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An e-commerce leader

ASX Announcement
Media Release
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BOOKTOPIA DELIVERS RECORD REVENUES FOR THE FIRST HALF

- Revenue up 15.5% to $130.0 million (HY21: $112.6 million).
- A record 4.7 million units shipped (HY21: 4.2 million).
- EBITDA down 49% to $4.1 million (HY21: $8.0 million).
- First half revenue and profit were impacted by Sydney lockdowns.
- Having made investment in people, inventory and infrastructure to support longer term growth the business is now focused on improving earnings

Australia's leading online book retailer Booktopia Group Limited (ASX: BKG) is pleased to report its results for the six months to December 31, 2021 (HY22), with revenue reaching record levels as customers continue to embrace ecommerce for their personal, corporate and academic reading needs.

The Group's revenue grew by 15.5% to $130.0 million for HY22, compared to $112.6 million in the same period last year. The HY22 result was achieved on a 12% increase in total units shipped to 4.7 million (HY21: 4.2 million). The average order value for the 12 months to 31 December, 2021, was $73.31, compared to $71.07 in the year to June 30, 2021[1], and the average customer spend per year[2] also grew to $132.39 from $126.85 in FY21.

Whilst Gross Profit margins were maintained, the group reported an EBITDA of $4.1 million for HY22, down from an Underlying EBITDA of $8.0 million (adjusted for IPO and associated costs) for HY21. HY21 EBITDA was a loss of $14.7 million with the inclusion of one-off items related to the change in fair value of redeemable preference shares ($18.6 million) and IPO costs ($4.1 million).

The Group commenced FY22 focused on investing in the future through the commissioning of a second distribution centre, increasing inventory and the strengthening of management and team with a number of new appointments and promotions. In addition, during HY22, the Group also explored a number of interesting M&A opportunities within Australia and around the world, however none of these were completed.

HY22 was impacted by COVID-19 which saw lockdowns across Sydney that lasted from 28 June 2021 to 11 October 2021. The Group's distribution centre is located at Lidcombe in Western Sydney which is part of the Cumberland LGA and was subject to the most restrictive lockdowns. Managing the distribution centre became difficult during this period. The Group also took the decision to limit marketing and forego sales and revenue to focus on delivering the customer experience for which Booktopia is known, to protect our employees and comply with government regulations.

The costs of operating in this environment, managing labour shortages and ensuring a safe workplace for employees, resulted in increased distribution costs (from $1.42 per unit in HY21 year to $1.65 in HY22). New robotic technology, introduced to the Distribution Centre along with other automation infrastructure during FY21, mitigated these costs somewhat during HY22.

1. Average Order Value for FY22 H1 is calculated for the last twelve months / calendar year in order to present the number on an annualised basis, incorporating the main academic season where order values are generally higher.

2. Average Customer Spend Per Year for FY22 H1 is calculated for the last twelve months / calendar year in order to present the number on an annualised basis, incorporating the main academic season where customer spend is generally higher.

Booktopia Chief Executive Officer Tony Nash said the first half results reflected the challenges of meeting strong demand while lockdowns and supply chain constraints limited productivity and at the same time investing for the future.

“To deliver an increase in revenue in this situation is very pleasing and a testament to the resilience of our team, our brand and the market,” Mr. Nash said.

FUTURE FOCUS

While operations have largely returned to a more normal environment as a result of the opening up of NSW and other parts of Australia, the business can now resume strong revenue growth but with a renewed focus on improving earnings without compromising the need to invest in the people, technology and infrastructure required to support longer term growth.

“Our immediate priority is ensuring our business is flexibly able to adjust to the high levels of uncertainty being experienced by ecommerce businesses whilst improving long term returns for shareholders,” he said. “We are confident we can continue to grow the business while maintaining a sharp eye on costs.”

Mr. Nash said the Group remained optimistic about future growth despite the challenges presented by the broader economic conditions.

“Our ability to provide a wide range of physical and digital books, delivered directly to the customer, has proven to be what our customers want. Our goal remains to be at the core of the Australian book industry underpinned by an efficient, customer-led retail offering that continues to secure a growing market share of the growing online book market,” he said.

“To achieve that goal, we need to future-proof the business by ensuring we have ready access to high quantities of the most popular titles and the ability to get them to customers efficiently and quickly.”

FIRST HALF BRIEFING

Following the release of the results, the Group will hold a briefing for investors with Chief Executive Officer Tony Nash, and Chief Financial Officer Geoff Stalley. The details of the briefing are:

- DATE: Friday, 25 February 2022
- TIME: 11.00am (AEDT, Sydney), 10:00am (AEST)
- REGISTRATION: Participants can register for the conference by navigating to:
    - https://s1.c-conf.com/diamondpass/10019560-fyloc1.html

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

ENDS

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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 company 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 company 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 company was listed on the Australian Securities Exchange (ASX) in December 2020 after completing a $43.1 million initial public offering.