

BOOKTOPIA CONFIRMS NEW CUSTOMER FULFILMENT CENTRE (CFC) TO BE OPEN FOR CHRISTMAS

Australia's leading online book retailer Booktopia Group Limited (ASX: BKG), announced today it expects to have its new highly automated Customer Fulfilment Centre (CFC) open in November this year in time for critical end-of-year sales events including Black Friday and Christmas.

The transition from two existing CFCs to a single new CFC at South Strathfield will take place over the next six months, with specialists now formally engaged to build out robust designs and plans to mitigate transition risks. Funding for the transition was announced in early February. The \$12 million investment will allow for growth to at least \$360 million in annual revenue.

The Group has also decided to utilise a third-party Warehouse Management System (WMS), which will deliver further efficiencies in the new CFC, replacing some elements of the company's current proprietary technology platform.

The Group's results for the six months to December 31, 2022, have reinforced the Board and Management's commitment to the strategic end-of-lease migration of operations from Lidcombe to South Strathfield with the new facility to provide lower costs and greater flexibility to respond to changing consumer demands.

Revenue for the first half was down 15.3% to \$110.08 million (H1 FY22: \$129.97 million). The previous corresponding period benefitted from the impact of lockdowns which boosted demand for online shopping, including books.

The total number of units shipped was down 16.7% to 3.94 million (H1 FY22: 4.73 million). The Average Selling Price (per unit shipped) was down 2.4% to \$27.60 while the Average Customer Spend (per customer, per year) for calendar year 2022 was down 2% to \$132.30 (CY21: \$132.39).

First-half EBITDA fell 67.7% to \$1.32 million (H1 FY22: \$4.1 million), while the net loss of \$3.90 million (H1 FY22: Loss of \$0.63 million) was impacted by one-offs, including a \$2.2 million gain from the re-measuring of a previous provision for penalties relating to an ACCC matter and a \$2.72 million loss for the accelerated depreciation of assets in the current CFC.

Booktopia Chairman Peter George said:

"The first half presented difficult trading conditions with various economic headwinds combined with volatile conditions as consumer behaviour adjusted to the post-COVID retail environment.

We have taken the necessary action to build a better business for the long term. We believe we have the right people, strategy, and brand to return to more traditional levels of growth in the future.

We are optimistic the new Customer Fulfilment Centre (CFC) at South Strathfield will improve margins and lower operating costs and we are now focused on ensuring a smooth transition to the new facility in November and securing longer-term funding."

In response to the first half challenges, the company has implemented several initiatives (see ASX Release "Business Update" on 23/01/2023) that will deliver approximately \$12-15 million of annualised improvements in FY24 and beyond.

Authorised for lodgment by the Board of Booktopia.

ENDS

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