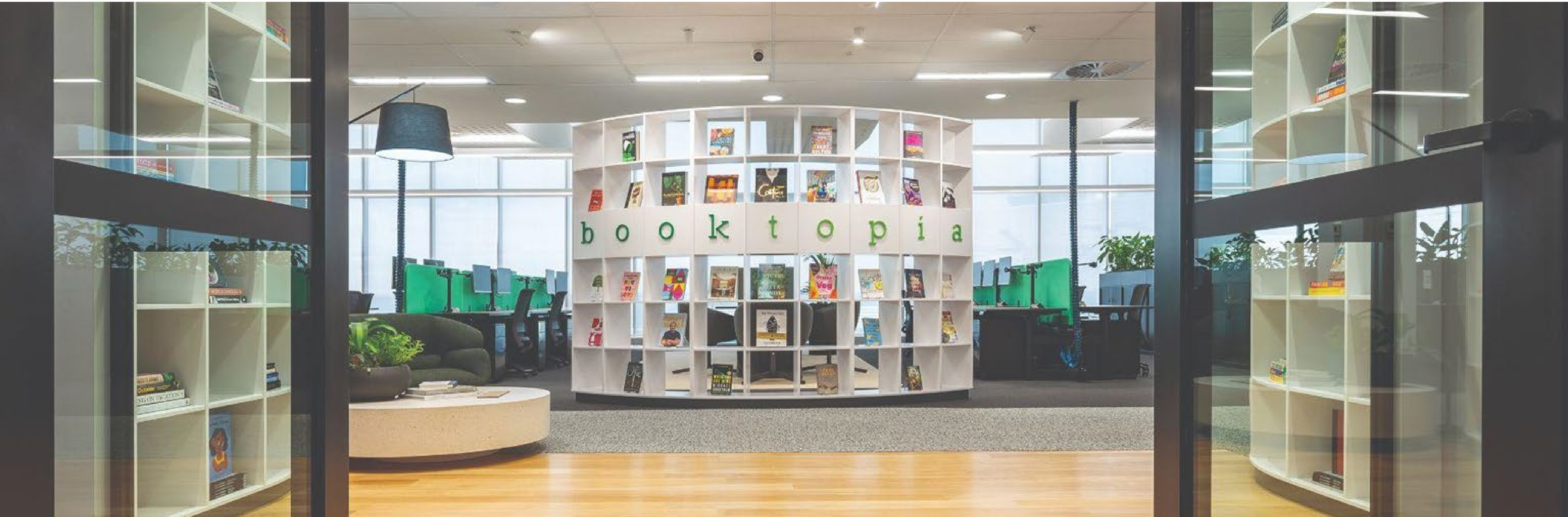
booktopia
An e-commerce leader

# Investor Presentation

## Half-year ended 31 December 2023

29 February 2024



# Our Mission

Booktopia is in a unique position to deliver on its mission

***to provide Australians the best book buying experience***

Capitalising on our single product focus, our data, our capability, and our heritage for the benefit of our customer.

# H1 FY24 Metrics

**H1 FY24 Revenue**

**$86.3m** ▼ 21.1%

H1 FY23: $109.3m

**H1 FY24 Underlying EBITDA**

**($1.8m)** ▼ 34.0%

H1 FY23: ($1.3m)

**H1 FY24 Distribution Wages Per Unit**

**$1.95** ▼ 5.2%

H1 FY23: $2.06

**H1 FY24 Units Shipped**

**3.1m** ▼ 20.6%

H1 FY23: 3.9m

**CY23 Average Order Value**

**$85.53** ▲ 11.1%

CY22: $76.98

**CY23 Average Customer Spend**

**$142.16** ▲ 7.5%

CY22: $132.30

# H1 FY24 Business and Performance Review

## Financial Performance

- Revenue down 21% to $86.3 million (H1 FY23: $109.3 million) due to soft trading conditions and the disruption caused by the transition to the new Customer Fulfilment Centre (CFC). Shipped 3.1 million units (H1 FY23: 3.9 million)
- Gross profit per unit shipped for CY23 down $0.14 or 1.9% on CY22 driven by more competitive pricing for key promotional events
- Underlying EBITDA of ($1.8m) down $0.5m on H1 FY23 primarily due to lower revenue ($23.0m) and gross profit ($8.9m) which was partially offset by savings in costs

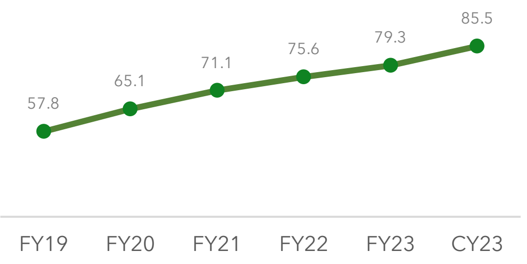
## Operational and strategic focus shifts to sustainable profitability

- Delivered on key holiday season for customers – 2023 generated record sales
- CFC operational which is reducing operational costs, improving efficiencies and supporting future growth
- Even with economic uncertainty, the Board and management remain optimistic about future prospects
- Strategic review of the business initiated to explore all options to accelerate a return to acceptable earnings
- The focus of the business is on enhancing the website experience, inventory optimisation, developing the Booktopia brand and furthering our customer-centric commitment through personalisation.

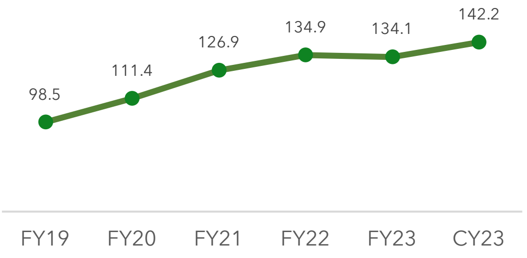
# Return to Profitability

## Customers are spending more on each order

Average Order Value ($)

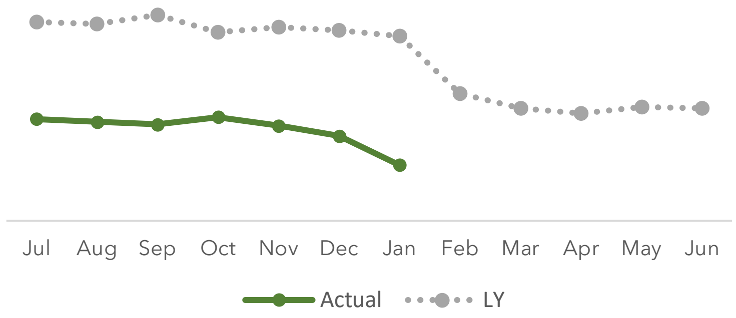



Average Spend Per Customer ($)



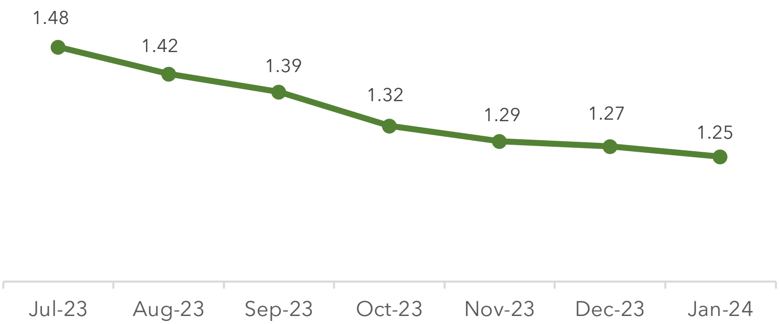

## Following several restructures, head office numbers have significantly decreased

Head Office FTE



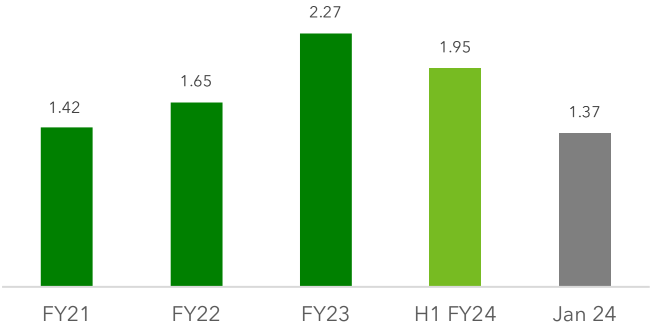

## Active Customers have largely stablised in the last 4 months

Active Customers (m)




## CFC Labour CPU is at the lowest level it has been in 18 months and continues to track downwards

CFC Labour CPU

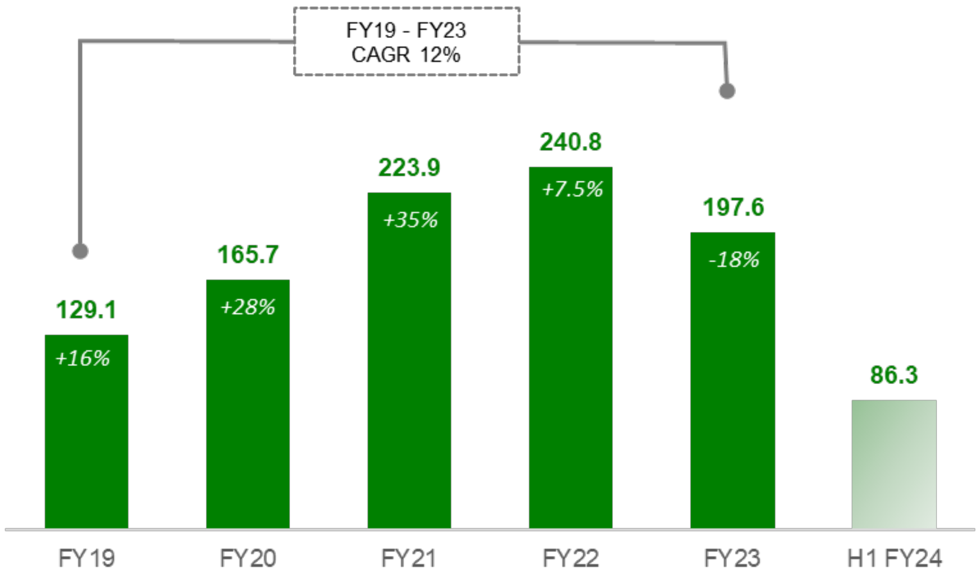


SECTION 3

# Financials

# Key Performance Indicators

## Revenue ($m)




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 inc GST but excludes freight income and orders places through marketplaces.
4. Gross profit per unit means gross profit divided by the number of units shipped.
5. CFC wages per unit is the wages and contractor expense for the CFC divided by the total number of units shipped.
6. Marketing expenses per unit means marketing expenses divided by the number of units shipped.

## Key Performance Indicators

| | FY19 | FY20 | FY21 | FY22 | FY23 | H1 FY24 |
|---|---|---|---|---|---|---|
| **Key Operating Metrics** | | | | | | |
| Average Order Value ($ per order) (1) | $57.81 | $65.08 | $71.07 | $75.59 | $79.29 | $85.53* |
| Average Selling Price ($ per unit shipped) (2) | $24.73 | $25.80 | $27.39 | $28.27 | $28.70 | $29.25* |
| Average Customer Spend ($ per customer per year) (3) | $98.54 | $111.43 | $126.85 | $134.94 | $134.13 | $142.16* |
| Units shipped (000s) | 5,370 | 6,451 | 8,173 | 8,490 | 6,828 | 3,127 |
| **Key Financial Metrics** | | | | | | |
| Revenue growth on PCP | 15.8% | 28.4% | 35.0% | 7.5% | (17.9%) | (21.1%) |
| Gross profit growth (%) on PCP | 11.1% | 25.9% | 39.2% | 6.3% | (17.5%) | (30.7%) |
| Gross profit ($ per unit shipped) (4) | $6.42 | $6.82 | $7.48 | $7.65 | $7.85 | $7.43* |
| CFC wages per unit shipped (5) | $1.26 | $1.42 | $1.42 | $1.65 | $2.27 | $1.95 |
| Marketing expenses ($ per unit shipped) (6) | $1.69 | $1.53 | $1.25 | $1.20 | $1.72 | $1.54 |
| Underlying EBITDA margin (EBITDA/revenue %) | 2.8% | 3.6% | 6.1% | 2.6% | (2.3%) | (2.1%) |

* These numbers are calculated on a rolling 12 month basis to incorporate seasonality.

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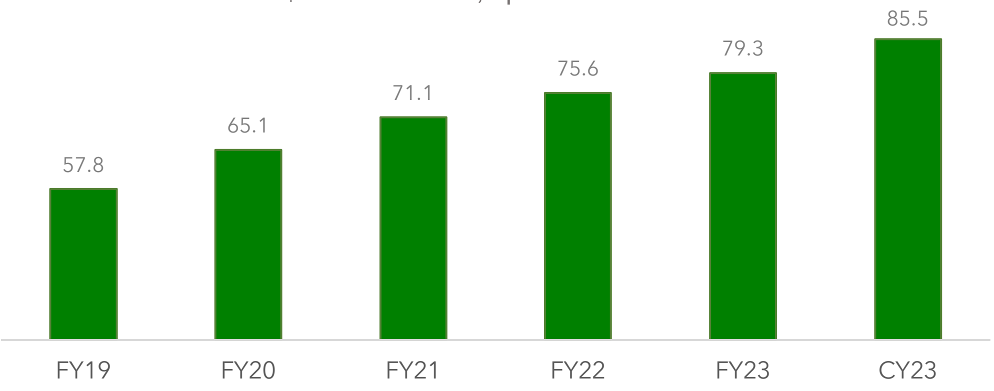
# Key Revenue Drivers

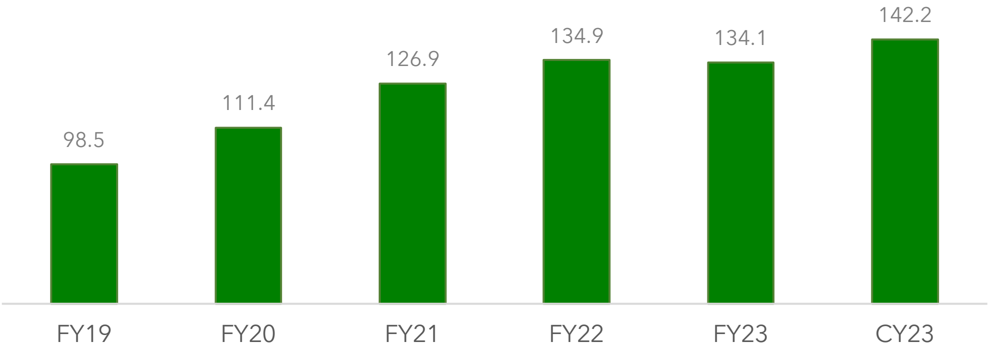
## Average Order Value[1] ($)

$85.53 for CY23, up 11.1% on CY22



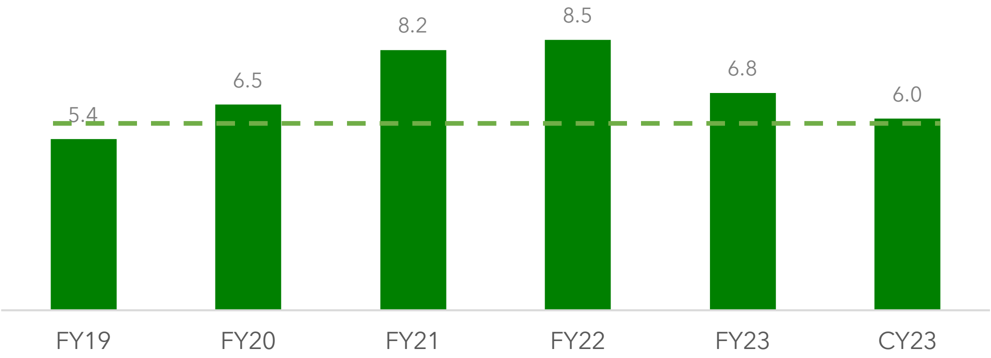

## Average Spend Per Customer[2] ($)

$142.16 for CY23, up 7.5% on CY22



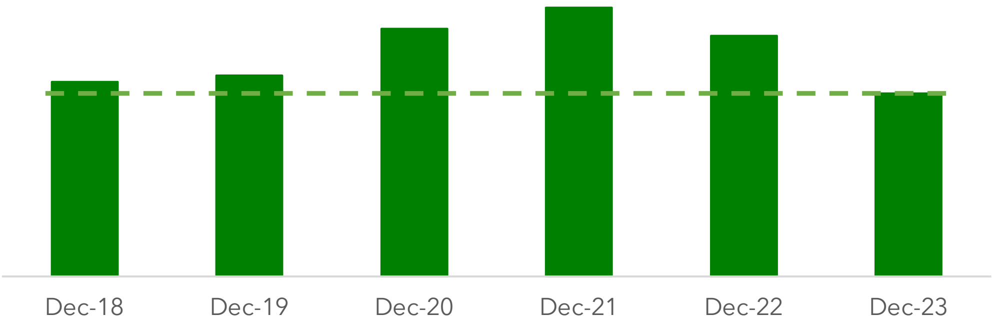

## Shipped units (m)

6.0m shipped units for the CY23, down 12% on FY23




## Active customers (m)

down 24% compared to December 2022




1. 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.
2. 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.

# Summary Profit & Loss

| Statutory P&L ($m) | H1 FY23 | H1 FY24 | Change $ |
|---|---|---|---|
| *Shipped Units (m)* | *3.9* | *3.1* | *(0.8)* |
| **Revenue** | **109.3** | **86.3** | **(23.0)** |
| Product and freight costs | (80.2) | (66.1) | 14.1 |
| **Gross profit** | **29.1** | **20.1** | **(8.9)** |
| Employee expenses | (18.4) | (15.6) | 2.7 |
| Merchant expenses | (1.5) | (1.1) | 0.3 |
| Marketing expenses | (6.1) | (4.8) | 1.2 |
| Other income & expenses | (1.9) | (3.1) | (1.3) |
| Operating expenses | (27.7) | (24.7) | 3.0 |
| **EBITDA** | **1.3** | **(4.6)** | **(5.9)** |
| Amortisation, depreciation, & impairment expense | (7.3) | (8.1) | (0.7) |
| **EBIT** | **(6.0)** | **(12.6)** | **(6.6)** |
| Net interest expense | (0.7) | (2.7) | (2.1) |
| **Profit / (loss) before tax** | **(6.7)** | **(15.4)** | **(8.7)** |
| Income tax benefit / (expense) | 2.8 | (1.3) | (4.1) |
| **Net profit / (loss) after tax** | **(3.9)** | **(16.7)** | **(12.8)** |

Numbers are displayed rounded to one decimal place. Totals and variances are calculated based on the original (not rounded) figures.

**Revenue** was down 21% as a result of the operational disruption caused by the transition to the new CFC, a reduction in inventory in preparation for the move and challenging trading conditions.

**Employee expenses** were down 15% as a result of improved efficiencies in the fulfillment centre as well as a reduction in head office employment costs following organisational restructures in February 2023 and December 2023.

**Marketing expenses** were down 20% due to paid search being significantly moderated to curtail demand during Q1 FY24 in order to allow the transition to complete and the operation to stabilise.

**Other income & expenses** were up $1.3m or 67% as one-off project costs related to the new CFC were incurred in the half.

**Amortisation, depreciation & impairment expenses** are down due to the acceleration of depreciation on equipment that was not moved to the new CFC being recognised in H1 FY23.

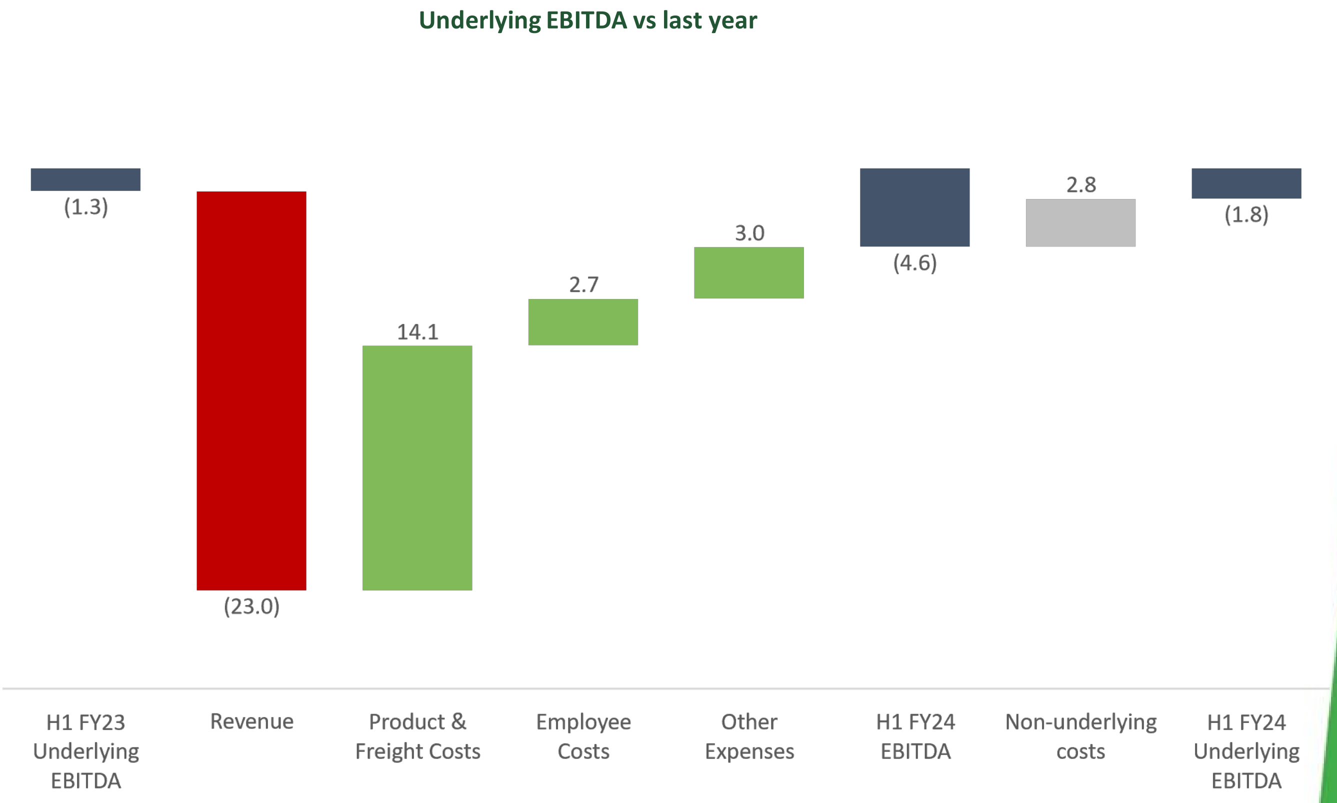
# EBITDA comparison to prior period

The key movements in the H1 FY24 results compared to the prior period are as follows:

- **Revenue** was $23.0m or 21% lower than the prior period as a result of soft trading conditions and the disruption caused by the transition to the new Customer Fulfilment Centre, leading to a reduction in gross profit of $8.9m.
- **Employment costs** were down $2.7m following the organisational restructures in addition to efficiencies in CFC labour costs following the transition to the new CFC.
- **Other expenses** were down $3.0m as a result of savings in variable costs such as marketing and other cost saving initiatives to reduce overhead costs.

The company incurred several one-off costs in the H1 FY24 accounts which had a combined negative impact of $2.8m on EBITDA.

- **CFC project costs - $0.7m**
  In H1 FY24, the company incurred several one-off costs relating to the move to a new fulfillment centre. These costs include the transfer of stock and machinery to the new site as well as consultancy fees for the project.
- **Restructuring costs - $2.1m**
  In H1 FY24 the company incurred one-off costs relating to an organisational restructure.



# Summary Balance Sheet

| Balance sheet ($m) | 30 Jun 23 | 31 Dec 23 | Change $ |
|---|---|---|---|
| Trade and other receivables | 3.6 | 2.7 | (0.9) |
| Inventory | 13.4 | 13.0 | (0.4) |
| Trade and other payables | (27.8) | (32.8) | (5.0) |
| Prepaid customer orders | (12.2) | (12.0) | 0.2 |
| Working capital | (23.0) | (29.1) | (6.1) |
| | | | |
| Right of use assets | 32.6 | 30.4 | (2.2) |
| Lease incentive receivables | 0.3 | - | (0.3) |
| Lease liabilities | (41.3) | (41.1) | 0.2 |
| Net lease balances | (8.4) | (10.7) | (2.3) |
| | | | |
| Cash and equivalents | 0.7 | 1.6 | 0.8 |
| Other current assets | 2.4 | 1.3 | (1.1) |
| Welbeck investment | - | - | - |
| Plant and equipment | 17.1 | 18.4 | 1.3 |
| IT Systems | 9.0 | 8.8 | (0.3) |
| Other NC assets | 6.1 | 5.1 | (1.0) |
| Provisions | (6.2) | (5.9) | 0.3 |
| Borrowings | (12.3) | (10.4) | 2.0 |
| NET ASSETS | (14.5) | (20.9) | (6.4) |

Numbers are displayed rounded to one decimal place. Totals and variances are calculated based on the original (not rounded) figures.

**Commentary on Key Movements**

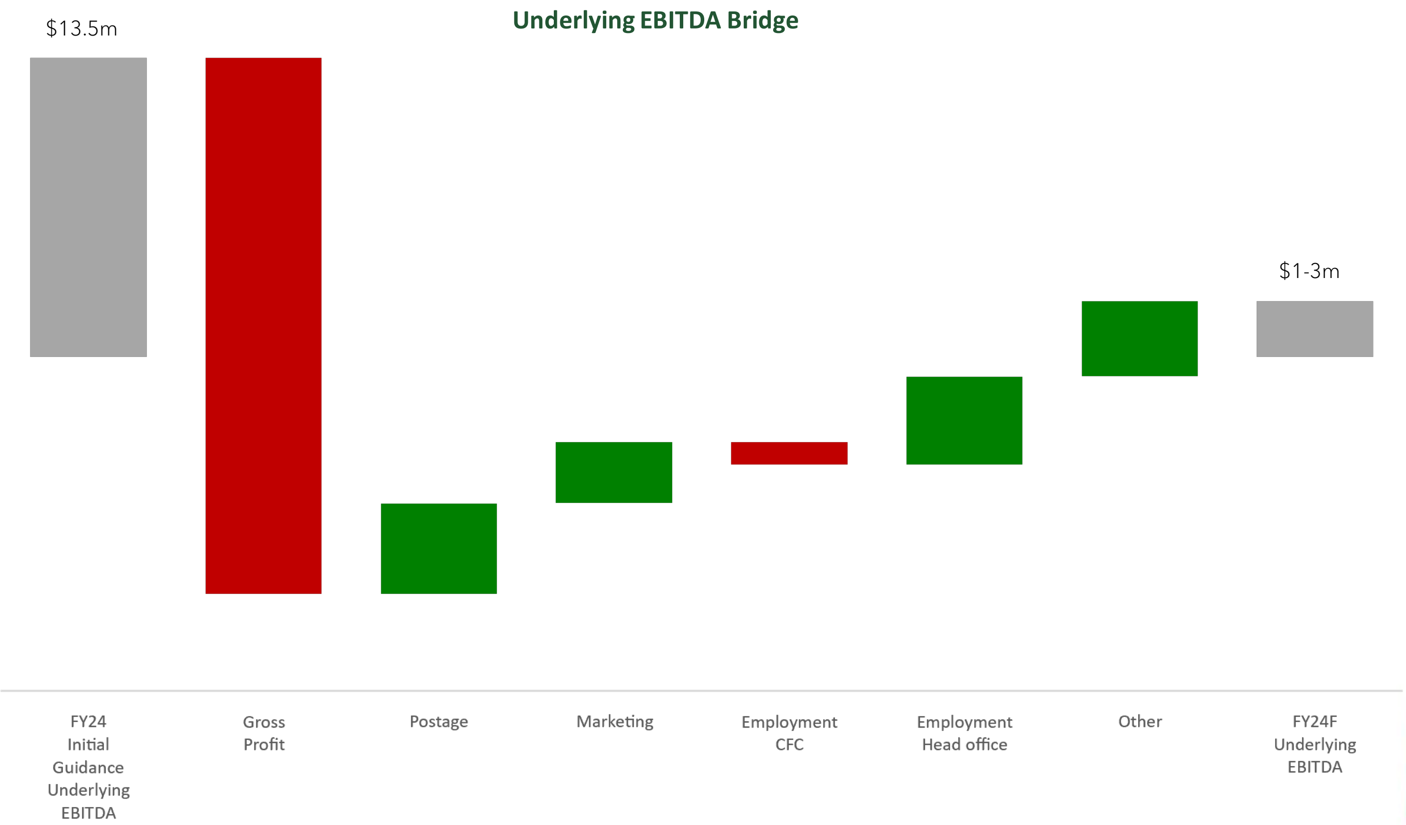
- Trade payables – increased by $5.0m partially driven by increased levels of purchasing for the peak period and the onboarding of a significant supplier with extended credit terms
- Net Lease balances – the decrease reflects the impairment of the Rhodes corporate offices lease
- Plant and Equipment – an increase of $1.3m due to the capitalisation of assets at the new CFC
- Borrowings – decrease reflects the reduction in the AFSG loan following a debt to equity conversion in H1 FY24


SECTION 3

# Trading Update and Outlook

# Trading Update & Business Outlook

- Initial guidance for FY24 Underlying EBITDA was $13.5m,based on volume growth, business improvement initiatives to reduce costs including CFC Labour costs and other overheads
- The business now expects to deliver an underlying EBITDA of $1-3m in FY24
- We have reduced our sales aspirations based on the existing market conditions and the current declining book industry (Bookscan: down 8.3% in January 2024)[1]
- The transition to the new CFC to improve operational efficiencies and enable further growth of the business has now been completed, however the operational efficiencies have been slower to realise than expected
- Further initiatives to reduce costs have now been completed to mitigate the impact of reduced volumes in FY24




1. Bookscan is a data provider for the book publishing industry that compiles point of sales data for book sales.

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