

BOOKTOPIA GROUP LIMITED (ASX: BKG) CHRISTMAS TRADING UPDATE

Australia's leading online book retailer Booktopia Group Limited (ASX: BKG) is pleased to provide the following update on Christmas trading and expectations for the first half to 31 December, 2021.

The Group is currently experiencing record daily volumes and from 1 November, 2021, to 21 December, 2021, shipped over 1.49 million units (at an average of more than 40,000 per day), compared to 1.35 million units in the same period last year.

Average daily website visits to booktopia.com.au are also at record levels with the total number of visits from 1 November, 2021, to 22 December, 2021, up 8% to 9.6 million compared to the same period last year. Average order values in the same period increased 7%.

The volume of orders received over the last month, including during the Black Friday and Cyber Monday sales events, indicate book buyers are continuing to migrate their purchasing to the online environment, even when the economy is not subject to lockdowns and restrictions.

Based on the unaudited results for the first five months of trading and trading so far in December, the Group is currently expecting to achieve first half revenue of more than \$127 million. The revenue would represent a 13% increase on the \$112.6 million reported in the previous corresponding first half. Gross profit margins achieved so far in the first half are in line with the results achieved in the same period last year.

The first quarter was disrupted by the COVID outbreak that was centered in Sydney's western suburbs, where the Group's main distribution facility is located. To protect the health of our staff we reduced the number of shifts and developed complex processes to manage both individual social distancing and shift separation in the distribution centre.

The lockdowns also coincided with the Group's annual build-up of inventory for the peak Christmas season and caused bottlenecks in the unloading and shelving of inbound stock. These bottlenecks are requiring a significant investment in time and resources to correct while at the same time the Group is managing the increased capacity as a result of strong Christmas demand.

To ensure we could keep our staff safe, meet our commitment to customers and have appropriate levels of Christmas stock, the Group restricted marketing and sales activity throughout most of the first quarter.

Most of the issues created by the outbreak have now been resolved and the Group will provide a further update of the impacts at its half year results. The securing of additional storage space with a new 13,500 sqm distribution centre at Enfield will also help to alleviate supply chain issues while providing cost economies as the business grows.

Earnings for the first half will be impacted by costs associated with the additional labour costs incurred managing Sydney's COVID lockdowns, the ongoing set-up costs of a second distribution facility and recruitment of a number of new executives to the Group's leadership team. These cost pressures have extended beyond the first quarter and have now impacted the business to a greater extent than was expected at the time of the Group's AGM.

The additional costs will result in lower EBITDA and NPAT in the first half, compared to the first half last year, with the Group currently expecting to achieve EBITDA in the first half of between \$4.0 million and \$4.5 million, compared to \$8.0 million in the prior year.



 An e-commerce leader

Booktopia Founder and CEO Tony Nash said:

“The first half has presented a number of challenges and I am very proud of the way our team responded to ensure we were able to limit the impact, particularly on our customers. Trading conditions and customer demand over the last two months will give us strong momentum as we move into the second half and the 2022 academic sales season. The Group has strong confidence, based on current levels of demand, that the large number of customers acquired throughout 2020 and 2021 will continue to purchase through Booktopia’s online platforms, and our investments in new stock and distribution infrastructure will deliver value for the Group. We are committed to continuing the growth of the business and making investments in our team and facilities to ensure we can meet the growth targets we have set ourselves.”

The Group will announce its first half results for the six months to 31 December 2021, on 25 February, 2022.

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

ENDS

Media and investor enquiries to:

Ben Ready
RGC Media & Mktng
0415 743 838
ben@rgcmm.com.au

For all investor enquiries, please visit <http://investors.booktopia.com.au/>

About Booktopia

Booktopia Group is the largest Australian online book retailer by market share. Established in 2004, Booktopia has sold items to more than five million customers. In the 12 months to the end of June 2021, the Group sold one item approximately every 3.9 seconds and shipped approximately 8.2 million items, averaging 32,800 items per business day. In FY21, the Group reported revenue of \$223 million, up from \$165 million in FY20, and underlying EBITDA of \$13.6million, up 125% on the \$6 million reported in FY20. The Group was listed on the Australian Securities Exchange (ASX) in December 2020 after completing a \$43.1 million initial public offering.