

## **BOOKTOPIA DELIVERS BUMPER FIRST HALF AS DEMAND AND CAPACITY SOAR**

- Revenue up 51.1% to \$112.6 million
- Underlying EBITDA (adjusted for IPO and conversion of preference share costs) up 502.3% to \$8.0m
- A record 4.2 million (H1 20: 3.2 million) orders shipped
- A 25% increase in Active Customers to 1.71m<sup>1</sup>
- Average Annual Spend per Customer<sup>2</sup> increased from \$103.32 to \$123.57
- Significant increase in distribution capacity and automation to improve scale and efficiency
- Strong momentum in book industry vertical integration through Booktopia Publishing Services and Booktopia Publishing.
- Full-year revenue updated forecast at \$217.6million with EBITDA (adjusted for IPO and conversion of preference share costs) of \$12.9million.

Strong ongoing demand from customers and increased distribution capacity have helped Australia's leading online book retailer Booktopia Group Limited (ASX: BKG) to a record first-half result for the six months to December 31, 2020.

Booktopia today reported its first results since listing on the Australian Securities Exchange (ASX) in early December 2020 following a \$25 million capital raising.

The first half result saw a 39% increase in total units shipped to 4.2 million (H1 20: 3.2 million) and an average order value of \$69.87. Since 2018 the company has achieved a CAGR in revenue of 25%.

Booktopia Chief Executive Officer Tony Nash said the result was an important step towards the company achieving the forecasts outlined in its prospectus.

"The demand we experienced from the beginning of the 2020 calendar year extended right through to Christmas, helping us to deliver the largest half-year revenue in the company's history," he said. "Our investment in expanding capacity and automation ensured we were able to continue to meet our customer promise despite the unparalleled growth in volumes."

Mr Nash said the company's customer-centric focus, large database of customers and fast delivery times left the company well-positioned to continue the strong performance into the second half.

"The investment in our distribution centre together with our strong balance sheet means we are well-positioned to absorb future demand growth in a profitable and sustainable manner," he said.

"We will continue our growth strategy, investing in key areas of the business to cement our online market leadership and drive increased market share. This includes the continued expansion of our Publishing Services and Booktopia Publishing businesses."

### **GROWING CAPACITY**

Booktopia is one of Australia's largest locally-owned book retailers by sales with a 6% share of the total market and almost 15% of total online consumer book sales in Australia.

Throughout the 2020 calendar year, Booktopia invested \$12 million in the expansion of its 14,000 sqm Distribution Centre at Lidcombe in Sydney’s west. The doubling of capacity allows the company the ship up to 60,000 books across 145,000 different titles per day.

“The upgrade is the culmination of many years of planning and millions of dollars of investment in hardware, software and stock. We already had the largest and most advanced book distribution facility in the country, now it is bigger and faster.”

The distribution centre includes some of the most advanced automation technology in Australia while complex proprietary algorithms analysing customer ordering trends allow the company to make sure it always has the most popular titles on hand to ship quickly. The expansion of the distribution capabilities has been matched by an expansion of the company’s available stock with over 600,000 books across 145,000 different titles ready to ship as soon as they are ordered.

## GROWING CUSTOMER BASE

Booktopia’s success and growth since it was first established in 2004 is built on the development and continued refinement of proprietary software and algorithms that optimise traffic and conversion rates. The company has now built a database of 5 million customers and 2.3 million repeat customers<sup>1</sup>. In the last financial year, the company had nearly 52 million visits to its website. At December 2020, the company had 1.71 million active customers<sup>1</sup>, a growth of 25% on the same period last year.

Mr Nash said the company’s commitment to real-time reporting and analytics had helped deliver above-average e-commerce conversion rates.

“Our data and proprietary algorithms are central to our ability to understand our customers and ensure their experience is second to none in Australia,” he said. “This data also allows us to have a highly efficient business by optimising our inventory and improving delivery times.”

## OUTLOOK

The company is pleased to advise that the second half has started strongly with January and February 2021 revenues tracking in excess of plan. The company continues 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 income due to travel restrictions; and
- the continued recovery of the housing market and unemployment levels

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. The company provides the following updated forecast for FY21:

	FY 21 Updated Forecast	Prospectus		FY20	
Revenue	\$217.6m	\$204.5m	+6.4%	\$165.8m	+31.3%
Units Shipped	7.9m	7.5m	+5.7%	6.5m	+22.4%
Underlying EBITDA	\$12.9m	\$9.4m	+36.3%	\$6.0m	+214%

Subject to any unforeseen circumstance the company expects to achieve FY21 revenue of \$217.6 million and underlying EBITDA (adjusted for IPO and conversion of preference share costs) of \$12.9 million. In the 2020 financial year, Booktopia reported sales of \$165.8 million and an underlying EBITDA of \$6.0 million.

The company expects to continue to invest in the automation of its distribution facilities as well as the ongoing expansion of its Publishing Services and Publishing businesses.

### **FIRST HALF BRIEFING**

Following the release of the results, the company will hold a briefing for investors with Chief Executive Officer Tony Nash, Deputy CEO and CTO Wayne Baskin and Chief Financial Officer Geoff Stalley. The details of the briefing are:

- DATE: Monday, 22 February, 2021
- TIME: 11.00am (AEDT, Sydney), 10:00am (AEST)
- REGISTRATION: Participants can register for the conference by navigating to <https://s1.c-conf.com/DiamondPass/10012298-jdv855.html>. Participants will receive their dial-in number upon registration.

**Authorised for lodgment by Chris Beare, Chairman on behalf of the Board.**

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1. Total customers defined as someone who have placed an order through the Booktopia, Angus & Robertson, eBay and TradeMe channels since inception. Repeat customers are those who have purchased products from Booktopia Group on more than one occasion since its inception. Active customers are those who have purchased from the company in the past 12 months.
2. Average annual spend per customer refers to the rolling average spend per active customer for the prior 12 month period.

### **About Booktopia**

Booktopia Group is the largest Australian-owned online book retailer by market share. It is an Australian home-grown business having sold items to more than five million customers since establishment, with 2.3 million repeat customers. Since FY2012 Booktopia Group has sold more than 32.6 million items to its growing customer base. While approximately 85% of the items the Company sold in FY2020 were books, Booktopia Group also sells eBooks, DVDs, audiobooks, magazines, maps, calendars, puzzles, stationery and cards. The Company sold one item approximately every 4.7 seconds and shipped approximately 6.5 million items in the 12 months to June 2020.