

booktopia

 An e-commerce leader

Investor Presentation  
FY 21 – 30 Jun 2021

**30 August 2021**

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# Presenting Today



## Tony Nash

Founder, Chief Executive Officer and Managing Director

- Tony has been instrumental in growing the Booktopia Group and formulating its business strategy since Co-Founding the company in 2004.
- Tony is an industry-recognised leader in the eCommerce sector in Australia.
- Tony established his first internet business in 1996.
- He is an accomplished public speaker and motivator.



## Wayne Baskin

Deputy Chief Executive Officer and Chief Technology Officer, Director

- Wayne Baskin joined Booktopia Group in 2008 as the company's first software developer, appointed CTO in 2012 and Deputy CEO in 2017.
- Wayne has designed and is responsible for all of Booktopia's proprietary systems.
- As Deputy CEO, Wayne is responsible for overall business strategy, vision and customer experience while also overseeing logistics and the business' pricing and inventory strategy.
- Awarded Online Retail Industry Recognition Award in 2019 and named Top 10 People in eCommerce in 2019, 2020 and 2021.



## Geoff Stalley

Chief Financial Officer

- Geoff joined Booktopia Group in 2020 as CFO.
- Geoff was a senior Partner at Deloitte Australia and Ernst & Young Australia.
- Significant strategic consulting experience in Retail, Consumer Services and Technology industries.
- Previous senior executive and leader of the Growth activities for Serco Asia Pacific.
- Holds positions as NED of iSelect, Chair of Uplifting Australia (NFP) and Exent Consulting.



booktopia  
100% Australian

Section

# 1

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Overview

# Results at a Glance

## Key Highlights – FY21 30 June 2021



FY 21 Revenue

**\$223.9m** **+35%** (FY 20 - \$165.7m)  
(Prospectus - \$204.5m +10%)



FY 21 Underlying EBITDA

**\$13.6m** **+125%** (FY 20 - \$6.0m)  
(Prospectus - \$9.4m +45%)



FY 21 Units Shipped

**8.2m** **+27%** (FY 20 – 6.5m)



Active customers <sup>(1)</sup>

**1.8m** **+19%** (FY 20 – 1.5m)



Average annual spend per customer <sup>(2)</sup>

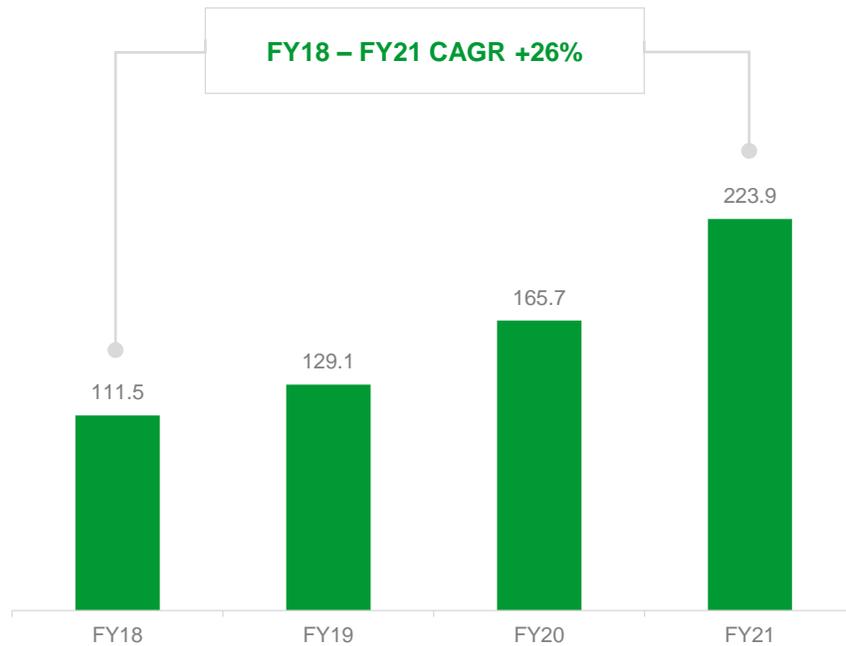
**\$126.85** **+14%** (FY 20 – \$111.43)



1. Active Customers are defined as someone who have placed an order through the Booktopia, Angus & Robertson, eBay and TradeMe channels in the prior 12 month period.  
2. Average Customer Spend is a moving average for the previous 12 months at that point in time. H1 21 is for the calendar year 2020.

# FY21 Business Highlights

## Revenue (\$m)



## Key Performance Indicators

	FY18	FY19	FY20	FY21
<b>Key operating metrics</b>				
Average Order Value (\$ per order) <sup>(1)</sup>	53.88	57.81	65.08	71.07
Average Selling Price (\$ per unit shipped) <sup>(2)</sup>	23.79	24.73	25.80	27.39
Average Customer Spend (\$ per customer per year) <sup>(3)</sup>	90.12	98.54	111.43	126.85
Units shipped (000s)	4,824	5,370	6,451	8,173
<b>Key financial metrics</b>				
Revenue growth	N/A	15.8%	28.4%	35.1%
Gross profit growth (%)	N/A	112.1%	25.9%	36.2%
Gross profit (\$ per unit shipped) <sup>(4)</sup>	6.43	6.42	6.73	7.42
Net freight cost (\$ per unit shipped) <sup>(5)</sup>	0.71	0.74	0.53	0.48
Distribution Centre wages (\$ per unit shipped) <sup>(6)</sup>	1.02	1.26	1.42	1.42
Marketing expenses (\$ per unit shipped) <sup>(7)</sup>	1.61	1.69	1.60	1.25
EBITDA margin (EBITDA / revenue %)	3.7%	2.8%	3.6%	6.1%

1. Average Order Value is based on sales including GST but excluding any freight charged to customers, divided by the total number of orders in each financial year from Booktopia, Angus & Robertson, eBay and TradeMe sales channels.  
 2. Average Selling Price means average selling price per unit, calculated as revenue for the period including GST but excluding any freight charged to customers divided by the number of units shipped for that period.  
 3. Average Customer Spend is a moving average for the previous 12 months at that point in time.  
 4. Gross profit per unit means gross profit divided by the number of units shipped.  
 5. Net freight cost per unit is the difference between freight received from customers and postage costs incurred by the Company divided by the total number of units shipped.  
 6. Distribution Centre wages per unit is the wages and contractor expense for the Distribution Centre divided by the total number of units shipped.  
 7. Marketing expenses per unit means marketing expenses divided by the number of units shipped.

# Delivering on our Strategy

Market Leading, Category Dominant, Online Retailer

- 1 Leveraged the eCommerce mega trend**  
Ongoing trends to online retailing drive the continued growth of the Group.
- 2 Market leading and category dominant position**  
Recession proof, pandemic proof and Amazon proof.
- 3 Proven model**  
Strong and consistent revenue/profit growth through operating leverage and increasingly automated distribution facilities.
- 4 Customer obsessed**  
Stock holding, buying, merchandising & customer service, dedicated digital marketing programs, expert recommendations.

- 5 Innovation**  
Measured investment in automation, software, algorithms, data analytics and robotics, driving customer engagement.
- 6 Founder-led management team**  
Dynamic, experienced with strong capability to execute long term strategy.
- 7 End to end services**  
Incorporating publishing, distribution and online retail.



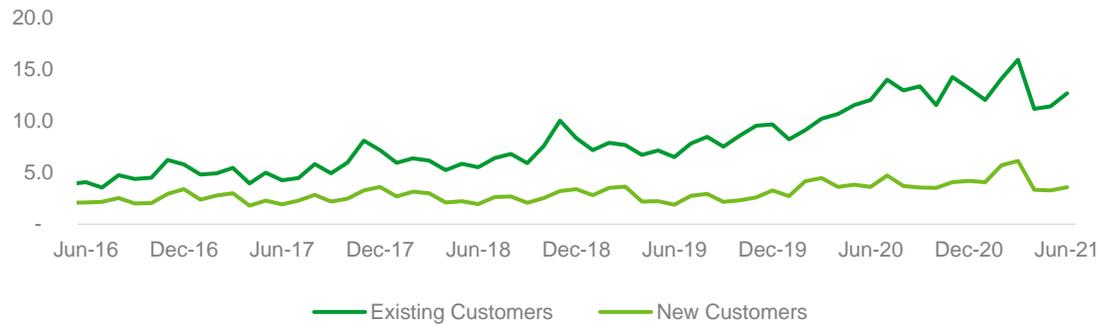
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# 2

Financials

# Key Revenue Drivers

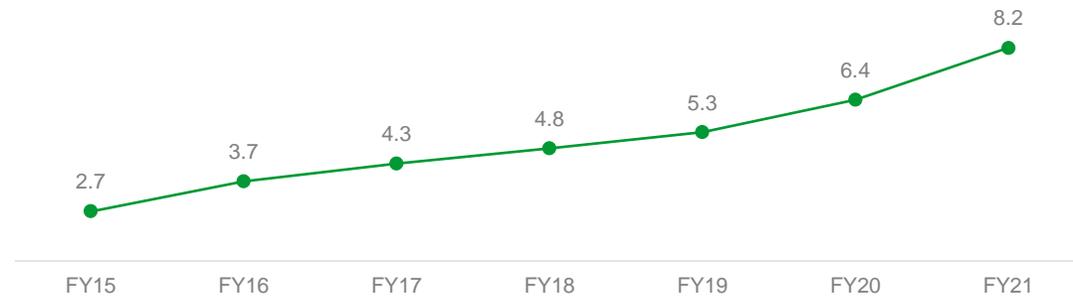
Revenue by New vs Existing Customers (\$m) <sup>(1)</sup>



Average Order Value (\$m) <sup>(2)</sup>



Invoiced Units Per Year (millions)



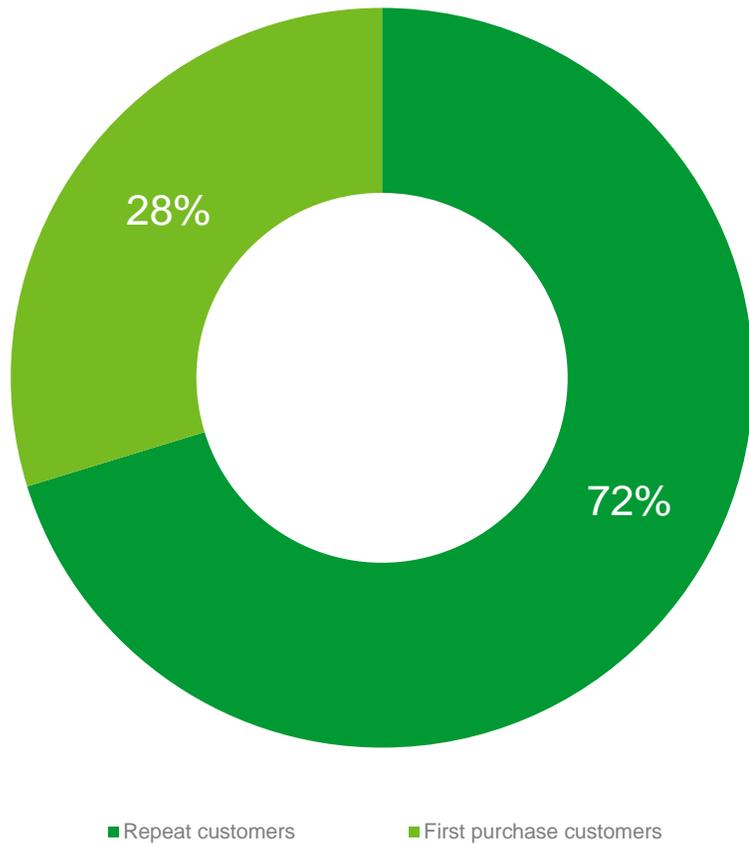
Average Spend Per Customer (\$m) <sup>(3)</sup>



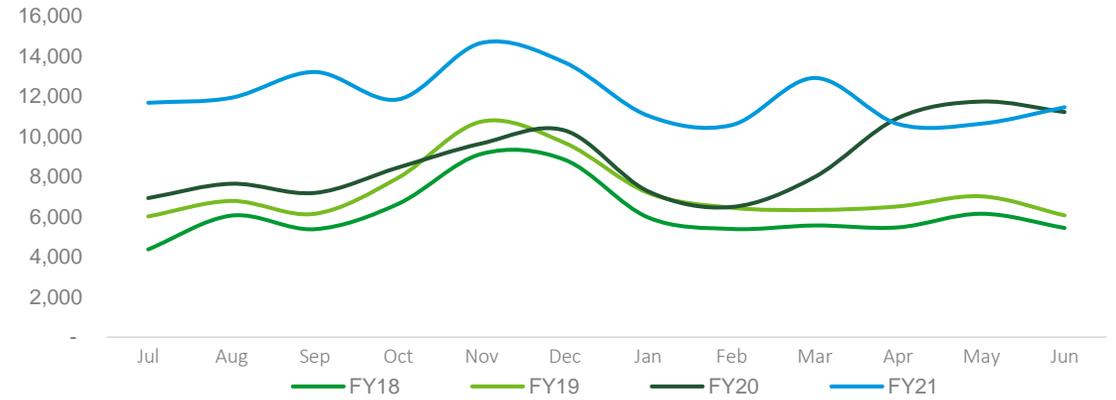
1. Represents product revenue from the month the item was shipped, excluding GST and freight.  
 2. Based on sales including GST and excluding freight income divided by the total number of orders in each financial year from Booktopia, Angus & Robertson, eBay, TradeMe and Amazon sales channels.  
 3. Based on sales including GST and excluding freight income divided by the total number of customers in each financial year from Booktopia, Angus & Robertson, eBay, TradeMe and Amazon sales channels. Average Customer Spend is a moving average for the previous 12 months at that point in time.

# Customer Mix and Spend Cycles

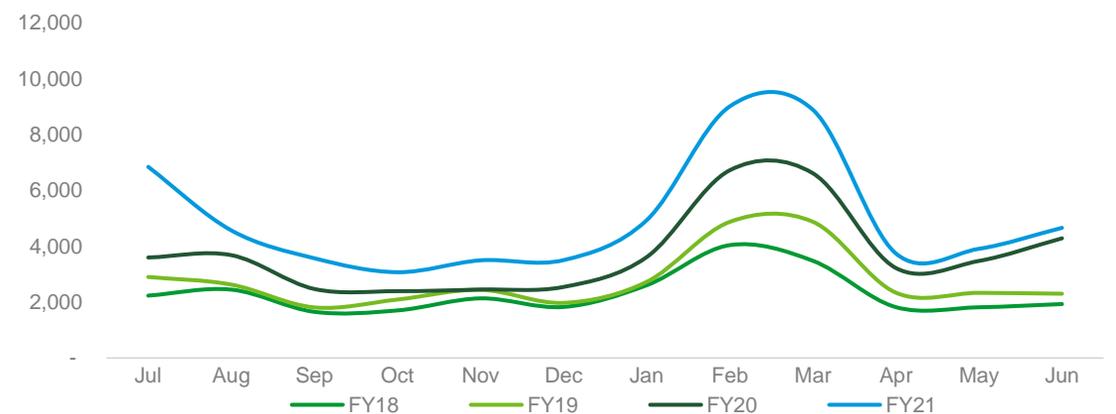
Cumulative Revenue by Customer Since FY15 (%)



Trade – Shipped Revenue Spend Cycle (\$000)



Academic – Shipped Revenue Spend Cycle (\$000)

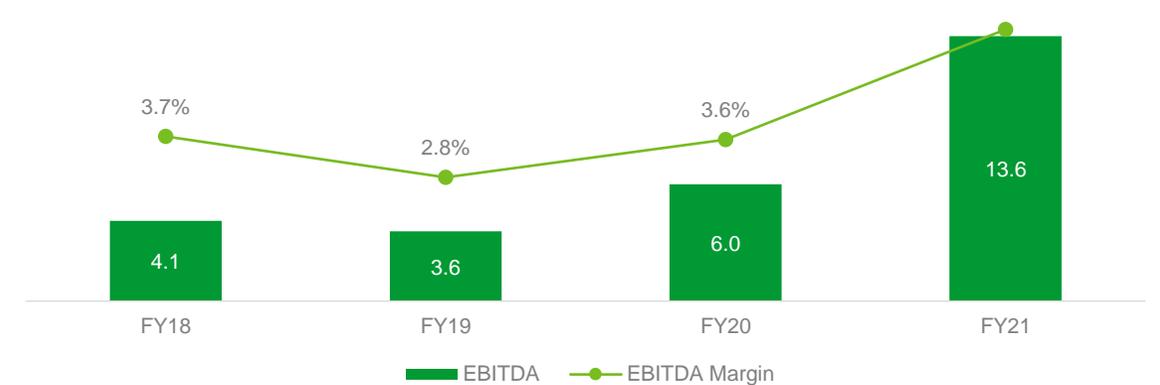


# Margin Performance and Operating Expenses

Gross Profit (\$m) & Gross Profit Per Unit Shipped (\$) <sup>(1)</sup>



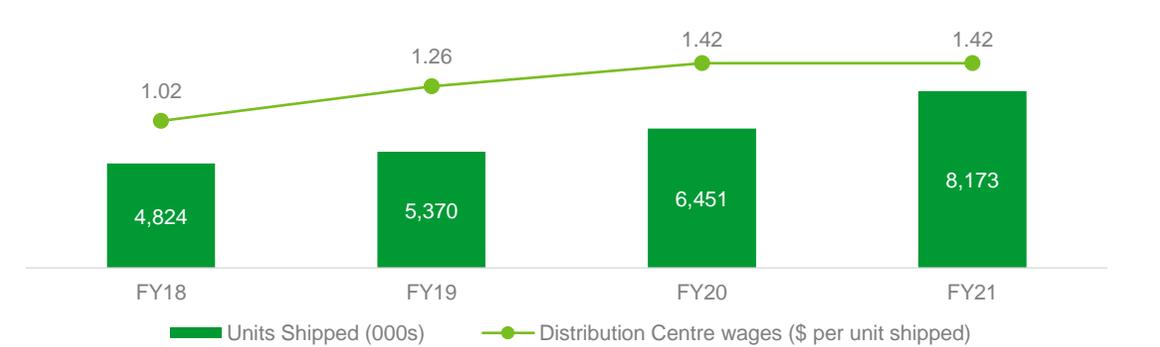
Pro Forma EBITDA (\$m) & EBITDA Margin (%)



Marketing Expenses (\$m) & Marketing Expense Per Unit (\$)



Shipped Units (000s) & Distribution Wages (\$ Per Unit Shipped)



1. Gross profit per unit means gross profit divided by the number of units shipped.

# Summary Profit & Loss and Cashflow

Pro Forma P&L (\$m)	FY18	FY19	FY20	FY21
<b>Revenue <sup>(1)</sup></b>	<b>111.5</b>	<b>129.1</b>	<b>165.7</b>	<b>223.9</b>
Cost of sales <sup>(2)</sup>	(80.5)	(94.6)	(121.8)	(162.8)
<b>Gross profit</b>	<b>31.0</b>	<b>34.5</b>	<b>43.9</b>	<b>61.1</b>
Employee expenses	(14.1)	(16.5)	(20.3)	(28.6)
Merchant expenses	(1.6)	(1.9)	(2.4)	(3.2)
Marketing expenses	(7.7)	(9.1)	(9.9)	(10.2)
Other expenses	(3.5)	(3.4)	(5.3)	(5.5)
<b>Operating expenses</b>	<b>(26.9)</b>	<b>(30.9)</b>	<b>(37.9)</b>	<b>(47.5)</b>
<b>EBITDA</b>	<b>4.1</b>	<b>3.6</b>	<b>6.0</b>	<b>13.6</b>
Depreciation and amortisation <sup>(3)</sup>	(2.4)	(2.8)	(3.3)	(4.5)
<b>EBIT</b>	<b>1.7</b>	<b>0.8</b>	<b>2.7</b>	<b>9.1</b>
Net interest expense <sup>(4)</sup>	(1.8)	(1.7)	(2.4)	(4.4)
<b>Profit/(loss) before tax</b>	<b>(0.1)</b>	<b>(0.9)</b>	<b>0.4</b>	<b>4.7</b>
Income tax benefit / (expense)	0.1	(0.0)	(0.6)	(0.0)
<b>Net profit/(loss) after tax</b>	<b>(0.0)</b>	<b>(0.9)</b>	<b>(0.2)</b>	<b>4.7</b>

Pro Forma Cashflow (\$m)	FY18	FY19	FY20	FY21
<b>EBITDA <sup>(1)</sup></b>	<b>4.1</b>	<b>3.6</b>	<b>6.0</b>	<b>13.6</b>
Change in working capital <sup>(2)</sup>	(1.4)	2.9	3.0	(6.8)
<b>Cash flow from operating activities</b>	<b>2.7</b>	<b>6.6</b>	<b>9.0</b>	<b>6.8</b>
Capitalised software and development costs <sup>(3)</sup>	(1.8)	(2.6)	(3.8)	(3.0)
Payments for property, plant and equipment <sup>(4)</sup>	(0.5)	(1.5)	(10.0)	(8.9)
Lease repayments	(2.2)	(0.3)	(2.1)	(2.1)
<b>Net cash flow before interest and tax</b>	<b>(1.8)</b>	<b>2.2</b>	<b>(6.9)</b>	<b>(7.2)</b>

1. Revenue is derived from the selling of books, eBooks, DVDs, stationery and related products and is inclusive of freight charged to customers as well as product supplied by Booktopia Publisher Services.  
 2. Cost of sales represents the cost of purchasing books and other products as well as any royalties paid, packaging and customs clearance expenses which is disclosed as "Product and freight costs" in the Statutory Historical Income Statement.  
 3. Amortisation expense relates primarily to the amortisation of Capitalised Software Development Costs as well as amortisation of acquired intangible assets arising from previous acquisitions made by the Company.  
 4. Net interest expense included in the Pro Forma Historical and Forecast Income Statements represents the interest component of the leases accounted for under AASB16 (primarily the Lidcombe site).

1. Includes addback of costs associated with the IPO and the loss on redemption of preference shares.  
 2. Changes in working capital have been positive principally due to improved terms of trade payables during FY18 – FY20.  
 3. Capitalised Software Development Costs relate to enhancements and additions to the Company's IT systems used in the Distribution Centre to support operations as well as to the Company's website and related supporting system infrastructure.  
 4. Payments for property, plant and equipment in FY20 and FY21 primarily relates to investments in automation, additional storage and enhanced efficiency and capability in the Distribution Centre.

# Summary Balance Sheet

\$m	Statutory 30 June 2020	Statutory 30 June 2021
Cash and cash equivalents	11.0	12.0
Trade and other receivables	0.6	1.3
Inventories	12.2	18.1
Other current assets	1.4	1.4
<b>Total current assets</b>	<b>25.3</b>	<b>32.8</b>
Property, plant and equipment	14.1	21.6
Right of use assets	9.7	9.6
Deferred tax assets	0.8	2.1
Intangible assets	8.0	9.4
Loans to Shareholders	1.0	-
Security Deposits	1.2	1.4
<b>Total non-current assets</b>	<b>34.8</b>	<b>44.1</b>
<b>Total assets</b>	<b>60.0</b>	<b>76.9</b>
Trade and other payables	20.7	20.3
Contract liabilities	7.7	11.4
Borrowings	6.4	-
Lease liabilities	0.5	0.6
Derivative financial instruments	2.5	-
Current tax liabilities	0.1	-
Provisions	1.6	2.0
<b>Total current liabilities</b>	<b>39.5</b>	<b>34.3</b>
Borrowings	11.4	-
Lease liabilities and other	11.6	10.9
Provisions	0.6	1.3
<b>Total non-current liabilities</b>	<b>23.6</b>	<b>12.2</b>
<b>Total liabilities</b>	<b>63.1</b>	<b>46.5</b>
<b>Net assets</b>	<b>(3.1)</b>	<b>30.4</b>
<b>Total equity</b>	<b>(3.1)</b>	<b>30.4</b>

## Key Balance Sheet Movements

- The Group listed on the ASX (December 3, 2020) raising \$43.1m of which \$18.1m was used to pay down existing shareholders.
- The remaining \$25m was used to reduce debt and increase working capital in anticipation of further capital spend on automation of the distribution centre later in FY21.
- As a result, on 31 December 2020, the borrowing facility was paid out (\$12m) reducing the non-current liabilities and increasing working capital and other assets to arrive at a net asset/equity of \$30.4m vs the previous -\$3.1m on 30 June 2020.
- The Group have access to an overdraft facility with CBA for \$6m and post year end a new facility has increased our credit with CBA by a further \$12m. Neither facility has yet been drawn upon.
- Inventory, Trade Creditors and other operating accounts remain consistent with the Group's ongoing position given the stage of growth of the business.



Section

# 3

Growth Strategy



# Our Growth Strategies

## Our future is the core of the Book Industry

### Online Retailing

- Increasing website traffic and conversion rate
- Continuing to expand into education and corporate sales
- Customer loyalty and subscription programs
- Leveraging customer database



### Publishing and Distribution

- Expanding distribution and publishing services
- Continuing to invest in distribution centres

### Partnerships and M&A

- Growth of partnerships and marketplaces
- Bolt-on opportunities

## Online retailing remains a significant growth focus for the Group



### Increasing website traffic and conversion rate

Focus on search engine optimisation (SEO), pay per click advertising, affiliates and retargeting customers and converting new potential customers.



### Continuing to expand into education and corporate sales

Targeted merchandising, website development, expansion of corporate and education sales teams and sales capability for B2B & B2G clients.



### Customer loyalty and subscription programs

Continue rolling-out the Booktopia loyalty program to reward and encourage repeat customer purchasing.

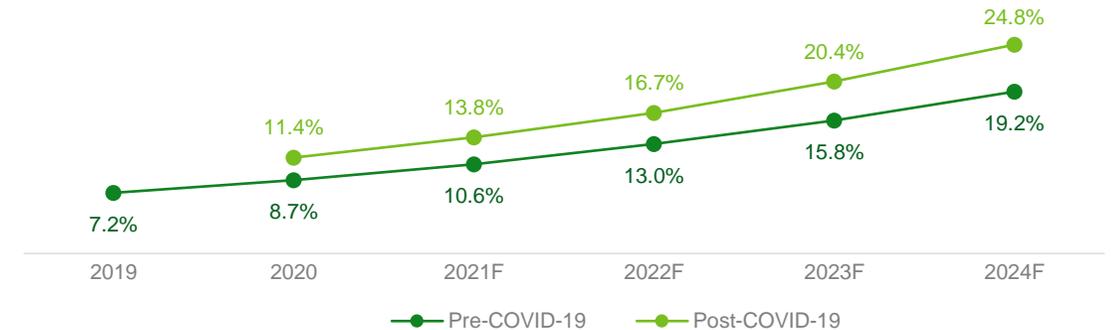


### Leveraging customer database

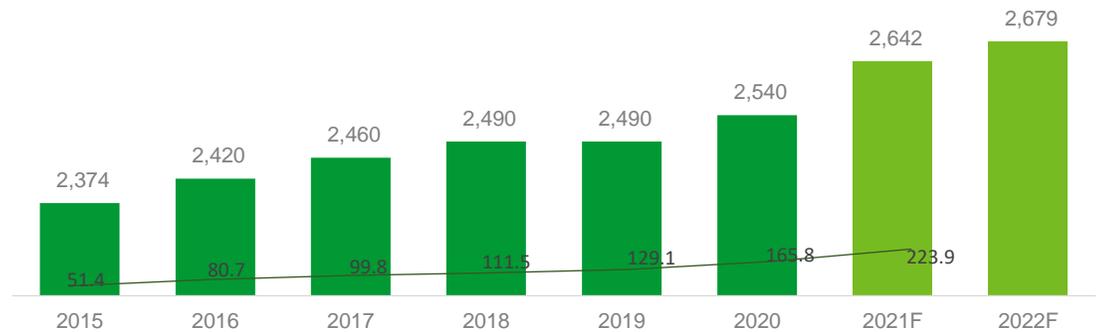
Continue analysing Booktopia Group's substantial customer database to facilitate relevant and targeted marketing.

Source: "The Book Market in Australia", Frost & Sullivan (September 2020)  
Booktopia market share has grown from approximately 4.6% in 2015 to approximately 11.8% in 2021

## Online retail penetration projections in Australia (%)



## Australian book market size and BKG Revenue (\$m)



# Publishing and Distribution

## Expanding our distribution and publishing to be the core of the Book Industry



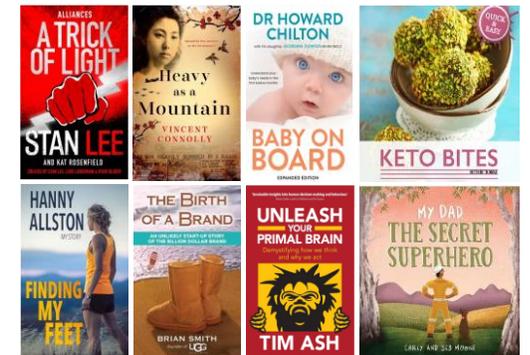
### Expanding distribution and publishing services

Scale-up the distribution and publishing services arm, providing Booktopia Group customers fast access to exclusive titles.



### Continuing to invest in distribution centres

Continue to invest in additional distribution centre capacity as well as automation and robotics to increase efficiency, stock capacity and customer satisfaction.

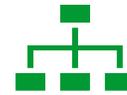


## Growing internationally via partnerships and M&A is a key objective of the Group



### Growth of Partnerships and Marketplaces

Expand partnership network and marketplace presence to allow Booktopia Group to increase its market share in the global book market.



### Bolt-on Opportunities

Seek further acquisitions in relevant international markets to leverage the scale of Booktopia Group's infrastructure, systems and industry knowledge.

### Our criteria for M&A

- ✓ Fast tracking Booktopia to be the central core of the book industry
- ✓ Further growth opportunities
- ✓ Access to new markets / products / services
- ✓ Expanding geographical presence
- ✓ Improved productivity / infrastructure / resources
- ✓ Earnings accretive within 1-2 years
- ✓ Attractive assets at low prices
- ✓ Synergistic benefits
- ✓ Complementary cultural alignment

### Where we are looking

- ✓ New Zealand
- ✓ UK/Europe
- ✓ North America
- ✓ Asia Pacific

### Progress to date

- ✓ A&R, Co-op – Online retail in Australia
- ✓ Brio – Publishing in Australia
- ✓ Zookal – Retail distribution partnership in Australia
- ✓ Welbeck – Publishing and Distribution in Australia and New Zealand
- ✓ Solid pipeline of opportunities



Section

# 4

Trading Update and Outlook

# Trading Update & Business Outlook

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## Continued strong growth in Australia with potential global expansion opportunities

- FY22 has started strongly with revenue tracking in excess of the previous corresponding period.
- We continue to experience strong tailwinds, including:
  - the ongoing adoption of online shopping due to structural and demographic shifts
  - an acceleration of these trends due to COVID-19
  - an increase in discretionary spending locally due to travel restrictions
- The Board and management are cognisant of the ongoing impact of COVID-19, geographic lockdowns and the vaccine rollout, both in Australia and internationally and note that a high degree of uncertainty continues to surround the Australian economy.
- We will continue our growth strategy, investing into key areas of the business to cement our online market leadership and drive increased market share with an ongoing 'customer obsession' mindset to ensure our engagement and service is second to none.
- We will also continue the expansion of our Publisher Services (Distribution) and Publishing businesses and our investment in distribution facilities as well as exploring international expansion opportunities through partnerships and acquisitions.



Section

# 5

Q & A

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THE END

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