

NEW CUSTOMER FULFILMENT CENTRE

Booktopia Group Limited (ASX: BKG) is pleased to provide an update on the securing of a new Customer Fulfilment Centre (CFC).

A number of years of high growth during COVID and an increase in inventory to meet the demands of our customers has led to constant retrofitting of our Lidcombe facility to a point that it is now a constraint on our growth and efficiency. With the Lidcombe lease ending in 2023 we are taking the opportunity to move our customer fulfilment to a larger 20,000sqm clean skin facility in the same area.

Booktopia has executed a lease agreement for its new CFC at South Strathfield in Sydney's west which will underpin the company's future distribution capacity and is expected to drive significant operational efficiencies.

The company will move to the new CFC over the next 18 months and it is anticipated the new CFC will be operational in time for Christmas 2023. The company is currently in advanced discussions to finalise a finance package to support an investment of \$14 million in new equipment across FY23 and FY24, which, in addition to the reuse of much of the company's existing equipment, will support the efficient fulfilment of over 12 million units per annum with flexibility built into the design for further expansion whilst reducing labour costs per unit in the CFC compared with existing operations.

Key features of the new CFC include:

- Advanced, scalable, flexible robotics platform that will significantly improve put away and picking activities.
- A custom-designed layout that will facilitate an efficient flow of product through the CFC and reduce manual handling (current Lidcombe facility was retro-fitted over time).
- Future-proof design that supports further automation driving even more efficiency without major rework.
- Improved working conditions for our team members

Booktopia Acting CEO Geoff Stalley said:

"We continue to see opportunities for growth in the Australian book market and the investment in a new customer fulfilment centre is not only critical to business performance but also to ensure Booktopia is able to meet its customer promise now and into the future."

"The new CFC re-shapes our supply chain and unlocks a significant opportunity to increase profitability and generate cash with a purpose-built design that is efficient and scalable".

This decision will mean one-off accounting costs relating to leases and some equipment write downs. These are not yet finalised but are likely to materialise in the FY22 final accounts.

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

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booktopia

 An e-commerce leader

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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 \$1 billion in sales since its 2004 inception. Since FY2012, Booktopia Group has sold more than 41 million items to its growing customer base. While approximately 90% 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 3.9 seconds and shipped about 8.2 million items in the 12 months to 30th June 2021, averaging 32,800 items per business day. Revenue was \$223m in FY21, up from \$165m in FY20 and underlying EBITDA in FY21 was \$13.6m, up 125% on its FY20 EBITDA of \$6m. The company was listed on the Australian Securities Exchange (ASX) in December 2020 after completing a \$43.1 million capital initial public offering.

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