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FY23 Results Webcast Transcript

The transcript of the Redbubble Group's (ASX:RBL) FY23 results webcast on 22 August 2023 is attached.

This announcement was authorised for release to the ASX by the Redbubble Limited Group CEO and Managing Director.

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Company: Redbubble Group

Title: Redbubble Group FY23 Results

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Start of Transcript

Operator: Thank you for standing by and welcome to the Redbubble Group FY23 Results call. All participants are in a listen-only mode. There will be a presentation followed by a question and answer session. If you wish to ask a question you will need to press the star key followed by the number 1 on your telephone keypad. I would now like to hand the conference to Virginia Spring. Please go ahead.

Virginia Spring: Good morning to our Australian participants and good afternoon and evening to those joining us from the northern hemisphere. My name is Virginia Spring and I am responsible for investor relations at the Redbubble Group. With me today I have the Redbubble Group CEO and Managing Director, Martin Hosking, and CFO, Rob Doyle. Martin and Rob will provide an overview of our FY23 results shortly and we will then open up the lines 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 pass over to Martin.

Martin Hosking: Thank you, Virginia, and hello to everyone joining us today. I'd like to start by formally welcoming Rob Doyle, the Group CFO, as this is his first Redbubble Group investor call. Rob has been a great addition to the leadership team and has already started to make a valuable contribution to the Group. I look forward to introducing him to many of you over the next few weeks. It is also my first results call since being appointed Group CEO. I'm delighted to be back and really excited to share the Group's key achievements this year, many of which were in progress before I returned.

Starting on slide 2, with an overview of our results. We have amplified our fourth quarter results on this slide as these highlight the substantial improvement we have made to our financial position over the year and provide a better picture of where the Group is headed than our full year results.

In January, prior to me being appointed Group CEO, the Group announced that due to challenging market conditions and a weaker holiday period than expected, that it needed to scale back investments and improve margins and ultimately return to positive underlying cash flow. This was the right call and as I said on my first day back, my primary objective was to achieve this goal.

I am pleased with the progress the Group has made. Last month, in July, we achieved neutral underlying cash flow, a particularly strong result given July is a seasonally lower revenue month. For context, last July our underlying cash flow was negative $5 million. This turnaround was a result of improvement in unit economics and positions the Group well for the future.

In the fourth quarter our gross profit after paid acquisition margin or GPAPA margin was 28.5%, 350 bases points above the Group's historical average and 550 bases points up on the prior corresponding period. This significant step up reflects the implementation of a number of initiatives across the Group which I will provide further detail on.

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Given our focus on maximising GPAPA, our marketplace revenue decreased as we traded off some volume for margin. In a tough consumer landscape we believe this is the right approach as it maximises profitability. During the second half we implemented a number of cost saving measures which together reduced operating expenditure by $45 million on an annualised basis. While we started to see the benefit of these cost savings in the third and fourth quarter, we are now seeing the major impact.

We have started the new financial year on a stable footing and I am confident the Group will build on this position in FY24. Before we move into the heart of this financial year, I want to just take a moment and share some findings from an operational review I have undertaken.

First and foremost, I want to emphasise that this process reinforced my view that the Group consists of two well established marketplaces, Redbubble and TeePublic, with strong unit economics. Both marketplaces can and should operate profitably. However, in recent years we've not made the most of these two assets and, if we could have our time again, there are things we should have done differently. While I was not CEO of the Group when these mistakes were made, I was a Director and share some of the accountability.

When the Group acquired TeePublic we were not clear on how TeePublic and Redbubble would operate together. In many respects, and certainly aided by the same name, the Redbubble marketplace had acted like a Group entity and TeePublic's relationship with it had not been formalised. While there has been some sharing of ideas and resources across the two marketplaces, this has been ad hoc.

To address this, we have restructured the organisation to more clearly define the Group and the two operating Companies, TeePublic and Redbubble. The new structure will enable each marketplace to focus on their strengths and value propositions, while leveraging the Group's expertise and resources. We are planning on changing the name of the Group at the upcoming AGM in October.

At the beginning of FY23 we announced that we were stepping up our investment across the Group. We had expected consumer demand to plateau at the higher levels observed during the pandemic and aligned our cost base with this expected reality. We have also launched a brand awareness project. Unfortunately, as demand declined this led to costs running ahead of revenues. In January, after seeing consumer demand weaken through the holiday period, the Group took action to right size the cost base. We took further steps in May, combined these efforts to reduce the cost base by approximately $45 million.

Finally, there were too many initiatives that were being attempted concurrently to improve the Redbubble marketplace. Teams were competing for resources and ultimately getting in each other's way. To address this, we have refocussed the team on clear priorities where we have high confidence around their GPAPA and revenue growth potential. Pleasingly, we can already see the fruit from a number of these initiatives. I am confident that we have now established a foundation for a return to profitable growth.

I'd like to begin our operational highlights by providing an overview of our two marketplaces. Ensuring investors have better visibility of both marketplaces and particularly TeePublic, is something we intend to do going forward. Redbubble remains the larger of the two marketplaces with approximately 650,000 artists selling at least one product last year. Five million customers bought a product from an artist on Redbubble during the period.

A new metric we're showing this year is designs sold during the period, which refers to designs that are associated with at least one product sale. Historically during the marketplace's early years, when we were looking to scale, having a growing content library was a key competitive element to the marketplace.

Now that we have reached a significant scale, we are less focused on quantity but more on quality, which is why we have updated this metric. 4.8 million designs were sold during the period, which means we remained a long tail business with many customers buying something no other customer bought.

Redbubble's target market is the highly attractive Gen Z households, 12 to 25 year olds and their parents. The Group acquired TeePublic in 2018. Since then its marketplace revenue has grown with a CAGR of 36% and now represents 38% of total Group revenue. It is a smaller marketplace than Redbubble and in many ways is more focused. It has a very clear target market, Gen Y, 26 to 40 year olds and its revenue is highly concentrated around apparel sales to US customers. We believe TeePublic's clear focus has assisted the impressive growth trajectory, something we want to continue to support as we move forward and, as I have previously highlighted, a good lesson for the Redbubble marketplace.

On the next slide, slide 6, we provide an overview of the Group's global reach. Our global community of third party fulfillers is a key strategic asset for the Group. Currently 32 fulfillers participate in our marketplace and they print product at 50 different fulfilment sites around the world.

While the Redbubble and TeePublic networks are not integrated, we have been able to take advantage of the combined scale of both marketplaces through favourable pricing and other cost savings. Going forward we intend to continue to invest in the network, not only for the benefits of artists and their customers, but also as a potential option we may leverage in other ways as part of the wider Group strategy. For our marketplaces to be successful long term, the flywheel must be operating efficiently. As the operator of the marketplace, our role is to tend the marketplace to make sure it stays in balance, which will benefit all participants.

As I mentioned, we have narrowed our focus this year to a small number of priorities that will drive profitable growth. This is done by improving the flywheel through more relevant content and better consumer experience and higher margins, ultimately increasing sales for artists. I will now discuss these three elements.

In February we flagged that we had put in place measures to reduce the amount of non-additive content being uploaded to the Redbubble marketplace, following a surge in low quality content uploads during the pandemic. This content was not unique or creative and given the volume it negatively impacted customers' overall experience and that of the more established artists.

We've added additional measures during the second half of the year to further address this issue. These included, among many other things, adding friction to the artists' sign up process. Now before a new artist's content becomes discoverable on the marketplace, the artist's account must be reviewed by human eyes. This has enabled us to reduce bad actors' content from ever appearing on the marketplace.

We have also introduced artist account tiers and associated fees for some accounts. This initiative was designed to encourage the uploading of additive content to the marketplace and recognise and reward artists who invest time creating unique products that their customers love.

Signals generated from account activity are used to continually and automatically evaluate accounts. Account activity like uploading new designs, adding social links, or reaching a sales threshold can prompt a tier review. The introduction of account tiers is driving positive behaviours on the marketplace which led to 12,000 accounts being upgraded from standard to premium in the first two months after the program was rolled out.

The combined impact of these initiatives on the marketplace is highlighted by the graph on the right side of this slide. The blue line depicts content being uploaded on to the marketplace. As you can see, it has dramatically come down since the beginning of the calendar year. It is now in line with historical averages. There is still lots of new content

coming on to the site every day, but importantly the quality of the content has improved with 40% of the content being generated by Pro and Premium accounts.

In addition to improving the quality of the content uploaded to the marketplace, we've made a number of other improvements to customer experience. Ensuring customers are able to find the content that appeals to them is vital for the flywheel to effectively operate. We are increasingly using AI to improve the overall customer experience. In particular, how our marketplaces connect artists' unique products with demand from their customers.

We are currently using AI to detect highly similar content that previously evaded our duplicate detection technology and to pre-empt customer search terms. It also enables us to service previously undiscovered content. This is important to ensure new artists can establish themselves and so that returning customers see fresh content from the vast content library.

We are continuing to test other uses of AI and expect to further leverage this technology. Through recent sitewide experiments we have found that AI is particularly useful for longtail searches, when a user enters three or more words into the search bar. We are also using this technology in our pro-active measures to find and remove unwanted content from our marketplaces. Upgrades to search and discovery are in production to capitalise on this learning and we expect this upgrade to be live on the marketplaces by the end of the calendar year.

We also increased the website's speed and upgraded the more frequently visited pages during the financial year. This has a benefit not only for artists and their customers but for organic search ranking. To track the success of these initiatives we measure search engagement. As you can see on this graph, search engagement has been trending up with a significant uptick in the last quarter of the financial year.

To ensure the flywheel operates efficiently, we have also been focused on optimising the supply chain. In March we launched a dynamic order routing system, or DORS, in the US for the Redbubble marketplace. For each order the system automatically selects the lowest cost fulfilment and shipping option that will reach the customer by the promised delivery date.

The system also provides greater transparency to fulfillers about how orders are routed, based on their speed, product quality and cost. This has led to some fulfillers reducing their pricing to increase the amount of volume that our platform software routes to their sites. In addition, fulfillers can choose to opt in to promotions on the Redbubble marketplace. A number of fulfillers reduce their pricing during sales, resulting in a higher proportion of order volume being directed to their sites.

Turning to TeePublic on slide 11. As I mentioned earlier, since acquisition TeePublic has had very good marketplace revenue growth. Like Redbubble marketplace, since the start of the calendar year we have been focused on how to improve TeePublic's margins, even if this slows down topline growth. Pleasingly, in the second half TeePublic's revenue continued to grow but this was outpaced by both gross profit and GPAPA growth. This has been achieved through a number of enhancements across the flywheel.

We have been attracting new customers through search, [unclear] optimisation and driving growth in customer retention through the use of more targeted marketing campaigns. We have also been optimising how the third party supply chain functions, which has allowed order volume to be routed to more cost effective fulfillers and swapping blank products for cheaper options where possible without compromising quality.

We have also introduced artist account tiers on the TeePublic marketplace in the second half of the financial year. Although the concept was similar to the initiative that was implemented on the Redbubble marketplace, there are subtle differences as each marketplace has implemented a version that is better suited to itself.

Finally, before I hand over to Rob, I want to touch on some of our ESG highlights for the year. Since its inception, social good and business success have gone hand in hand. This includes supporting artists and their customers, dealing fairly and ethically with fulfillers, caring for our employees, addressing our environmental impact, and generating long term shareholder value. Artists earned $85.9 million on our marketplaces this financial year.

We are also committed to ensuring that fulfillers who participate in our marketplaces treat their staff well, which includes compensating their employees fairly and providing a safe work environment. 47 of 50 fulfilment sites where RB and Tee-Public artists' products are manufactured have been independently audited by a third party auditor with the remaining three sites to be audited in the next month. More than half of the audited sites received a score of above 85% and 11 sites achieved perfect scores.

We are also delivering on our commitments to employees around equity and inclusion. This year we became a signatory of the United Nations Women [sic] Empowerment Principles. We have also maintained a zero gender-base salary discrepancy and the percentage of women in senior leadership positions across the Group increased to 44%.

On the environment side, we invested in Climate Neutral's Banned Emissions Estimate tool to measure scope 1, 2 and 3 emissions across the Group. Understanding our emissions is a first step as we move towards our net zero 2025 goal. I am proud that we have offset 100% delivery emissions across the Group through our investment in the Brazilian Rainforest program, developed according to the United Nations' REDD framework. We have also reduced the Redbubble marketplace's product defect rate by 15 bases points this year to 0.62%. This is a material gain that reduces waste, lowers product cost, and means that moreover the artists' customers received products that they were happy with.

I will now hand over to Rob to take you through the financials.

Rob Doyle: Thanks, Martin. Firstly, I'd just like to say how pleased I am to be here today. I've thoroughly enjoyed getting up to speed on the business and contributing to all that's been achieved in the relatively short period since I joined. I'm confident that it's just the beginning and am excited about what's next.

Starting with a summary of the Group's profit and loss statement on slide 14. As Martin mentioned, since the beginning of the financial year the Group has been focused on maximising absolute GPAPA. As part of this, we've been more disciplined with promotional activities, which contributed to a lower MPR. The absolute revenue generated from repeat customers has increased. However, this was not enough to offset a decline in revenue from new customers.

Attracting new customers to our marketplaces has been difficult for the Group. In particular, customer demand in our largest market, the US, softened during the year. In the first half revenue from the US was up 4% compared to the PCP. In the second half it was down 9%.

Gross profit for FY23 full year was also down 5%. However, it was up slightly for the fourth quarter with a four percentage point improvement in GP margin, as we began to see the benefits of a number of the initiatives Martin flagged. Fees from our artists on the Redbubble marketplace are reflected in gross profit as a reduction to the artists' expense.

In the two months since launch we collected $1.7 million in artist fees on the Redbubble marketplace. We saw a 17% decline in paid acquisition expense during the fourth quarter as we adjusted our offsite promotions to focus on more profitable products. In the fourth quarter we started to see the benefits of the cost reduction initiatives we announced during the second half. The full benefit will be realised from the start of FY24.

FY23 costs include two significant one-off items, being redundancy costs of $4.2 million within staff expenses and a $2.8 million write off of capitalised development assets in other expenses. Both of these occurred in the second half.

On slide 15 we've highlighted the combined effect of the initiatives Martin spoke to earlier on the Group's GPAPA margin. Our GPAPA margin for the fourth quarter was 28.5%. This is in line with our fourth quarter margin in FY19 and 350 basis points above our historical average. Two thirds of this benefit has been driven by improvements to gross profit. Increases to product base prices, optimisation of the supply chain and the introduction of artist account categories and the associated changes in artist earnings.

The other third of the uplift was due to reduction in page spend. During the year we've spent a considerable amount improving our data to understand the profitability of each product in each region. As a result we are able to be much more strategic on which products are being promoted to drive sales of more profitable products for artists.

As I mentioned, in the second half of the year we implemented a number of cost saving measures to right size our cost base. The savings identified fall in to three categories: cost of doing business, brand, and people. To lower the costs of doing business, the senior team reviewed all contracts in place to see whether the terms could be renegotiated or the contract terminated. This led to significant cost savings across the business, with notable reductions in the cost of website hosting and software.

In January the Group announced that the brand awareness project would be suspended, as the Group no longer expected it to deliver a commensurate financial return. The Group had planned to invest between $9 million and $13 million in this project in FY23. Martin and I have also reviewed this project since joining the Group in March and agree terminating the project was the right call.

Finally, we had to make a number of difficult decisions related to our people. This is never easy and was certainly not something I wanted to do as the incoming CFO, but it had to be done to get the business back onto a stable footing. We've removed 141 roles, or 37% of the Group's workforce. Through this process we sought to retain sufficient capability to deliver our priority initiatives, achieve a return to growth and position the Group for long term success. Collectively, these reductions have lowered the Group's cost base by around $45 million on an annualised basis.

On slide 17 we've highlighted our closing cash balance for the last five financial years. While there's no hiding from the significant amount of cash usage over the past few years, we are pleased that we ended FY23 with our cash balance above FY19. As I've highlighted, we've taken significant steps in the second half of the financial year to right size our cost base to rectify this issue.

The business now has the right foundations to deliver sustainably positive underlying cash flow. This metric is a proxy for the Group's cash position, adjusted for timing, and is calculated as operating EBITDA less payments for capitalised development costs, leases, and PPE. This year capitalised development costs, leases and PPE were approximately $16 million. Going forward for FY24, we expect them to be around $10 million in total, with the year on year reduction driven by reduced capitalised development costs.

Sustainable means we want to achieve this on an annual basis. Clearly, the seasonality of the business and the consequent working capital movements mean that there will be certain months when positive underlying cash flow will not be achieved. However, when we report our FY24 full year results, underlying cash flow is expected to be positive. Our initial target was to put in place the right measures to set the business up to achieve this for calendar year 2024. We now expect the business to deliver positive underlying cash flow sooner, in FY24. Achieving neutral underlying cash flow in July, a seasonally lower revenue month, indicates that we're on track to deliver this.

I will now hand you back to Martin.

Martin Hosking: Thank you Rob. I would like to reinforce the progress that we've made since January to return the Group to a stable foundation. Since being appointed CEO, I have undertaken a detailed review of the business and

taken immediate action where necessary. We have rightsized the cost base while maintaining sufficient resources to delivery priority initiatives and provide for future growth. Unit economics remain strong and the focus we have had on driving margin improvement will continue. There is still more work to be done. I am pleased that we are starting FY24 on a stable footing and committed to building on the momentum generated since I returned.

Finally, our guidance for FY24. The Group expects trading conditions to remain soft in its key markets, particularly the US, in the near term. In this environment we will remain focused on optimising COGS, promotions, and paid marketing activities to maximise GPAPA. The Group expects its FY24 GPAPA margin to be between 23% and 26%.
The Group expects to see the full benefit of cost saving measures implemented in FY23 and FY24.

As a result, combined with continued focus on strong cost discipline, it expects its FY24 operating expenditure to be between $92 million and $100 million. After achieving neutrality underlying cash flow in July 2023, the Group is aiming to deliver positive underlying cash flow for FY24.

Thank you for joining us today. We are now happy to take any questions you may have.

Operator: We'll now begin the question and answer session. If you'd like to join the question queue, press star then one. If you'd like to remove yourself from the question queue, press star then one. The first question comes from Tim Piper with UBS. Please go ahead.

Tim Piper (UBS, Analyst) Morning Martin and Rob. Thanks for taking questions. Just a couple of quick ones. Firstly on the OpEx side of things, obviously a very substantial reduction there, I mean, headcount reduction of 37% that you've found extremely quickly in the business. It sort of begs the question what these people were doing, but aside from that, how do we think about the sustainability of this OpEx reduction? Is it a matter of retain cash and balance sheet now and then reinvest in headcount over the medium term, or what do you sort of see as a sustainable headcount size in this business going forward?

Rob Doyle: Yes, I can take that first one, Tim. Thanks for the question. This wasn't a slash and burn exercise. It was a very forensic review of every area of the business. As Martin alluded to in his commentary, we prioritised hard around the things that we feel are going to make a difference. I think that focus is actually a positive aspect to the business going forward. So we certainly feel that we've got enough resources in the right places to deliver on those priority initiatives.

Over time, obviously, we'll continue to review what's required but I think the key message really is that we haven't gone beyond what we think is a sustainable level for the business and we've got the right resources in place to deliver on the things that are really important over the next period.

Tim Piper: (UBS, Analyst) Okay. Just on the GPAPA margin guidance for FY24, just looking at the fourth quarter gross profit margin over 43% and then GPAPA over 28.5%. Obviously I think the artist fees kicked in in May, so what you had – two months' impact out of the three there, so there's an annualisation [higher] in that. Just questions around, I guess, why you're only seeing 23% to 26% in FY24, given the way the fourth quarter came in?

Rob Doyle: Yes, that's right. The guidance we've given is obviously lower than the Q4 result that came in. Just with the seasonality of the business, the first half margin is generally lower and that's really due to the more intensive promotional activity, particularly during the holiday period. As you can see, the guidance of 23% to 26% is consistent with the historical average of around 25% that's in the slide in the deck.

We're not providing guidance beyond FY24 around GPAPA margin, but obviously that remains a key focus for the Group and very pleasing to see the impact of some of the things that we've put into place during particularly the second half of FY23 flowing through.

Tim Piper: (UBS, Analyst) Then just a high level question. I mean at the level of spend, promotional activity, paid acquisition cost to deliver that kind of GPAPA margin, outside of a slightly soft economic environment you're seeing, is that enough investment to turn the topline back into growth, do you think?

Rob Doyle: Yes, we think so. There's obviously a continuous process of improvement and optimisation in that space and it's a competitive environment, but we certainly feel like we've got the right sort of capability and the right spend levels going in to deliver that going forward.

Martin Hosking: It is – sorry, Martin here – it is worth noting that as I mentioned TeePublic is already seeing growth through the first and second half of the year. So that's providing key lessons on how we can drive profitable growth in both marketplaces.

Tim Piper: (UBS, Analyst) Any sense you can give us of when you think the Redbubble platform will return to growth from a topline point of view?

Martin Hosking: We're not giving indications on that at this point. My immediate focus has been on delivering the return to neutral – so it's positive underlying cash flow. That remains my objective and that's what we achieved earlier than anticipated. I am now though turning my attention to what's occurring within the Redbubble marketplace and I did highlight a number of initiatives which we expect to have impact over the coming period. We are drawing from, as I mentioned though, the lessons there at TeePublic and so there is an expectation of that return to growth, but we're not providing a forecast on that at this point.

Tim Piper: (UBS, Analyst) On that, and if I'm going to squeeze one more in, just around the artist fees that you've introduced from May onwards, is there any sense you can give us in terms of churn in the artist base since introducing that. I mean, clearly [unclear] and some details around the content momentum from the premium artists but in terms of other artists that have churned off the program since then, has that been a material number?

Martin Hosking: No. I'll give you a quick, simple answer to that – no, and primarily because it's very much a positive for the Premium and Pro artists and so it's reduced churn amongst the key artists which we care about. Amongst the other artists who have been below the Premium and Pro tiers, the churn is negligible.

Rob Doyle: Actually Tim, what we've seen, as you saw in the presentation, is a significant movement from that lower tier into the Premium and Pro tiers, so it is driving the right behaviour with the Standard tier artists in terms of engaging more proactively and more fully with the marketplace, which is actually what we wanted this change to drive.

Tim Piper: (UBS, Analyst) Actually, sorry, you had – it says on the slide 12,000 accounts were upgraded from Standard to Premium since launch. You launched in May and then over those two months you've seen a transition from originally more Standard accounts being classified into Premium accounts. Then secondly you kind of commented that there's a bit of – sounds like there's been a headcount associated with classifying and reviewing these accounts. How much of the cost is involved in consistently reviewing the accounts to ensure the correct classifications et cetera?

Martin Hosking: I'm not sure we're going to break out the costs of that level [inaudible].

Rob Doyle: It's not a material cost, Tim. There's obviously some automated processes involved as well, but there is some human interaction there as well, just at the initial setup stage, but it's not a significant cost element.

Tim Piper: (UBS, Analyst) Great, thanks. I'll leave it there. Well done on getting back to cash flow break even in July. Thanks.

Rob Doyle: Thanks.

Martin Hosking: Thanks Tim.

Operator: Again, if you'd like to ask a question then please press star then 1. The next question comes from Owen Humphries with Canaccord. Please go ahead.

Owen Humphries: (Canaccord, Analyst) Good day, guys. Thanks for taking my question. I've got two questions. Maybe the first one's targeted at Martin. A lot has changed since you are back at the helm. I'd be interested in your views to see how much of the impact, particularly in the US as of late, has been driven by cyclical versus a perceived structural impact on your business.

[Over speaking]

Owen Humphries: (Canaccord, Analyst) …generative AI.

Martin Hosking: Sorry, generative AI – I'm not 100% sure I've got the question, Owen, but let me answer the question I think I heard. The cyclical impact on the business, both marketplaces, has been significant and primarily as we have come off the COVID highs. So we had been – obviously both marketplaces had really benefited from the COVID and as we've come off that, that's a systemic change which I commented on. So that's been the overwhelming impact on both marketplaces, which is a new reality which they've had to adjust to. Was that your question?

Owen Humphries: (Canaccord, Analyst) Yes, part of the question there is just since you've come back – you guys are obviously a leader in the field. It was a new platform but the world's, I guess, moving on, more competition. I'd be interested in your views of is there any structural impacts on your business in your perception now coming back as being CEO?

Martin Hosking: Yes, Owen, thank you for that. I think you mentioned generative AI. We have seen that for us AI is a net benefit. Artists are using AI to generate art and then changing it and transforming it as they've always used the latest tools. We're not seeing – there's not been a rapid uptake at this point of the use of AI simply to generate images by consumers that then get printed. We are, of course, clearly looking at that and we have the potential to participate in that market if it becomes necessary through the Group structure which I put in place.

We have seen some structural changes in the overall landscape but I do think that, in particular, the rise of the creator economy overall, which is forecast to continue to grow in double digits for the next period of time, is a phenomena which we take advantage of. The things which I'm looking at in particular are the rise of new channels, such as TikTok, where both marketplaces can take advantage of those.

I think also the increasing interest in the artists becoming more like entrepreneurs is also a phenomena which we can take advantage of. Historically they've been more passive; now they're more prepared to promote themselves through the new channels and so that's a phenomena which we can take advantage of. So overall it's while there's challenges in it, there's also good grounds for optimism. It's not just a game about Google as it was in the past.

Owen Humphries: (Canaccord, Analyst) A question here, just on TeePublic revenues now, call it $190 million odd, can you guys give an indication of the margin protocol of that business versus the Redbubble business?

Rob Doyle: We're not going to break that down at this stage Owen. I think one of the things we'll look at for FY24 is segment reporting, so off the back of the changes that we've implemented to the Group structure, I think that naturally will lead to probably some more disclosure around that but it's not something we're going to go into in detail at this stage.

Owen Humphries: (Canaccord, Analyst) At that stage will they be run as separate entities?

Rob Doyle: Well, they pretty much are anyway. I think that what Martin alluded to was just this clarity around the Group, if you like the corporate element of the Group versus the two operating Companies. So we've done some work to clarify that internally and that, I think, will naturally lead to a change to how we look at the segments for external reporting, but that would be an FY24 piece of work.

Owen Humphries: (Canaccord, Analyst) Thanks guys.

Operator: Again, if you'd like to ask a question press star then one. It appears we have no further questions at this time, so this will conclude our question and answer session. I'll turn the conference back over to Mr Hosking for any closing remarks.

Martin Hosking: Thank you everybody. Thank you for your participation and thank you to all investors. If you have further questions, follow up on the investment materials which you've received, please follow up with Virginia Spring. Thank you.

Operator: The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.

End of Transcript