

## **BOOKTOPIA ANNOUNCES INITIATIVES TO DELIVER \$12 - 15 MILLION EARNINGS IMPROVEMENT**

To improve shareholder returns and in response to changing consumer sentiment, greater competition online and inflation, Booktopia Group Limited (ASX: BKG) has completed a comprehensive review of costs and pathways to enhanced efficiencies.

Following the review, the Company has implemented several initiatives that are expected to deliver approximately \$12 - 15 million of annualised improvements to its earnings to be primarily realised in FY24 and beyond.

Business initiatives approved by the Board include:

- **Margin Optimisation** – where appropriate the Company has adjusted the pricing on various products to reflect increasing costs and improve overall gross margins. This optimisation will realise approximately \$2-3 million in annual earnings improvement.
- **Postage Recovery**– the Company has changed how it recovers third-party delivery costs, resulting in a \$4-5 million annualised earnings improvement.
- **Advertising Costs Optimisation** – the Company has optimised its advertising program to focus more on high-conversion channels. This is expected to deliver \$1-2 million per year in cost savings.
- **Welbeck Investment Sold**– as previously announced, the Company has exited its investment in Welbeck ANZ, resulting in a cash payment of \$1.5 million. Accordingly, there are no further costs or obligations associated with the investment.
- **Leases Rationalisation** – the Company is reducing its property/lease obligations requirements, resulting in \$2-3m of annualised cost savings. This rationalisation includes departure from the current Lidcombe building and transition to the Company's Next Gen Customer Fulfilment Centre (CFC) at South Strathfield, which is critical to the ongoing and future growth of the business.
- **Reduction of Overhead Costs** - the business has also undertaken an organisational restructure to reduce costs further and involves 30 to 40 redundancies resulting in \$4-5m in annualised cost savings.

Booktopia Chairman Peter George said:

*"Booktopia is focused on building a profitable, sustainable business in the interests of all stakeholders and is committed to delivering the Next Gen CFC in 2023 which will position the Company for the challenging online retail conditions in the near term.*

*Letting some of our talented staff go as part of these cost cutting initiatives is a disappointing but necessary step in these economic times."*

**Authorised for lodgment by the Board.**

ENDS

# booktopia

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