



 An e-commerce leader

**CHAIRMAN'S ADDRESS – 2021 Annual General Meeting  
2:00pm - Monday, November 29, 2021**

Welcome everyone to the first Annual General Meeting of Booktopia Group Limited as a public company.

Before moving to the formal business of today's meeting, I would like to take the opportunity to make some comments on behalf of your Board of Directors. I will then hand over to your CEO Tony Nash who will provide a more detailed operational report.

During the year under review, Booktopia took an important step in its development by listing on the Australian Securities Exchange. The listing on December 3 last year was the culmination of many hundreds of hours of work by the company's Board, management, staff, and advisors. While it is now nearly 12 months ago, I would like to take this opportunity to thank the many people involved for their efforts.

As part of the transition to being a listed entity, we needed to expand the company's Board of Directors to bring on a range of new skills, expertise and ideas. To that end, we were fortunate to secure Marina Go and Fiona Pak-Poy as Independent Non-Executive Directors before our IPO.

Both Fiona and Marina are very experienced directors with extensive corporate experience. Their knowledge and insights have been critical to the company's progress over the last 12 months.

We also added Booktopia's Deputy CEO and Chief Technology Officer Wayne Baskin to the Board as an Executive Director. Wayne was one of the company's first employees and has played a critical role in the company's success.

The Board now has a good balance between executive and non-executive directors and is well placed to guide the company over the coming months and years.

With our listing completed, the Board's focus for the rest of the year was ensuring we could meet the expectations established in our Prospectus. To the credit of everyone involved, we were able to beat all the financial targets we set. This was a significant achievement in our first year as a listed company, and we believe has established credibility and respect with the investment community.

The Board's priority over the coming year will be to continue to support the management team as they drive the growth of Booktopia. We continue to enjoy the strong tailwinds created by the continuing growth of online shopping and the strong consumer sentiment created by the return to a more normal economy and society.

We have a range of strategies to capitalise on these good conditions to build a larger, more diversified and more profitable business.

I would like to take the opportunity to recognise the outstanding efforts of the staff and management at your company. Booktopia, like most businesses, has faced a raft of challenges over the last 18 months, and along with the rest of the Board and senior management, I have been very proud of our people's ability to stay focused and get on with the job of selling and delivering books.

Finally, I would like to thank my fellow directors and the senior management team at Booktopia for their continued efforts throughout the year. We remain optimistic about the future of our company and hope you will join us on the journey ahead.



 An e-commerce leader

**CEO's ADDRESS – 2021 Annual General Meeting  
2:00pm - Monday, November 29, 2021**

Thank you Chris, welcome everyone and Happy Cyber Monday to you all. I am disappointed we will not have the opportunity to hold the first Booktopia AGM in person but look forward to returning to a more traditional meeting next year.

My goals today are to provide a quick review of the last financial year, provide an update on the company's progress since the end of June and highlight some of the strategic objectives for the future.

It is nearly a year to the day since Booktopia was listed on the Australian Securities Exchange (ASX). The 12 months before the listing and the 12 months since have been some of the most exciting and challenging in the company's 18-year history.

I would like to start by paying tribute to the many people, both internally and externally, who contributed to the success of our listing. We were overwhelmed with the support we received from our many staff, customers, family and friends, and we hope you will continue to support us on the journey ahead.

Thanks to your investment, the Booktopia of today is bigger, stronger and more hopeful about the future than it has ever been. We are now Australia's largest book retailer with 270 employees and more than 1.8 million active customers. Over the year to the end of June, we shipped 8.2 million units, with one book being sold every 3.9 seconds.

Our focus through the first half of the calendar year was ensuring we repaid the faith of our IPO investors by delivering on the commitments we made in our Prospectus. I am happy to report that we not only met these forecasts but, in many cases, comfortably exceeded them.

In the 12 months to June 30, 2021, Booktopia reported total revenue of \$223.9 million, a 35% increase on the previous year and 10.5% above the \$204.5 million forecast in the company's Prospectus.

Since 2018 the company's revenue has grown at a compound annual growth rate (CAGR) of 26%. Underlying EBITDA (adjusted for IPO costs) for the year was \$13.6 million, up 125% on the previous year and 45% above prospectus forecasts.

The Group reported a net loss for the year of \$18.1 million due mainly to the conversion of redeemable shares in connection to the IPO which resulted in an \$18.6 million charge and about \$4.1 million of direct IPO costs.

The strong performance in FY21 was achieved through a combination of consumers' continued migration to the online environment and our commitment to delivering industry-leading consumer experiences efficiently and profitably.

It is important to note that the achievements of the last 12 months would not have been possible without the continued investment in our people and infrastructure. Ensuring we are constantly investing for the future is one of the reasons we have been able to deliver consistent, sustainable growth for nearly 20 years.

We have been able to develop our market-leading and category dominant position by being obsessed with our customers and delivering them an exceptional experience every time they interact with us. We do this by ensuring we stock over 100,000 titles and hold large volumes of the most popular titles.

While we are very proud of our achievements in the financial year to the end of June, we are now focused on the current year and beyond.

The first quarter of the current financial year was dominated by the rolling lockdowns that started in June in New South Wales and July in Victoria.

Our Lidcombe distribution centre is in a Local Government Areas (LGAs) that reported a significant number of Covid-19 cases and was subject to some of the strictest lockdown rules in the State. While this presented many challenges, our priority was implementing strong protocols to protect our staff and reduce the spread of the virus.

Health issues aside, the most immediate impact on Booktopia's business was the availability of staff to operate the distribution centre. This resulted in us winding back our marketing spend to ensure we could meet the increased demand from the millions of Australians who were stuck at home.

Despite the lockdowns and related staffing issues I am pleased to say that we were able to achieve a very healthy double digit increase in sales revenue in the first quarter, compared to the first quarter last year.

As the outbreak subsided and the lockdowns were lifted in October we were able to turn on all of our marketing and return the distribution centre to full capacity. We are currently experiencing some of the largest daily sales figures in the company's history, with revenue growth in the current quarter tracking in the high teens, compared to the same time last year.

We expect this growth to be maintained for the remainder of FY22 and are already preparing for a strong academic book sales season as international students begin to return from December.

Our current sales performance indicates we are reaping the full benefits of strong consumer spending, the retention of the many new customers we acquired during the lockdowns of 2020 and 2021, and the increased capacity we have built through our investments in storage, logistics and automation.

While difficult, the lockdowns did not distract us from continuing to build the capacity required to meet the ongoing growth in demand for books. In recent weeks we have begun commissioning and stocking of our new bulk stock warehouse and distribution facility at Enfield giving us a total of 2.7 hectares of space in western Sydney.

The new facility will allow us to add another eight million books to our inventory capacity and keep more of the most popular titles in stock to improve delivery times.

Costs associated with management of the lockdowns, our continued investment in stock and facilities and strengthening the company's senior management team have resulted in some additional expenses that will have an impact on our margins in the first half. The impact will not be significant, and we are confident the return on these investments will be felt in the medium term.

The new Enfield facility is just one of many initiatives we have launched in the current financial year designed to ensure we maintain the strong growth profile we have established in recent years.

In July we unveiled a 'free shipping' offer for customers who add one of our selected featured books to their order, many of which we publish and distribute ourselves. The promotion has been extremely successful, with an average order value of \$102.62 in Q2 and \$99.58 since commencement.

This compares to the average order of \$71.00 in FY21. As we are the publisher and distributor of most of these books, we have the extra margin to fund the program due to the lower cost base. Plus, the increased basket size and extra gross profit contributes to this program being a very successful initiative.

We also recently announced an extension of our partnership with Rakuten Kobo to launch the Kobo Plus subscription service in Australia. For just \$13.99 per month, subscribers can access Kobo Plus via the Booktopia App for iOS or Android, or on Kobo eReaders sold directly from Booktopia.com.au. The subscription gives users access to more than 580,000 eBooks in the Kobo Plus catalogue.

International experience shows the average eBook subscription lasts about two years and at the current pricing would generate an annual spend per customer of \$167.88, compared to Booktopia's average customer spend in FY21 of \$126.85.

While providing our customers with an eBook subscription offering is important, selling physical books is our main priority.

This year's Christmas book-buying season has been boosted by the release of the best crop of new books in some years, with many of the world's most popular authors emerging from lockdowns with new releases. Top-selling authors who are releasing new titles including Liane Moriarty, Stephen King, Matthew Reilly, Trent Dalton, Sally Rooney, Lee Child, Jodi Picoult and many others.

While delivering strong growth this year is essential, we also have an eye to the future and our medium- and long-term strategy remains focused on:

- Growing our market share by delivering industry-leading customer experiences to our existing customer base.
- Partnering with other websites, businesses and marketplaces to leverage our brand and systems to reach even more customers.
- Scaling up our publishing and distribution arms as part of our goal to be at the core of the Australian book industry; and
- Identifying and executing opportunities to deliver step-change growth through merger and/or acquisition.

A key plank of our future growth plans is ensuring we have the right people with the right experience in place to manage an expanded business. Throughout 2021, we have recruited and promoted new people into a range of senior positions, including a Chief Logistics Officer, Chief Operating Officer, Chief Technology Officer, a Continuous Improvement Manager, and a Head of Strategy.

All of these roles allow our Deputy CEO, Wayne Baskin to focus on more high-level strategy work and transition away from a full-time role.

We believe we now have the right strategy, people, and infrastructure to achieve strong organic growth this year and into the future. We are also well equipped to execute any opportunities for step-change growth that may emerge. Overall, we are looking forward to the future with optimism.



 An e-commerce leader

I would like to conclude today by thanking our Chairman Chris Beare, my fellow Directors and all the staff and shareholders of Booktopia for their support over the last 12 months.

I wrote in the annual report that our listing was just the beginning of our story. I hope you will join us as we embark on the next chapter.

ENDS