublic, we leveraged our strong foundation to drive sales and customer retention in FY24. These metrics show that TeePublic's flywheel is operating well with the number of selling artists and designs sold increasing, leading to increases in marketplace revenue and GPAPA.

The overall number of customers declined slightly during the year in a challenging economic environment, but pleasingly, we continued to see growth in repeat customers which represented 48% of marketplace revenue compared to 30% in FY20.

Sustainability remains an integral part of our business and reflects the way in which we operate. Our focus is on providing spaces that allow artists and creatives to be globally seen, heard and valued.

This year, in connection with our transition to the Group operating model, we have taken the opportunity to further centre our environment, social and governance strategy around this founding purpose, which we now refer to as Social Impact & Sustainability.

Our sustainability goals are aligned with the expectations of our artists, their customers, our employees and shareholders, and will drive commercial outcomes over the short and long term.

Importantly, we continue to believe in the value of an open marketplace and freedom of expression within key policy guidelines. This is captured in Articore's mission: to liberate human creativity.

We will, of course, continue to meet a range of stakeholder expectations including the transition from voluntary to mandatory sustainability reporting beginning in FY27.

Looking ahead, we have a clear plan to return Articore to profitable revenue growth based on the solid foundations established in FY24.

In FY25, we will remain underlying cash flow positive while extracting maximum value from both marketplaces and maximising synergies across the Group.

This will enable us to invest in organic opportunities that leverage our distinctive Group assets and enable us to move beyond our existing marketplaces in pursuit of our vision of being the global leader for connecting digital creators with their customers.

I will now pass over to Martin to provide more detail on our strategy and recent trading.

CEO's Address

Thank you, Anne and I am pleased to have the opportunity to present to shareholders today, our first AGM under our new name.

At Articore, our vision is to be the global leader for connecting digital creators with their customers. This has remained essentially the same since Redbubble was founded in 2006. Providing a way for creators to monetise their works is the cornerstone of our business.

FY24 was an important year for the Group as we returned to positive underlying cash flow and delivered initiatives to drive profitability across our marketplaces.

These initiatives included a restructure of our organisation to provide greater insights into the performance of each marketplace. Absolute profit and margin improvement was the primary objective. This was achieved through better unit economics and more effective marketing spend, leveraging each marketplace's unique strengths and value proposition.

At the same time, we reduced our cost base by \$31m or 24%. During this process, we were careful to ensure that the Group retained the capability to return to growth and position the Group for long-term success.

While a lot was achieved in FY24, there is more to be done and our immediate priority is to return the Group to profitable revenue growth and leverage our assets to create additional growth opportunities. I will address this in more detail shortly.

During the year, the Group continued to embrace AI across all areas of the business to reduce cost and improve the consumer experience. For example, in customer acquisition, AI has enabled us to enhance marketing campaigns by improving relevance and customer profiling.

We are also using AI in vector search, analysing and matching images to search enquiries to build customer engagement. AI is particularly useful across our content library, detecting duplication and risky content and defining and categorising content into a hierarchy of themes.

While we remain focused on driving profitable revenue growth in each of our marketplaces, we are also pursuing a longer-term strategy based on our vision of being the Global leader for connecting digital creators with their customers.

We have a number of distinctive assets underpinning this vision. Primarily, our leading network of creators with commercial content, our scaled and growing fulfillment network and our superior unit economics.

Our aim is to build on these assets to dramatically increase the range and value of services we provide to our existing creators and creators not yet part of the Group.

The loyalty and depth of our creator membership is highlighted on Slide 15. Unusually for a marketplace we have a high level of established sellers who continue to sell on the marketplace. 30% of sales in FY24 came from creators who joined the marketplace before 2020.

Importantly, the marketplaces are also renewing with new creators joining at a solid clip and getting early sales. Combined this gives us an unusually vibrant and diverse platform on which to build by attracting new creators and providing more services to those who are already with us.

Slide 16 provides an overview of our marketplace diversity. Over 90% of our sales come from outside Australia and New Zealand and our fulfilment network extends across 46 third party sites. Our two marketplaces vary in terms of geography and product mix. Over 90% of TeePublic's sales come from apparel and over 90% come from North America. Redbubble has more product and geographic diversity. This network gives us unprecedented reach and scale.

With our established base with artists and global fulfillment network, Articore is ideally positioned to compete in the creator economy beyond the current marketplaces. These marketplaces have served digital artists but such artists are only a small subset of the broader creator economy.

This slide gives a sense of what this broader creator economy encompasses. It consists of individuals or groups that create their own careers or businesses by sharing content around themes and brands through social channels such as YouTube, TikTok, Snap, Instagram etc. Unlike the artists who underpin our marketplaces they lead with their brands and social content.

Much of this economy exists outside our current marketplaces. It has more diverse revenue streams and the total addressable market is many times larger than that of our current marketplaces and is strongly growing with the growth of social channels. In 2023, the global value of the creator economy was estimated at US\$250bn and is forecast to increase to US\$480bn by 2027.

There are a wide range of creators from small scale operators to fully fledged businesses with turnover of millions of dollars and complex needs. Within the umbrella term of creators are a broad variety of outputs encompassing still photographs, videos, games, audio and video. Creators have many ways of monetising their brands.

Articore already has a solid foothold in the Creator Economy as many of our artists bridge between the marketplaces and this economy. Since inception we have attracted millions of creators organically and through TeePublic's established sales engine. Our ability to play in this space is already evidenced in TeePublic's Merchandising Program, which has been particularly successful in recruiting podcasters.

Both TeePublic and Redbubble were founded on the core understanding that we needed to serve creators. It is exciting for us to broaden our offering to appeal to whole new segments of creators.

We are in a strong position to extract value and leverage assets from our marketplaces to deliver an expanded offering to new and existing creators. We expect this to be a multi-year journey, giving rise to

multiple new revenue streams, additive but independent of both the existing marketplaces and paid marketing channels. They will initially build on our existing print on demand (POD) marketplace offering but we would also aim to go beyond this.

Turning to Slide 19, trading for the year to date has been mixed with consumer sentiment remaining soft in our key markets.

In 1QFY25, Group MPR was 7% lower than the prior corresponding period. A strong performance at TeePublic was offset by a decline at Redbubble where improvements in paid marketing were impacted by an unexpected deterioration in search traffic.

The Group remains focused on cost discipline and on maximising synergies across the Group. As part of this process, we have appointed TeePublic CEO Vivek Kumar to the newly created role of CEO Marketplaces. We believe combining the management of the two marketplaces will enhance their performance and enable us to achieve significant synergies across the Group.

Redbubble CEO Adam Crouch will also be leaving the Group. I would like to thank Adam for his valuable contribution over the last year in stabilising the Redbubble business. Adam will remain with Articore until the end of this calendar year providing support to Vivek and further developing the Group's creator strategy.

Finally, we reaffirm our FY25 guidance and expect to deliver a GPAPA margin of 24-26%, operating expenditure of \$96m-\$100m and positive underlying cash flow.

I will now hand back to Anne to oversee the formal part of today's meeting.



2024 AGM

24 October 2024



Articore Group Limited Board of Directors



Chairman
Anne Ward



**Group CEO
and Managing
Director**
Martin Hosking

Directors



Ben Heap



Greg Lockwood ●



Robin Low ●



Robin Mendelson ●



Bob Sherwin

● Up for election
● Retiring

Agenda

- Chairman's Address
Anne Ward
- Group CEO and
Managing Director's
Address
Martin Hosking
- Formal Business



Chairman's Address



Anne Ward

Transformational year across the Group

Completed organisational restructure



New name, leadership team and operating structure put in place. Right sized the business and positioned it for future growth

Improved profitability and strengthened balance sheet



Returned both marketplaces and the Group to positive operating EBITDA and positive underlying cash flow. Launched on-market share buyback program

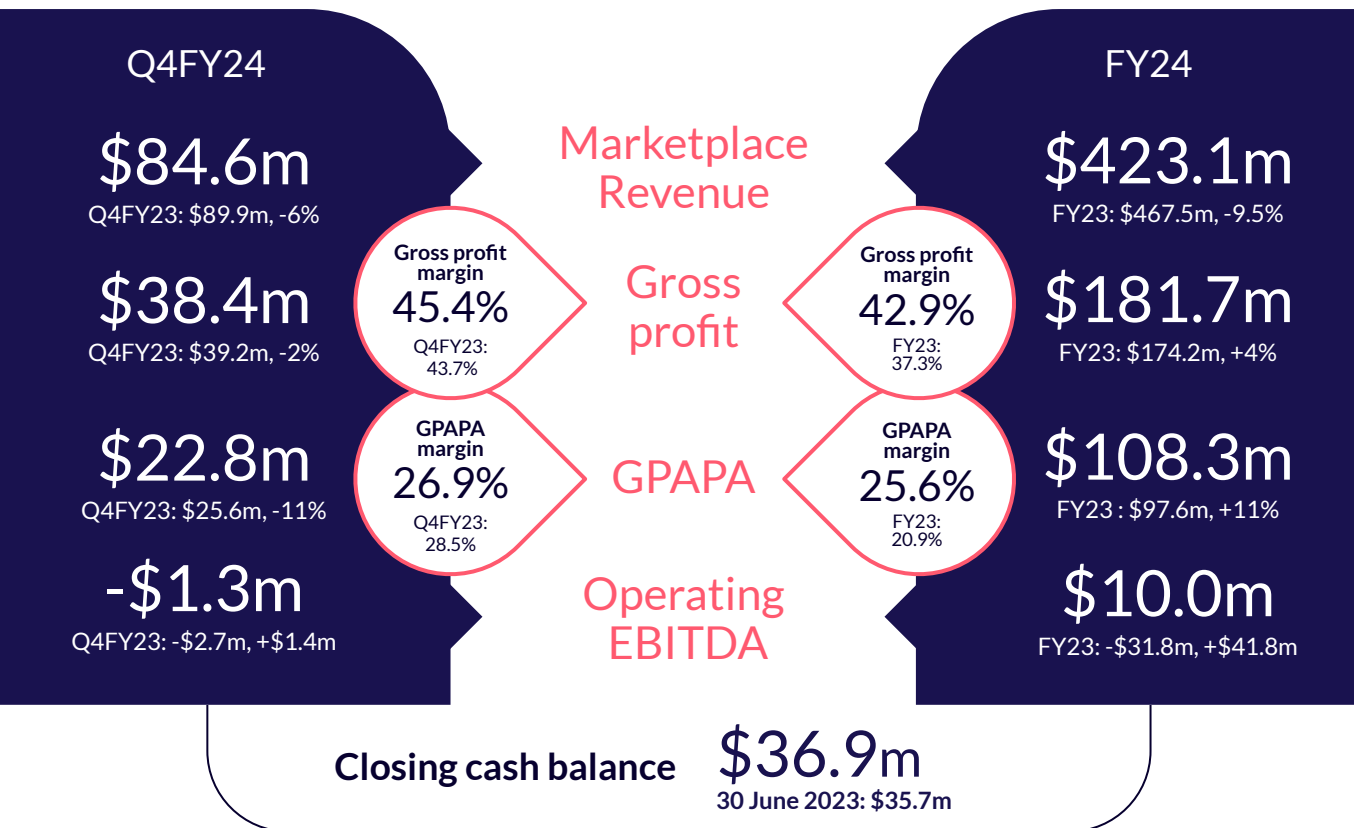
Delivered board renewal



Appointed two new directors bringing fresh perspectives and valuable skills and experience to the board



FY24 financial highlights



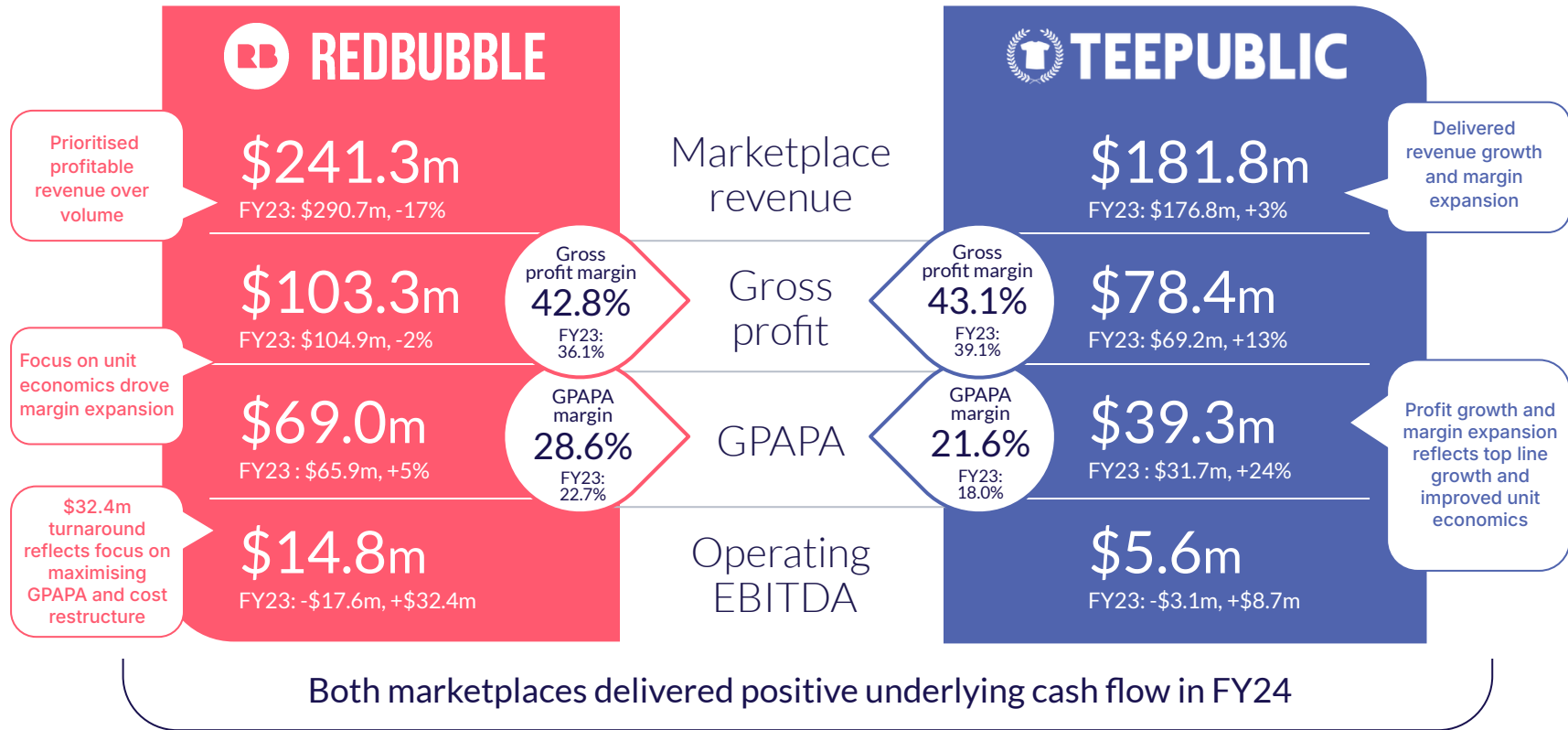
Significant uplift in Gross Profit margin (+570 bps) and GPAPA margin (+470 bps) in FY24 on pcip

FY24 Operating EBITDA of \$10.0m, +\$41.8m turnaround on pcip due to improvement in unit economics and ongoing cost discipline

Achieved positive underlying cash flow¹ of \$0.9m in FY24, +\$47.8m turnaround on pcip

1. Underlying cash flow defined as operating EBITDA plus net interest earned, less lease related expenses, payments for capitalised development costs and property, plant and equipment (PPE).

FY24 marketplace highlights



FY24 operational metrics

Selling
artists¹

575k

FY23: 569k

Artists'
revenue

\$51.2m

FY23: \$65.0m

Customers

4.2m

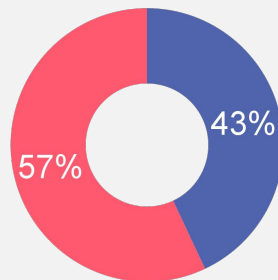
FY23: 5.0m

Designs
sold

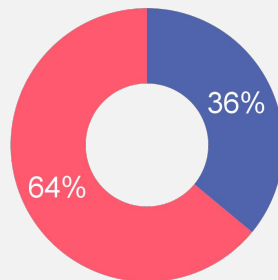
4.1m

FY23: 4.8m

FY24 financial metrics



Marketplace revenue
contribution



GPAPA contribution

FY24 operational metrics

Selling
artists¹

136k

FY23: 96k

Artists'
revenue

\$18.7m

FY23: \$22.6m

Customers

2.4m

FY23: 2.5m

Designs
sold

1.5m

FY23: 1.4m

1. The number of selling artists may vary on previously reported numbers due to artists being moderated over the following 12 month period

Social impact is at the heart of our business

2024 highlights

Our focus is providing spaces that allow artists and creatives to be globally seen, heard, and valued.

Artists



\$59 million

Artists earnings on Artcore marketplaces¹

Continued engagement with artist-focused non-profits



Supply chain

100%

of third-party fulfillers independently audited to human rights standards

98.8%

of Redbubble's marketplaces shipments fulfilled in same location as customer

16.3%

decrease in Redbubble's return rate to 1.13%

Our people



Maintained zero gender-based salary discrepancy

Established four employee affinity groups – LGBTQIA+, Neurodiversity, Parents and Carers)

Launched two Centres of Excellence (Artificial Intelligence and Social Impact)

>75% Employee Engagement score (May 2024)

1. Artist earnings is shown net of any fees charged to Artists.

Group CEO
& Managing
Director's
Address

Martin Hosking



Our Vision

Global leader
for connecting digital
creators with their
customers



Delivered first phase of turnaround

Key Priorities

Achievements



New name and organisational restructure:
Group and two operating companies

Provided greater insights into the performance of each marketplace and enhanced sharing of knowledge and expertise across the Group



Leverage core strengths to return both
marketplaces to profit growth

Both marketplaces delivered significant margin expansion and positive operating EBITDA and underlying cash flow in FY24



Focus on narrow set of priorities

Refocused team on initiatives to drive better unit economics and more effective marketing spend resulting in profit and margin improvement



Substantial reduction in operating
expenditure

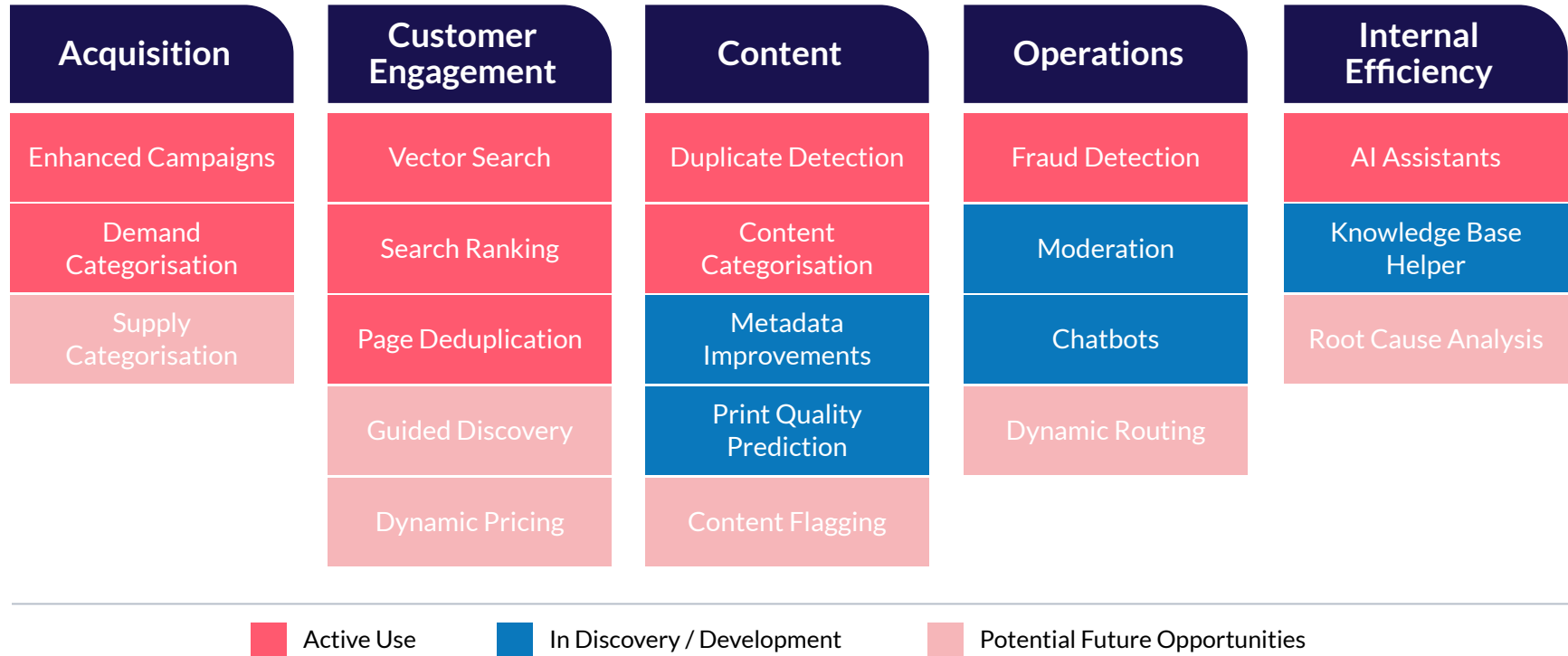
Ongoing cost discipline and full benefit from FY23 cost restructure delivered \$31m opex reduction in FY24 on pcg



Significant leadership renewal

Renewed Board and executive brought new capabilities and experience that will be leveraged to drive future growth opportunities

AI is driving operational efficiencies and enhancing the user experience



New growth will build on the Group vision and leverage core strategic assets

Group vision

Global leader
for connecting
digital creators
with their
customers

Strategic assets

Leading network of creators
with commercial content

Scaled and growing global
fulfillment network

Superior unit economics

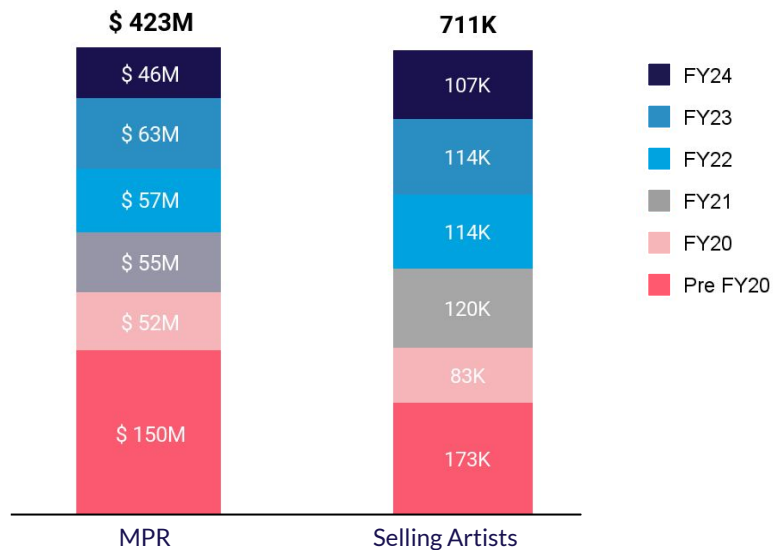
How strategic assets will be leveraged

- ▶ Provide additional revenue streams for existing creator segments
- ▶ Expand into new creator segments

Leveraging solid base of new and existing creators

Selling artists profile¹

(millions, FY24)



Large community of active selling artists with solid base of long term contributors to marketplace

\$150m or >30% of MPR from long standing creators who have been on the platform since Pre-FY20

~\$50m of MPR from new creators who joined the platform during FY24

¹Note there may be some duplication across marketplaces.

Two distinct marketplaces operating at a global scale

Marketplace Diversity

(% of gross transaction value)

North America

71%

Europe and United Kingdom

22%

Australia and New Zealand

7%



North America



Apparel



North America



Apparel



46

third-party
fulfiller sites

● May represent multiple third-party fulfiller sites.

State of the creator economy

Defining the creator economy

Individuals or groups that either:

Participate in creative activities and post, share, or promote their work from these activities online

Create social content at least monthly with the goals of growing their social presence

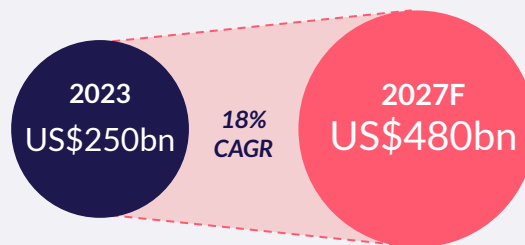
Digital artists are a relatively small subset of this economy

Sizing the creator economy

~200-300m creators of which

>150m
earn money from their creative activities

Estimated value of creator economy



Segmenting the creator economy

Creators have varying ecommerce needs:

87%
are small
with 1-100k
followers and
simpler needs

~2%
are experts
with >100k
followers and
complex needs

Visual creative content
largest category, followed by
video, podcasts, gamers

Articore well positioned to play

Relevant capabilities

Deep expertise in attracting, supporting & growing creators

- 18 years attracting and growing millions of digital graphic artists
- 8 years selling to and supporting broader creators via TeePublic's Merch Program

Low cost print on demand to help creators monetise

- Articore's global fulfillment network delivers low unit cost and high quality products

Organisational scale to deliver value to creators

- Enables capital allocation to highest value activities
- Product development capabilities to serve new segments

Opportunity

Extract value and leverage assets from marketplaces

to ...

Expand offering to new and existing creators in the creator economy

Trading update and outlook

Trading for the year to date has been mixed with consumer sentiment remaining soft in key markets

- 1QFY25 MPR down 7% on pcp as a strong performance at TeePublic was offset by a decline at Redbubble where improvements in paid marketing were impacted by an unexpected deterioration in search traffic
- Focused on cost discipline and maximising synergies across the Group

Reaffirm FY25 Guidance¹

- GPAPA margin of 24-26%
- Operating expenditure of \$96m-\$100m
- Positive underlying cash flow



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

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Contact us:
investor.relations@articore.com

