

booktopia

Australia's local bookstore

Annual Report

2022

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Full Year Highlights



Revenue

240.8m ▲ 7.5%

(FY21: \$223.9m)



Average Customer Spend

\$134.94 ▲ 6.4%

(FY21: \$126.85)



Underlying EBITDA

\$6.2m ▼ 54%

(FY21: \$13.6m)



Average Order Value

\$75.59 ▲ 6.0%

(FY21: \$71.07)



Units Shipped

8.5m ▲ 4.0%

(FY21: 8.2m)



Distribution Wages Per Unit

\$1.65 ▲ 15.6%

(HY21: \$1.42)

1. Expenses for FY21 H1 included \$3.6m of IPO costs and \$18.6m from conversion of redeemable preference shares.

A photograph of a warehouse interior. In the foreground, a black conveyor belt runs diagonally across the frame, with a cardboard box wrapped in green and white tape resting on it. In the background, a worker in a high-visibility vest is operating a blue and white forklift. The warehouse has high ceilings with blue structural beams and large windows. A green sign with white text is visible on the left wall.

booktopia

100% Australian

"The year under review will go down as one of the most challenging in Booktopia's 18-year history. Booktopia's underlying brand and business remain strong and we believe we can continue to deliver sustainable levels of growth and improve our profitability in the future."

Chairman and Acting CEO Report



The year under review will go down as one of the most challenging in Booktopia's 18-year history. While the Company's performance across a range of critical operational metrics was quite positive, the result was overshadowed by increased costs associated with COVID and several one-off items, which had a negative impact on our earnings.

While the results for the year were not what we had hoped or planned for, they provided a range of learnings which we are using to position the business to meet the challenges and opportunities that lie ahead.

Booktopia's underlying brand and business remain strong and we believe we can continue to deliver sustainable levels of growth and improve our profitability in the future. Our focus, in the short term, will remain on improving our efficiency and managing our costs. Critical to this is the planned move to a new Customer Fulfilment Centre (CFC).

Financial Results

Our results for the year to 30 June 2022 included another year of record revenue and growth across several key operational and financial metrics compared to the previous year. Key highlights for the year include:

- Revenue up 7.5% to \$240.8 million
- Shipped units up 4% to 8.5 million
- Average Order Value increased 6% to \$75.59
- Average Selling Price (per unit shipped) was up 3.2% to \$28.27
- Average Customer Spend (per customer, per year) was up 6.4% to \$134.94
- Gross profit up 6.3% to \$65.0 million
- Gross profit per unit up 2.3% to \$7.65

On the earnings side, Underlying EBITDA fell 54% to \$6.2 million (FY21: \$13.6 million) due to increased customer fulfilment costs associated with COVID and other increased costs, which had a negative impact of approximately \$8.7 million on EBITDA.

The financial year started well with strong sales in the first quarter but deteriorated as our Lidcombe CFC was overwhelmed by the impact of the extensive lockdowns and widespread COVID infection rates in Sydney, limiting our ability to meet the demands of our customers.

Faced with an explosion of orders and significant staffing issues, we took the prudent action to wind back our marketing in the lead-up to Christmas. However, clearing the backlog of orders was both expensive and time-consuming and resulted in significant additional costs. As an example of the increased costs, our distribution wages per unit shipped increased from \$1.42 in FY21 to \$1.65 in FY22.

As well as these operating costs, we also incurred several one-off costs that further impacted profitability. Following a second-half review of overhead expenditure, we undertook a number of redundancies and the removal of the former CEO, which cost \$1.3 million.

We also accounted for \$2.8 million of accelerated depreciation associated with the change in useful lives of certain items of property, plant and equipment in part as a result of our decision to move to a new customer fulfilment centre when our lease expires at Lidcombe. Our growth over the last few years means we have outgrown the current location. We also accounted for \$1.7 million in costs associated with M&A activity and wrote down the value of our Welbeck investment by \$2.1 million. Additionally, we made provision for \$6 million in potential payments related to an agreement reached with the ACCC to jointly seek orders from the Federal Court relating to our returns policy.

Looking Forward


As mentioned earlier, and subsequent to the end of the year under review, we signed a lease for a new 20,000sqm CFC at South Strathfield in Sydney's west. The new facility will allow the Company to distribute larger volumes and operate at a lower cost and should be operational in time for Christmas 2023.

This is one of a number of operational and efficiency improvements which will help us to continue to deliver on our customer obsession and to respond to changes in consumer behaviour in a post-COVID economy.

Whilst we are taking many actions to improve the operational efficiency of our business, our performance will continue to be affected by the external environment. Trading conditions remain volatile for retailers and the online retail market in particular, with various economic headwinds impacting consumer behaviour and a high level of uncertainty around inflation, interest rates and cost-of-living pressures. But people love books, even in tough times.

The Company continues to search for a new Chief Executive Officer, with Geoff Stalley (previously CFO) acting in the CEO role until the appointment is complete. In addition, the Company is pleased to announce that Fiona Levens, previously the Group Financial Controller, has been appointed to the role of CFO. Fiona has a long history with Booktopia, having fulfilled multiple finance roles over the past ten years, and is a key member of the Company's leadership team.

We would like to take the opportunity to thank the staff of Booktopia for their efforts throughout the year. In the face of a rapidly-changing environment and significant internal and external challenges they have remained focused on delivering a great book-buying experience for our customers. Ultimately, it is this commitment that will ensure Booktopia's long-term success.



Chris Beare
Chairman



Geoff Stalley
Acting Chief Executive
Officer

"The new facility will allow the Company to distribute larger volumes and operate at a lower cost and should be operational in time for Christmas 2023."

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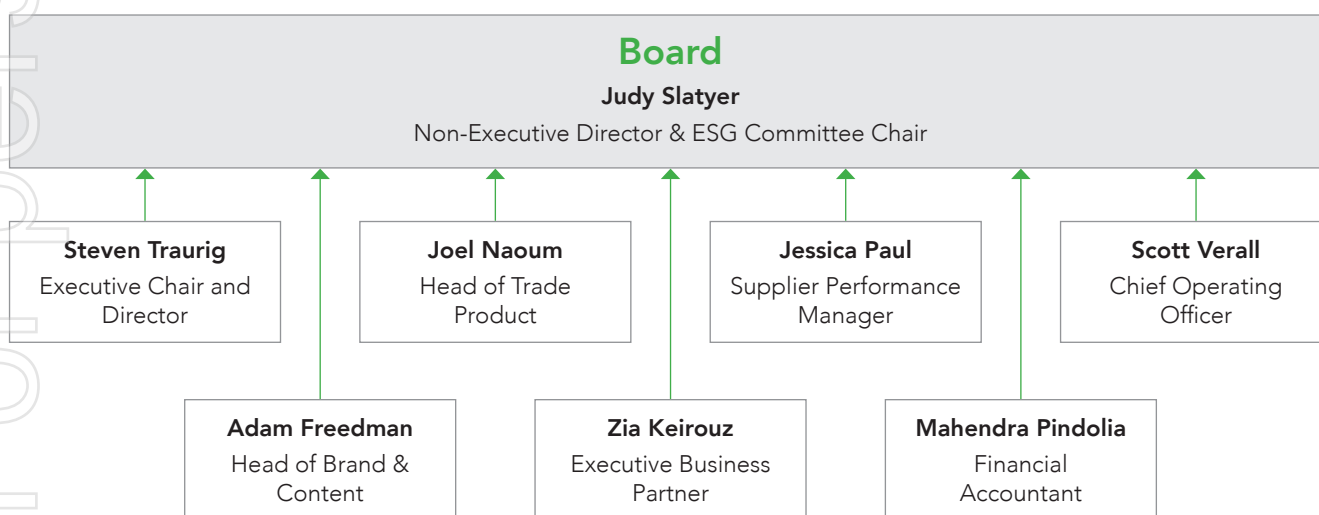
Environment Social and Governance Report

Booktopia recognises that Environmental, Social and Governance (ESG) factors are of vital importance to the performance of the organisation as well as good practice. ESG is not only good business, it is everyone's business. In 2021, Booktopia committed to exploring, selecting and implementing the best-fit framework for our business as well as describing and implementing measurements that will be adopted across our business, thus further developing our impact and reporting capabilities.

In 2022, Booktopia formed its first ESG committee. Reporting to the Board of Directors, it is governed by the ESG Committee Charter and focuses on impact initiatives to drive more robust and accurate reporting. Underpinned by a business model that emphasises social and environmental sustainability, and guided by the Global Reporting Initiative (GRI) framework which was selected as the ESG framework for adoption, we are confident that we will continue to deliver positive impacts year on year.

Booktopia is at the beginning of its journey in utilising and reporting with GRI. The basic structure and key themes of this report are modelled on the overall GRI structure and we aim to be GRI-compliant in our reporting in FY23. We have also set a goal in FY23 to provide a level of financial disclosure utilising the Taskforce on Climate-related Financial Disclosures (TCFD) framework in recognition of its increasing importance to Australian companies and markets.

ESG committee governance structure



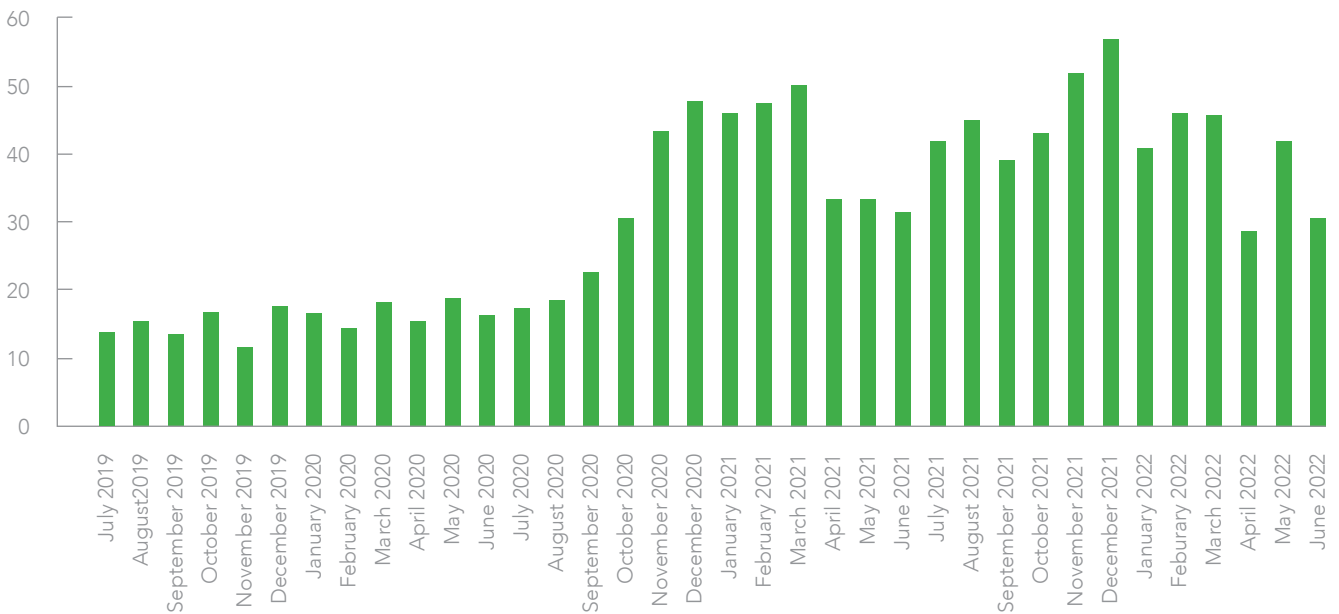
Environment – Our Planet

During FY22, Booktopia further embedded environmental consideration in every day operations, which was a key factor in the selection process of its new headquarters in Rhodes Corporate Park, Sydney. The building not only has a 5.5 star NABERS energy rating, it also boasts Climate Active carbon neutral certification.

Furthermore, Booktopia has incorporated sustainability deliverables as an important component in its new CFC build project. The RFP process incorporates sustainability criteria not only in the proposed designs but also in the credentials of its suppliers and contractors.

Recycling and waste

Recycling was a continued focus during the year with an effort to capture the majority of cardboard received in the Lidcombe CFC from our suppliers. This metric continues to be one of the most impactful for Booktopia, seeing 480.5 tons of cardboard in total recycled in FY22. The graph below shows Booktopia's total cardboard recycling by month for FY20 to FY22. Booktopia recycles both inbound and outbound (offcut) cardboard and paper.



Management has initiated a materials stewardship program to identify packaging materials received, used and disposed of in its customer fulfilment centres, beyond cardboard and paper. The program's main objective is to drive sustainable solutions in the supply chain in partnership with our suppliers and the wider book industry.

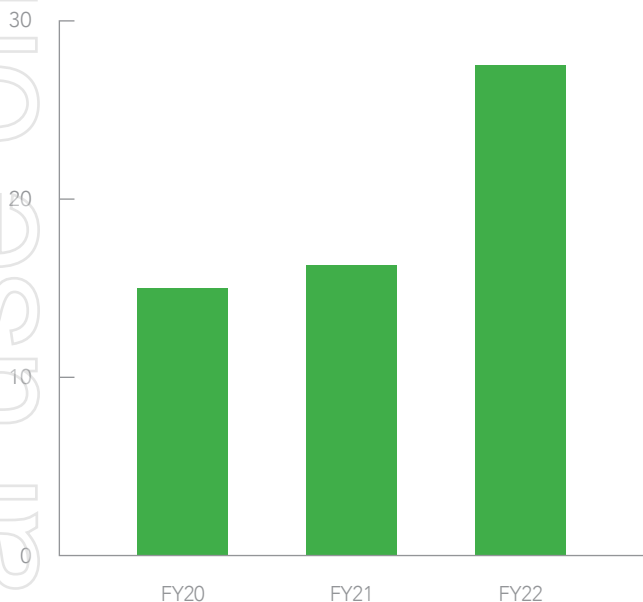
Materials in focus include:

- Various forms of plastic fillers
- Loose-fill packaging
- Rubber bands
- Loose-fill packaging
- Pallet wrapping plastics



Booktopia continues to move towards a paperless office environment by reducing its reliance on paper and other consumables. In FY22 Booktopia recycled 28.5 kgs of toners via Close The Loop, compared to 16.32 kgs in FY21 and 14.96 in FY20.

Toner recycling in kg



Energy consumption and emissions

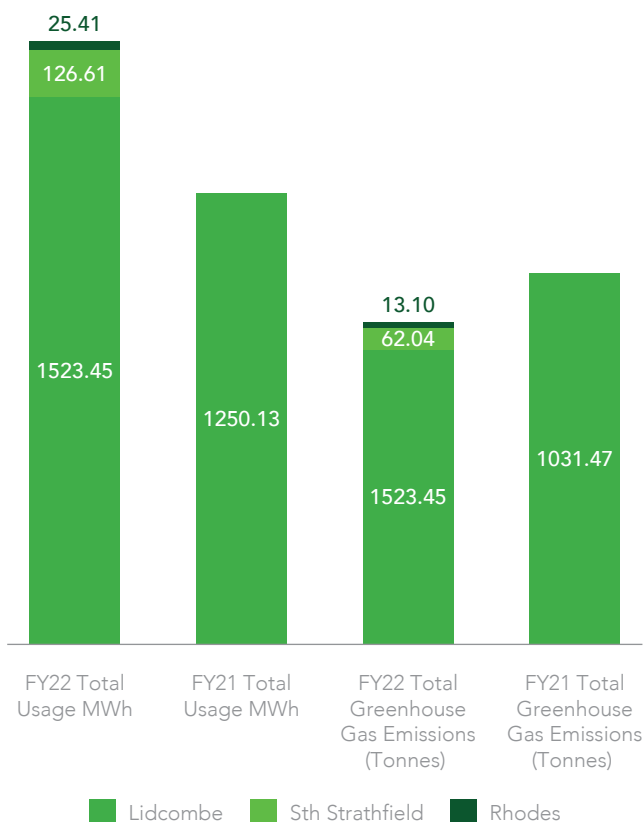
Electricity is Booktopia's main energy source and we are now reporting our usage and GHG emissions across business operations with an action to monitor and reduce our usage and emissions. In line with our sustainability goals, FY22 saw the completion of the replacement of all halogen lights at Lidcombe to LED.

The ESG committee is exploring recommendations to reduce greenhouse emissions year on year across

its business operations. The committee is also actively engaging its supply chain partners across distribution, publishing, printing and transport to work more closely with the aims of increasing sustainability and reducing emissions as a primary goal.

In FY22, our total electricity consumption across our operating sites was 1,675.47 MWh with GHG emissions of 894.22 tonnes. This compares to FY21 of 1250.13 MWh usage and 1031.47 tonnes of GHG emissions.

FY21/FY22 Electricity usage and emissions



NB: Rhodes and Sth Strathfield sites only operational for partial FY. Lidcombe full FY.



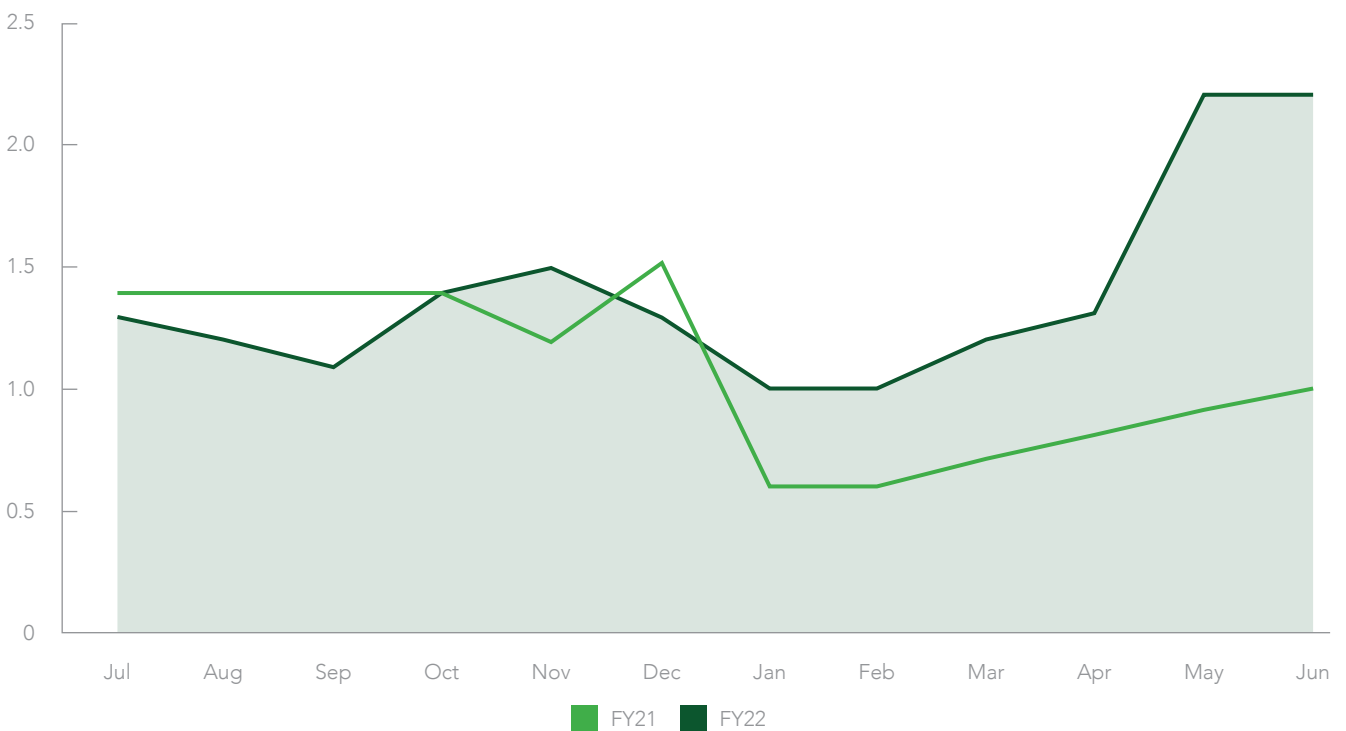
Booktopia’s websites, customer service systems and warehouse management systems operate on the Amazon AWS cloud platform. Our warehouse management system was moved to AWS during FY22 from onsite premises, showing an increase in AWS emissions, and a greater increase in estimated emissions saved from onsite servers.

| | Estimated Carbon Emissions | Emissions Saved on AWS* |
|-------|----------------------------|--------------------------|
| FY 21 | 12.9 MTCO ₂ e | 14.7 MTCO ₂ e |
| FY 22 | 16.7 MTCO ₂ e | 24.2 MTCO ₂ e |

*Emissions Saved on AWS (Emissions saved from AWS purchasing renewable energy + Saved by using AWS computing services compared to on-premises)

The monthly breakdown in carbon emissions for our server infrastructure in AWS is graphed below:

Estimated carbon emissions in metric tonnes



Booktopia acknowledges the impact on natural resources in the production of paper books. This is why prolonging the lifespan of a physical book to keep it out of landfill is very important to us. We do this by:

- Donating product that cannot be sold
- Selling stock that is slightly damaged and not 'shelf ready'
- Recycling all books that cannot be donated or sold

A core focus in FY23 will be to identify, report and act on Booktopia’s Scope 1 and Scope 2 emissions as well as working with our partners on Scope 3. Other focus areas include:

- Investigating participation with Climate Active
- Engaging with industry bodies - Australian Publishers Association and Australian Booksellers Association

Governance – Our Organisation

Ethics and integrity

Ethics and Integrity are fundamental principles that underpin how 'Booktopians' are to behave and interact with their peers and customers.

During FY22, our values, principles, standards and norms of behaviour were reinforced and upheld through workplace-related leadership training in areas such as having difficult conversations, bullying and harassment, and mental health safety courses. All Booktopia employees already operate under its Code of Conduct and Workplace Bullying, Harassment and Discrimination Policies and these are reinforced through the fair treatment of all employees. Our Whistleblower Policy enables everyone - whether internal or external - to report on our conduct in a safe manner. In FY22, there were no incidents reported through this policy.

Two of Booktopia's core pillars are Customer Obsession and Empowered People, and Booktopia's leaders are challenged every day on how to improve their teams in these areas.

Risk and reward

Leaders of all business units regularly maintain departmental Risk Registers that filter up to the Board Risk Register, which focuses on the Top 10 Internal and External risk factors and mitigations. The Board Risk Register is reviewed at each Audit & Risk Committee (ARC) Meeting and changes to Booktopia's Risk Profile are attended to at the ARC and Board Meetings.

Financial implications

Booktopia has not yet performed a detailed risk assessment of the material financial implications of climate change on its business. We plan to do this in 2023. It has noted that energy (electrical power for its operations) and paper (raw product material) are two risk vectors to both its business operations - administration, and storage and logistics - and the main product it sells, being paper books; the impacts of climate change and related policies may see:

- Increasing costs and availability of baseload electricity to power its distribution sites and web servers
- Cost and availability pressures through global supply chains for paper worldwide may have financial implications on its business.

Opportunities

The Booktopia ESG Committee has identified opportunities for mitigating its carbon footprint by identifying and improving the sustainability profiles of its material inputs and outputs.

These material inputs and outputs being investigated are:

- Electricity - sourcing renewable energy options for all its operations
- Packaging from suppliers - engaging suppliers to deliver more sustainable packaging:
 - Sustainable cardboard
 - Sustainable and recyclable plastics
 - Sustainable and recyclable carton fillers
- Packaging produced by Booktopia
 - Sustainable cardboard
 - Sustainable carton fillers
 - Sustainable pallet-wrapping plastics
 - Parcel banding plastics and rubber
 - Reduction in paper and plastics usage in administration

Privacy and data security

In conjunction with its Privacy Policy, Booktopia has an established Privacy Committee which implements internal processes to monitor, develop and respond to privacy concerns and requests, both contractual and customer-initiated.

Booktopia customer service received over 200 requests to delete Ebay contact information as per GDPR guidelines. The customer service team also regularly receives and deals with direct customer requests to remove account information from its customers.

Data security is an omnipresent risk, concern and focus of mitigation. Mitigation activities include:

- Continued independently-conducted external penetration testing
- Online staff training about phishing attacks
- Independent simulated phishing attacks on staff email users with reporting and training
- Upgrading of Google Workspace licence level to improve data sharing alerts and reporting capabilities
- Centralised request and approval mechanisms for any data sharing with external parties

During the Financial Year, there were no actual or suspected incidences of privacy or data breaches.





Social – Our Community

Our people

We conduct annual employee engagement surveys that seek to capture and measure the thoughts of our team in relation to working at Booktopia in areas such as employee involvement, work conditions and well-being, and company communication. A similar measurement method to Net Promoter Scoring (NPS) is utilised. The survey includes a set of comparative questions that are asked year on year.

| Team Survey Highlights | FY20 | FY21 | FY22 |
|---|------|------|------|
| Strongly Agree and Agree % | | | |
| Encouraged to use my initiative | 78% | 84% | 84% |
| Feeling respected when expressing opinions or concerns | 61% | 75% | 74% |
| I would recommend Booktopia to a relative/friend looking for work | 90% | 92% | 86% |
| My manager shows they genuinely care about my wellbeing | 84% | 91% | 83% |
| I feel part of the team working towards shared goals | 71% | 81% | 87% |

A core focus in FY22 was the effective management of our people’s wellbeing in a post COVID-19 world. Booktopia continues to offer a hybrid flexible working environment, employee assistance services, mental health advocacy, dedicated internal training and other programs that provide our people a workplace where they feel safe, respected and empowered.

Working together

Diversity and Inclusion remain fundamental rights for all employees within Booktopia.

The table below displays how we did against our Diversity targets for governance bodies and employees.

| Group | % of Female Employees as at | | | | Target % Women |
|----------------------------|-----------------------------|--------------|--------------|--------------|----------------|
| | 30 June 2022 | 30 June 2021 | 30 June 2020 | 30 June 2019 | |
| NEDs | 50% | 50% | N/A | N/A | 40% |
| Board of Directors Overall | 33.33% | 28.57% | 28.50% | N/A | 40% |
| Executive Team | 30% | 22.22% | 27.27% | 27.27% | 40% |
| Management Team | 45% | 50.00% | 42.11% | 42.85% | 40% |
| Overall | 51.24% | 51.69% | 46% | 48.70% | 40% |

Diversity of New Hires for FY22

| | | |
|-----------------|----|--------|
| Female | 25 | 43.86% |
| Male | 32 | 56.14% |
| Total New Hires | 57 | |

Safety first

The Booktopia WH&S Committee continued to convene regularly for the sole purpose of driving safety throughout the organisation.

Even though the number of employees increased from FY21 to FY22, particularly during the Christmas trading period, the total number of Workplace Lost Time Injuries reduced.

Number of Workplace Lost Time Injuries (LTI)

| | |
|------|---|
| FY21 | 9 |
| FY22 | 5 |

Our customers

We are committed to our customers, we say we are customer obsessed! We do this by embracing continuous improvement practices, providing avenues for customer feedback through our Voice of the Customer program and enabling readily accessible and helpful customer care channels. We track the Net Promoter Score (NPS) for our full year end-to-end experience and our result for FY22 was 56.

Modern slavery

Modern Slavery continues to be an important issue for Booktopia, both internally and externally. In FY22, Booktopia continued with active Modern Slavery compliance and documentation initiatives, with over 80 major and minor upstream suppliers completing the Modern Slavery compliance questionnaire and returning their own modern slavery statements and policies where they were available; statements were received from onshore and offshore major publishers, recruitment and personnel suppliers (onshore and offshore), paper and printing suppliers.

Booktopia also updated its supplier agreements templates with a Modern Slavery compliance clause.

First peoples

As part of our shared identity, Australians should know more about the rich and inspiring cultures of our country's first peoples. In an organisation, this is demonstrated in practices, ongoing cultural awareness, training as well as advocacy.

Booktopia also has a long history of supporting and advocating Indigenous literacy. One program to highlight is the evergreen First Nations: Stories and Storytelling page. This is a program where we connect with First Nation authors and work with them to highlight First Nations books including their own. They are then featured on a page for a monthly campaign promotion in support of their book and their recommendations as well.

Furthermore, Booktopia formally acknowledges the traditional custodians of the land and pays its respects at all formal and large meetings and its email correspondence. In addition to its inclusivity and diversity policy, Booktopia has commenced work on a Reconciliation Plan to identify key actions to strengthen relationships between Aboriginal and Torres Strait Islander peoples and non-Indigenous peoples, for the benefit of all Australians.

We are making headway, but there is more work to be done.

Giving

In partnership with our philanthropic partner Good360, FY22 saw the partnership match over \$660,000 worth of books with Australian schools and charities, increasing from over \$500,000 in FY21.

Booktopia's Give Back More program facilitated the collection and transfer of \$119,675 to a range of charities, literacy causes and disaster relief since inception in 2021. Recipients include, but are not limited to; the Indigenous Literacy Foundation, Community Spirit Foundation, Indigenous Literacy Project, Boundless Indigenous Mentorship, Lismore Library and nine other flood affected schools in NSW and QLD.

Directors' Report



The Directors present their report, together with the financial statements on the consolidated entity (referred to hereafter as the "Group") consisting of Booktopia Group Limited (referred to hereafter as the "Company" or "parent entity") and the entities it controlled during the year ended 30 June 2022. The prior comparative period is the year ended 30 June 2021.

Directors

The skills, experience, expertise, and special responsibilities of each person who has been a Director of the Company at any time during the financial year is provided below, together with details of the Company Secretary as at the year end. All persons were Directors of Booktopia Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated.

Christopher (Chris) Beare

Chairman and Independent
Non-Executive Director



Chris Beare joined the Booktopia Board as Chairman in October 2016 and is currently the chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee. He has over 35 years' experience in international business, technology, strategy, finance and management.

Chris has experience in technology. In 1998 he helped form Radiata, a technology start-up in Sydney and Silicon Valley, and as Chair and Chief Executive Officer steered it to a sale to Cisco Systems in 2001. He has been a Director of a number of other technology companies and was formerly the Chairman of ASX listed businesses; DEXUS Property Group, Flexigroup Limited and m.Net.

Chris holds a BSc, BE (Hons) and PhD (Electrical) from Adelaide University, MBA from the Harvard Business School and a Fellow of the Australian Institute of Company Directors.

Chris does not hold any other current listed company directorships and has had no former listed company directorships in the past three years.

Antony (Tony) Nash

Founder and Director

(served as Chief Executive Officer
until 13 July 2022)



Tony Nash was involved in the establishment of Booktopia while working in his family's company as a sideline to the core internet marketing consulting business, Globalise Pty Ltd, which was established in 2001. Tony has been instrumental in growing Booktopia and formulating its business strategy throughout that time. Since 2007 Tony has held the role of Chief Executive Officer until recently stepping down at the Board's request in July 2022, to make way for fresh new leadership. Tony continues to remain as a director of the Company and he remains a significant shareholder.

Tony received a series of business awards and is an industry-recognised leader in the book retail and online retailing industry in Australia. In 2018 he won the Industry Recognition Award at the Online Retailer Industry Awards. He was listed in Who's Who of Australia in 2019.

Tony holds qualifications in Computer programming at Control Data Institute.

Tony does not hold any other current listed company directorships and has had no former listed company directorships in the past three years.

Steven Traurig

Chief Commercial Officer
and Executive Director



Steven Traurig was involved in the establishment of Booktopia. He began his career at IBM Australia as a software engineer and subsequently pre-sales systems engineer, before joining Somerset Systems in 1992 specialising in business development and consulting in e-commerce and workflow. He joined Tony Nash in his online recruitment company Best People International in 1998. Tony and Steven have been in business together for over 20 years. Steven has been in the online commerce industry for over 20 years and is Tony's brother-in-law.

Steven provided technical direction and services during Booktopia's early formation and built a development team to establish Booktopia's in-house website and logistics systems in 2007. He has been the Chief Information Officer and is currently Chief Commercial Officer for Booktopia, as well as overseeing a number of business programs including infrastructure, security and HR.

Steve holds a Bachelor of Applied Science (Computing), sub-majoring in Organisations and Management from University of Technology, Sydney.

Steve does not hold any other current listed company directorships and has had no former listed company directorships in the past three years.

Fiona Pak-Poy

Independent Non-Executive Director



Fiona is an experienced non-executive director and has been involved in a wide array of industries including healthcare, e-commerce, software, financial services, retail and manufacturing. Her involvement ranges from start-ups to publicly listed companies, not-for-profits and State and Federal Government Boards.

Fiona is currently a non-executive director of Tyro (ASX: TYR). Fiona was formerly a Director of MYOB (formerly ASX: MYO) prior to its purchase by KKR and iSentia Group (formerly ASX: ISD).

Fiona is a former member of the Federal Government's Innovation Australia Board, ASIC's director Advisory Panel and a Councillor for The Australian Investment Council. She practiced as an engineer and was a management consultant with The Boston Consulting Group in Boston and Sydney, during which time she was a member of both the Consumer Goods and Technology and Financial Services Practice Group. She co-founded an e-commerce start-up in the late 1990s and subsequently worked as a General Partner in an Australian/US venture capital fund that invested in Australian start-ups with unique IP.

Fiona holds an Honours Degree in Engineering from the University of Adelaide and an MBA from Harvard Business School. She is a Fellow of the Australian Institute of Company Directors.

Fiona is currently the Chairman of the Audit and Risk Committee.

Judith (Judy) Slatyer

Independent Non-Executive Director

(appointed on 14 April 2022)



Judy joined the Booktopia Board on 14 April 2022. She brings an important mix of executive leadership domestically and internationally across business,

government and not-for-profit as well as from various non-executive roles.

Judy is currently Chair of Natural Carbon Pty Ltd and a non-executive Director of Gigacom, WWF-Australia, Talent Beyond Boundaries and Pollination Group Foundation and a member of the NSW Net Zero and Clean Economy Board as well as an adviser to CSIRO's Data61 on AI and to PwC on environment, social and government matters.

In terms of executive roles, Judy has most recently been Chief Executive Officer of Australian Red Cross since early 2016. Prior to that Judy was global Chief Operating Officer for World Wide Fund for Nature and also was the Chief Executive Officer of Lonely Planet Publications. Judy has also worked with a Silicon Valley start-up to launch in Australia and at Telstra as the Chief of Consumer Sales as well as in government, advising the Honourable Ralph Wills, MP in a number of portfolios.

Judy holds a BA from University of Canberra and an MBA from Sydney University.

Judy does not hold any other current listed company directorships and has had no former listed company directorships in the past three years.

Judy is a member of the Remuneration and Nomination Committee and chair of the Environmental, Social and Governance (ESG) Management Committee.

Marina Go

Independent Non-Executive Director

(resigned on 31 March 2022)



Marina has over 30 years of experience as a multi-media executive across a range of listed and private companies and as an independent non-executive director across a diverse range of industries including retail, e-commerce, health, energy and sport.

Marina is Chair of Adore Beauty and Netball Australia and a non-executive director on the boards of Energy Australia, 7-Eleven, Autosports Group and Transurban.

Marina holds a Bachelor of Arts from Macquarie University, Master of Business Administration from the University of New South Wales, a member of O'Connell Street Associates, the Australian Institute of Company Directors, Chief Executive Women and the University of New South Wales Business Advisory Council.

Marina is currently a director of Autosports Group (ASX: ASG), Adore Beauty (ASX: ABY) and Transurban (ASX:TCL). Marina was previously a director of Pro-Pac Packaging (ASX: PPG).

Marina was formerly a member of the Remuneration and Nomination Committee.

Wayne Baskin

Deputy CEO, Chief Technology Officer
Executive Director

(resigned on 15 June 2022)



Wayne Baskin started as Booktopia's first developer in 2008, having spent four years at GE Commercial Finance. In his first five years he built the company's bespoke website, their custom Warehouse Management System and was responsible for the implementation of the business' pricing and inventory algorithms.

Before his resignation Wayne was responsible for the overall business strategy, vision and customer experience while also overseeing logistics and the businesses pricing and inventory strategy. In his former role as Chief Technology Officer, Wayne oversaw all R&D for both Booktopia and Angus & Robertson which includes all system development and the business' integrations into external systems and third-party channels.

In 2017 and 2018, Wayne was a finalist for the Online Retail Industry Recognition Award, taking out the award in 2019. He has also been named in Inside Retail's Top 50 People in e-commerce for five years, in 2019 and 2020 being awarded Number 8 on the list, as well as being a finalist for the BRW's Best Rising Star Award.

On 15 June 2022, Wayne made the decision to step down from his role to focus more time and energy on other interests including as a founder, executive and director of share trading business Superhero.

Wayne holds a Bachelor of Engineering (Software) (Hon) from UNSW.

Wayne does not hold any other current listed company directorships and has had no former listed company directorships in the past three years.



Su-Ming Wong

Independent Non-Executive Director

(resigned on 20 September 2022)

Su-Ming has over 35 years of direct investment and corporate advisory experience. In 2001, he co-founded CHAMP Ventures which is an Australian mid-market private equity funds manager. Su-Ming was Non-Executive Director of Booktopia Group Limited and has been chairman/director of over 20 Australian companies operating across retail, technology, manufacturing, financial services, healthcare and tourism sectors. Su-Ming is a Professor of Practice at UNSW, a director of Sydney Writers' Festival and a member of UNSW Business School Advisory Council. He was a member of the Council of University of Technology Sydney and a director of several other NGOs.

Su-Ming is a Fellow of the AICD, ME from the University of Canterbury, NZ and a MBA from AGSM, UNSW.

Su-Ming did not hold any other current listed company directorships and has had no former listed company directorships in the past three years.

Su-Ming was a member of the Audit and Risk Committee and the Remuneration and Nomination Committee.



Company secretaries

Anna Sandham

Anna Sandham has held the role of Company Secretary since 1 December 2020. Anna is a Senior Company Secretary at Company Matters, Link Group's governance and company secretarial team and has over two decades of experience as a company secretary and governance professional. Anna holds a Bachelor of Economics degree (University of Sydney) and a Graduate Diploma of Applied Corporate Governance (Governance Institute of Australia). Anna is a Fellow of the Governance Institute of Australia and a member of its Legislative Review Committee.

Steven Traurig

Steven has held the role of Company Secretary since 16 May 2016. See 'Information on directors' above for further information.

Directors' shareholdings

Details relating to each directors' relevant interest (direct and indirect) in shares, rights or options in shares are outlined in the Remuneration Report.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during each directors' tenure for the year ended 30 June 2022, and the number of meetings attended by each director were:

| | Full Board | | Audit and Risk Committee | | Remuneration and Nomination Committee | |
|----------------|------------|-------------------|--------------------------|-------------------|---------------------------------------|-------------------|
| | Attended | Held ¹ | Attended | Held ¹ | Attended | Held ¹ |
| Chris Beare | 15 | 15 | 7 | 7 | 3 | 3 |
| Tony Nash | 14 | 14 | - | - | - | - |
| Wayne Baskin | 13 | 13 | - | - | - | - |
| Steven Traurig | 14 | 14 | - | - | - | - |
| Fiona Pak-Poy | 15 | 15 | 7 | 7 | - | - |
| Judy Slatyer | 5 | 5 | - | - | 2 | 2 |
| Marina Go | 9 | 10 | - | - | 1 | 1 |
| Su-Ming Wong | 14 | 15 | 6 | 7 | 2 | 3 |

1. Held represents the total number of meetings the Director was eligible to attend during their tenure, excluding any meetings where they could not attend due to a conflict of interest.

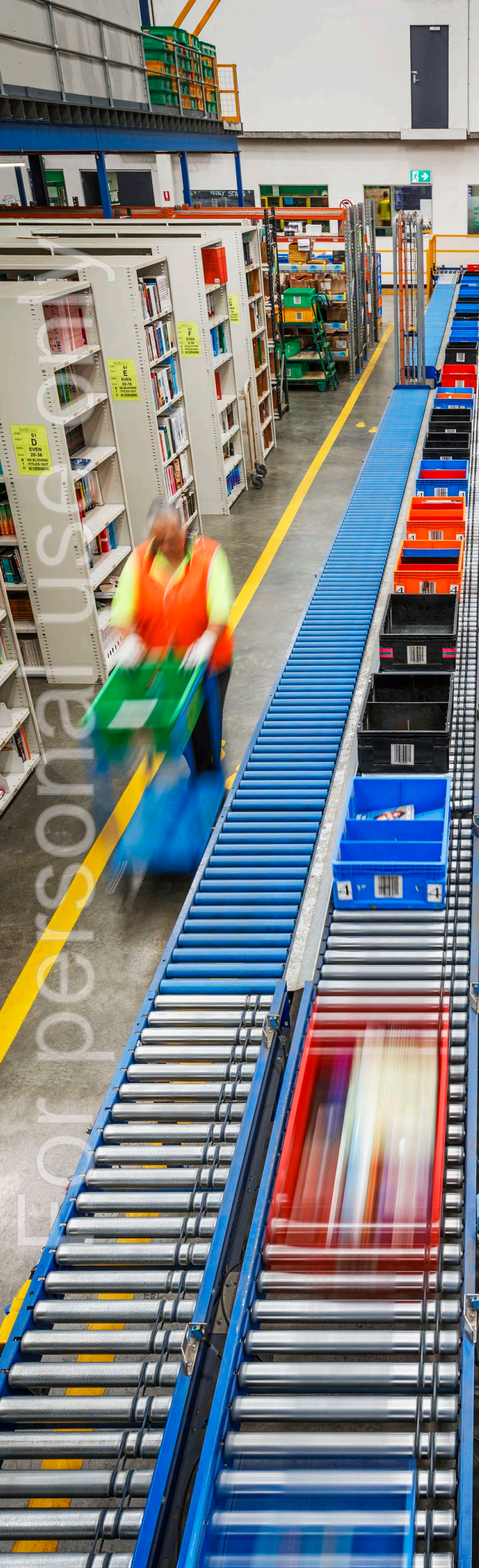
Principal activities

Booktopia Group is Australia's largest dedicated online book retailer. It was established in 2004 and was admitted to the Australian Securities Exchange ('ASX') in December 2020. The Group generates the majority of its revenue from the sale of physical books. It also sells eBooks, DVDs, audiobooks, magazines and stationery. Customers largely consist of retail consumers with a growing number of corporate and government customers including schools, libraries, universities and government departments. Sales are generated via the Group's two websites as well as listing select titles on online marketplaces in Australia and New Zealand. In addition, the Group offers publishers a distribution solution to the Australian and New Zealand market and also publishes select titles in print and digital formats under the Booktopia Editions imprint.

The Group has developed an extensive supply chain with suppliers sourcing products from around the world with strong working relationships with Australia Post, various publishers, distributors and other affiliates. A key element in the supply chain is the Group's customer fulfilment centre (CFC) located in Lidcombe, Western Sydney. The facilities in the centre have been custom designed to enhance efficiency of key activities including picking and packing technologies. The CFC is highly automated with conveyor lines and software systems which are central to the efficient moving of products into, within and out of the CFC.

The Group's business model is supported by the following key factors:

- **In-house technology expertise:** the Group's in-house software expertise assists it to understand its customer and inventory needs and supplier relationships;
- **Specialist online marketing knowledge:** the Group's management has significant experience in Search Engine Optimisation. The Group's strong in-house Search Engine Optimisation and paid search marketing skills further allow the business to target attractive customers with the goal of ensuring optimal return for its marketing spend;



- **Stock availability and fast delivery times:** the Group's supplier relationships and efficient CFC, in addition to its commitment to holding Stocked Titles "ready-to-ship", enhances the customer experience through titles being both available and able to be delivered quickly; and
- **Customer-centric focus:** the Group's customer focus from its senior management team to its CFC staff and Australian-based call centre, is a key differentiator to many competitors. Other initiatives it employs include in-house book experts who curate and enhance content (including conducting author interviews and book signings) and also enhance customer experience that leads to and drives repeat business and customer loyalty.

The Group's key expenses incurred in generating revenue include: book purchases, marketing and advertising costs (Pay-Per-Click advertising and affiliate commissions), marketing staff who manage the Group's marketing initiatives, distribution costs and email marketing costs.

The Group's proprietary software systems form a key part of its competitive strengths and support its business processes and practices. The Group uses a live data feed system that retrieves, manages and updates product data from suppliers' websites, email and File Transfer Protocol (FTP) locations, for millions of products (including bibliographic, pricing and stock information) which are potentially available for sale by the Group. The Group's proprietary systems also conduct "dynamic pricing" for products (i.e. automatic price adjustment), maintain stock levels in line with expected demand and manage foreign currency exposure, to enhance stock turnover and revenue. The Group's software is developed by an in-house team of developers using a range of predominantly open source applications and platforms.

In 2017, the Group launched a distribution arm of the business called Booktopia Publisher Services (BPS). BPS is appointed by Australian and International publishers as their distributor in the Australian and New Zealand ('ANZ') market. BPS has been able to

leverage off the investment in automation, software and logistics to accelerate the expansion of this division.

In 2019, the Group launched Booktopia Publishing as the Group's trade publishing division that publishes books in print and digital formats under the Booktopia Editions imprint. All titles are sold and distributed to book retailers across the region via Booktopia's distribution division, BPS.

The book publishing and BPS businesses continue to develop their footprint in the market but are yet to be a major contributor to the Group's results. As such, they are not separately reported and have been consolidated in the overall results.

Review of operations

In prior years, the COVID-19 pandemic created a positive business environment for the Group with a significant uplift in online retailing, where many new online shoppers entered the market and existing shoppers increased the frequency of purchasing. Hence, customer demand grew considerably during lockdowns and this translated into sustained increased demand even following the relaxing of restrictions. In FY22 Booktopia and the country transitioned from a COVID environment with ongoing lockdown of communities across Australia into a "living with COVID" phase. These conditions created considerable challenges for the Group, as COVID infections impact on our employees where the business had to balance the safety and wellbeing of its employees with the expectations of the customers, all while maintaining compliance with the frequently evolving Government health directives.

The COVID-19 pandemic also adversely impacted the Group's supply chain causing issues in sourcing of product and delivery to customers. Some products continued to be difficult to source from international suppliers creating delays for customers. Delays were also experienced in the delivery of products to customers due to widespread disruptions to the postal network. We were able to somewhat mitigate the impacts through increasing the volumes and range of products that we have in stock.

As we emerge from "COVID lockdown" and into the "living with COVID" phase, consumer behaviours have also changed. Online retailing has been accepted by a wide section of the community, however there is now a divergence of expectations from various consumer groups with the rise of marketplaces and online customer experience that has created personalisation, communities and delivery as the new pureplay battlefield. The importance of a physical footprint has also risen as it is becoming very expensive to acquire customers through digital channels and many traditional retailers have significantly improved their online and broader omni-channel strategies.

The Group is responding to these changes in consumer behaviour by commissioning a new customer fulfilment centre in South Strathfield to replace the existing Lidcombe facility and to focus on consumer behaviours that require an improved customer experience including upgrading our search and personalisation capabilities. This will involve many small but important upgrades to our technology platforms over the next 12-18 months in line with the transition to the new CFC.

In addition to responding to changes in market dynamics post COVID, there have been a number of significant events for the Group during FY22. In May 2022, the CEO and Founder, Tony Nash, announced that he would step aside from the CEO role and the Group would seek to appoint a new CEO. The Group undertook a review of the business and made a number of cost savings, which included the termination of Tony's Executive Service Agreement. He remains a Director and significant shareholder. Geoff Stalley, the then CFO was appointed Acting CEO pending the appointment of a new CEO.

On 8 December 2021, the Group was informed by the Australian Competition and Consumer Commission (ACCC) that it would commence proceedings in the Federal Court of Australia in relation to two statements that were previously used on Booktopia's Terms of Business and statements made to 19 customers that it was not obliged to provide a remedy if the customer had not contacted Booktopia within two business days. Whilst the intent behind the two statements

was to provide customers with certainty relating to replacements, refunds and other remedies, it was alleged by the ACCC that these statements were not in accordance with Australian Consumer Law (ACL). The terms of business were removed from 3 November 2021. Booktopia acknowledges that these statements were not correct and not consistent with Booktopia's obligations under the ACL. Both parties have subsequently reached an agreement to jointly

seek orders from the Federal Court in December 2022 for payment by Booktopia of a financial penalty of \$6,000,000. The ACCC and Booktopia will ask the Federal Court to allow the penalty to be payable in equal instalments over a period of five years. The final amount of the financial penalty will be determined by the Federal Court of Australia in its discretion and any amount jointly put by the parties is not determinative of the final outcome.

Financial performance

The table below summarises the results of the Group for the year ended 30 June 2022 ("FY22") against the prior comparative period of the year ended 30 June 2021 ("FY21"):

| | FY22 \$'000 | FY21 \$'000 | Variance \$'000 | % |
|---|------------------|----------------|--------------------|----------|
| Sales of goods | 240,751 | 223,886 | 16,865 | 7.5% |
| Product and freight costs | (175,770) | (162,752) | (13,018) | 8.0% |
| Employee benefits expense | (38,682) | (28,470) | (10,212) | 35.9% |
| Changes in the fair value of redeemable preference shares | - | (18,597) | 18,597 | n/a |
| IPO costs (including employee share award) | - | (4,254) | 4,254 | n/a |
| Legal and consulting fees | (3,234) | (528) | (2,706) | > 100.0% |
| Share of result from Welbeck Investment | (55) | - | (55) | n/a |
| Other expenses and income | (25,455) | (18,487) | (6,968) | 37.7% |
| EBITDA¹ | (2,445) | (9,202) | 6,757 | 73.4% |
| Amortisation, depreciation and impairment expense | (12,807) | (4,490) | (8,317) | > 100.0% |
| Net finance costs | (2,476) | (4,337) | 1,861 | (42.9%) |
| Income tax benefit / (expense) | 2,641 | (49) | 2,690 | > 100.0% |
| Net loss after tax | (15,087) | (18,078) | 2,991 | 16.5% |

| | FY22 | FY21 | Cents | % |
|----------------------------|----------------|---------|-------|-------|
| Earnings per share (cents) | (11.01) | (14.20) | 3.19 | 22.4% |

¹ Non-AASB financial measures are financial measures other than those defined or specified under all relevant accounting standards. The consolidated entity uses non-AASB financial measures to monitor and report on the performance of the business on an ongoing basis. In particular, the consolidated entity reports on Earnings before Interest, Tax, Depreciation, Amortisation and Impairment Costs (EBITDA) and Underlying EBITDA, as the board and management of the consolidated entity believe that these are the best measures of the underlying performance of the business. These measures are in common and widespread use across the sectors in which the business operates.

The Group delivered revenues of \$240,751,000, up 7.5% from \$223,886,000 in the comparative period. As a result, product and freight costs increased 8.0% to \$175,770,000.

The increase in revenue and resultant contribution was offset by higher employee benefit costs (largely relating to the customer fulfilment centre (CFC)), the provision associated with the ACCC matter (\$4,948,000 being the present value of the discussed \$6,000,000 settlement amount) and legal and consulting costs (\$663,000 related to the ACCC matter, and \$1,632,000 related to exploring potential acquisitions).

The Group reported a net loss after tax of \$15,087,000, a 16.5% improvement from \$18,078,000 in the prior comparative period. In the comparative period the Group incurred substantial costs relating to the Company's listing on the Australian Securities Exchange. This included a fair value loss of conversion of the preference shares of \$18,597,000 and the consultant and other costs incurred with respect to the IPO of \$4,254,000. After excluding the impact of all one-off costs, EBITDA is down 54.5%.

Depreciation and amortisation for the year increased due to investments made in new leases and automation invested in the Group's CFCs. In addition, management reassessed the useful lives of certain assets, in conjunction with the Group's plans to relocate to a new CFC, triggering the need to shorten the remaining useful lives of certain assets and as a result, trigger increased depreciation rate.

Interest on debt facilities decreased from \$4,337,000 to \$2,476,000 due to the settlement of the redeemable preference shares in the prior comparative period. This was partially offset by the increase of interest on lease liabilities as a result of new leases contracted in the year.

A brief description of the current year's one-off costs has been provided in the below table:

| One-off cost | Description |
|--|--|
| ACCC matter | A provision has been recognised in relation to the ACCC matter. As the penalty is expected to be payable by instalment over five years, it has been recognised at its discounted present value. Legal costs related to this matter have also been included. Refer to pages 25 and 26 of the Directors' Report for further information relating to the ACCC matter. |
| Impairment of Welbeck Investment | Prompted by the reassessment of future strategies, an impairment assessment was undertaken for the investment in 25% of Welbeck Australia (acquired in December 2021). An impairment loss of \$2,154,000 was recognised to reduce the carrying value of the investment to its recoverable amount, which was determined with reference to the Group's share of the present value of forecast cashflows expected from the investment. |
| M&A activity undertaken | During the first half of the year, the Group investigated a number of potential mergers and acquisitions. Significant legal and consulting fees were incurred in relation to these activities. |
| Restructuring | As forecast growth failed to materialise, the Group reassessed its cost base, strategy, and future needs and as a result, a restructuring exercise was undertaken. Furthermore, in June 2022, the CEO was advised of the Board's decision to terminate his contract. |
| Useful lives assessment of assets in current CFC | As a result of the Board's approval of the lease for the new CFC, the useful lives of the assets in the current CFC were reassessed. In addition, management identified that certain robotic equipment required substantial remediation investment to address concerns raised by the insurer. Without certainty as to the long-term benefit of the required investment, the decision was taken to accelerate the depreciation of this equipment to the date it is now expected to be decommissioned in order to address the concerns raised by the insurer. |

In order to better understand the results for the year, the following table is presented to illustrate the impact the one-off adjustments have had on the two periods.

| | EBITDA \$'000 | Impairment expense \$'000 | Depreciation and amortisation \$'000 | Net finance costs \$'000 | Tax expense \$'000 | NPAT \$'000 |
|---|------------------|---------------------------------|---|--------------------------------|-----------------------|-----------------|
| 30 June 2022 | | | | | | |
| Statutory results | (2,445) | (2,154) | (10,653) | (2,476) | 2,641 | (15,087) |
| ACCC matter | 5,611 | - | - | - | (199) | 5,412 |
| Impairment of Welbeck Investment | - | 2,154 | - | - | - | 2,154 |
| M&A activity undertaken | 1,747 | - | - | - | - | 1,747 |
| Restructuring | 1,302 | - | - | - | (391) | 911 |
| Useful lives assessment of assets in current CFC | - | - | 2,776 | - | 833 | 3,609 |
| Underlying result | 6,215 | - | (7,877) | (2,476) | 2,884 | (1,254) |
| 30 June 2021 | | | | | | |
| Statutory results | (9,202) | - | (4,490) | (4,337) | (49) | (18,078) |
| Fair value adjustment for RPSs | 18,597 | - | - | - | - | 18,597 |
| IPO costs (including employee share award) | 4,254 | - | - | - | (984) | 3,270 |
| Underlying result | 13,649 | - | (4,490) | (4,337) | (1,033) | 3,789 |
| (Decrease) / increase in prior year | (7,434) | - | (3,387) | 1,861 | 3,917 | (5,043) |
| Change (%) | (54.5%) | - | 75.4% | (42.9%) | (379.2%) | (133.1%) |



Financial position

The table below sets out the summarised Statement of Financial Position as at 30 June 2022 against comparatives as at 30 June 2021:

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 | Variance \$'000 | % |
|---|-----------------------|-----------------------|--------------------|----------------|
| Trade and other receivables | 1,675 | 1,280 | 395 | 30.9% |
| Inventories | 17,345 | 18,111 | (766) | (4.2%) |
| Trade and other payables | (28,714) | (20,314) | (8,400) | 41.4% |
| Contract liabilities | (9,719) | (11,384) | 1,665 | (14.6%) |
| Working capital excluding cash and equivalents | (19,413) | (12,307) | (7,106) | 57.7% |
| Cash and cash equivalents | 8,506 | 12,037 | (3,531) | (29.3%) |
| Right-of-use assets | 22,737 | 9,571 | 13,166 | > 100.0% |
| Investment in Welbeck Australia | 939 | - | 939 | n/a |
| Lease liabilities | (30,986) | (11,502) | (19,484) | > 100.0% |
| Other current assets | 1,910 | 1,419 | 491 | 34.6% |
| Other non-current assets | 39,683 | 34,517 | 5,166 | 15.0% |
| Other current liabilities | (3,622) | (2,016) | (1,606) | 79.7% |
| Other non-current liabilities | (5,206) | (1,328) | (3,878) | > 100.0% |
| Net assets / Shareholders' equity | 14,548 | 30,391 | (15,843) | (52.1%) |

The Group's working capital position reflects the business model whereby most customers make payment at the time of order, making cash available to the business prior to the delivery of products. Business growth enabled the Group to negotiate more favourable credit terms with key suppliers which resulted in an increase in trade and other payables.

The Group entered into two substantial lease arrangements during the year. The addition of the new CFC in Strathfield South has substantially increased the capacity of the business, allowing the business to hold a larger volume and range of stocked titles to meet customer demand and scale up its B2B offering. In addition, the Group entered into a lease agreement for the relocation of the corporate office to Rhodes that was completed in May 2022.

Capital investment was undertaken at both of these locations to make them ready for the business' future growth and fit for purpose. This, together with the continued development of its systems contribute to the increase in carrying value of Other non-current assets.

Dividends

There were no dividends paid, recommended or declared during or in relation to the current or previous financial year.

Shares under option

There were no unissued ordinary shares of Booktopia Group Limited under option outstanding at the date of this report.

Shares under performance rights

Unissued ordinary shares of Booktopia Group Limited under performance rights at the date of this report are as follows:

| Number of shares | Class | Type |
|------------------|----------|-------------|
| 523,196 | Ordinary | Performance |

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options or rights

There were no ordinary shares of Booktopia Group Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report. 28,793 ordinary shares were issued on the conversion of performance rights. These were shares that the company had purchased on market and held as treasury shares for this purpose.

Indemnity and insurance of officers

The Company has indemnified the directors and officers of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Non-audit services

On 29 November 2021, the Group appointed Deloitte Touche Tomatsu as their auditor, replacing PriceWaterhouseCoopers, who had served as the business's auditor since 2013.

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in Note 24 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Significant changes in the state of affairs

Beyond the impact of COVID-19, there were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

The directors aim to maintain the management policies and processes that support the principal activity of the Company with a view to delivering the best outcomes for stakeholders. The Company is continually reviewing and refining these policies to improve the framework of financial control and manage costs effectively while delivering strategic growth objectives.

On 4 August 2022, the Group signed a lease agreement for an additional customer fulfilment centre to be based in Strathfield South. The estimated value of the right-of-use asset balance and related lease liability balance arising from the execution of this contract are \$20,162,000.

On 29 August 2022, the Group announced that it had reached an agreement with the ACCC to jointly seek orders from the Federal Court in December 2022. This matter represents an adjusting subsequent event and further details are set out on page 25.

Changes to key management personnel after the reporting date include:

- Termination of Tony Nash as Chief Executive Officer (CEO) and appointment of Geoff Stalley as Acting CEO on 13 July 2022;

- Appointment of Fiona Levens as Chief Financial Officer on 29 August 2022; and
- On 20 September 2022, the Group's four Independent Non-Executive Directors made the decision to resign from their positions. The resignation of Su-Ming Wong was effective on 20 September 2022. The resignations of Chris Beare, Fiona Pak-Poy and Judy Slatyer will take effect at the Group's Annual General Meeting expected to be held on 28 November 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information relating to the likely developments in the operations of the Group and the expected results of those operations in future financial years is set out in the operating and financial review section above and elsewhere in this report.

Rounding

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

Geoff Stalley (Acting CEO) was a former partner of the appointed auditor, Deloitte Touche Tohmatsu. Geoff performed no services for the Group while he was a partner of Deloitte Touche Tohmatsu and the auditor was appointed after Geoff retired from the firm.

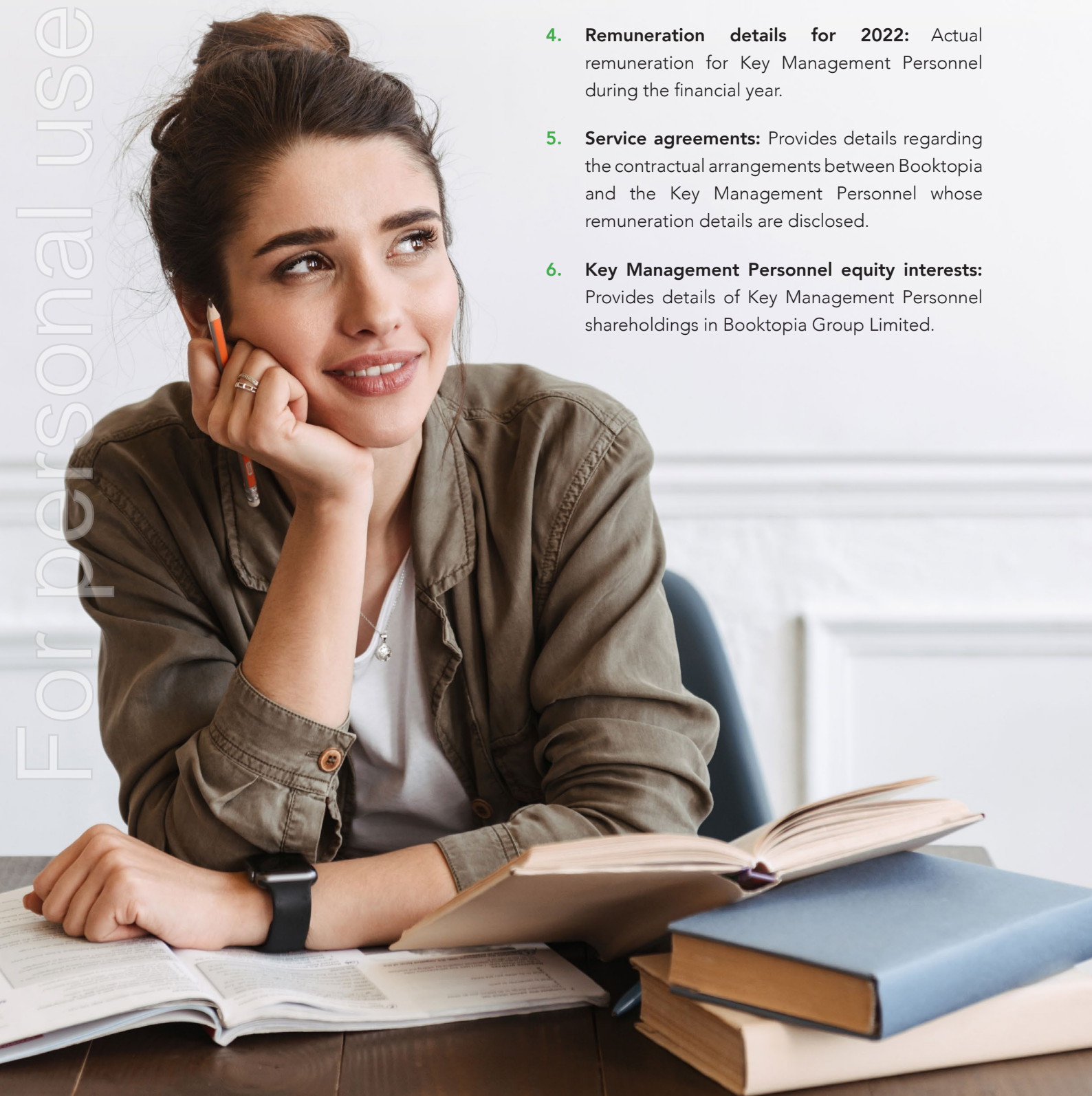
Remuneration Report (audited)

The Directors present the Remuneration Report for the year ending 30 June 2022. The information provided in this report has been audited as required by section 300A of the *Corporations Act 2001*.

Contents

- 1. Who is covered in this report:** Identification of Key Management Personnel.
- 2. Remuneration governance:** Describes the role of the Board, Remuneration and Nomination Committee and the use of remuneration consultants.
- 3. Snapshot of remuneration framework:** Principles used to determine the nature and amount of remuneration.
- 4. Remuneration details for 2022:** Actual remuneration for Key Management Personnel during the financial year.
- 5. Service agreements:** Provides details regarding the contractual arrangements between Booktopia and the Key Management Personnel whose remuneration details are disclosed.
- 6. Key Management Personnel equity interests:** Provides details of Key Management Personnel shareholdings in Booktopia Group Limited.

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1. Who is covered in this report

The remuneration report details the Key Management Personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Directors.

The Board has deemed the following are or were KMP during the year:

Non-Executive Directors

| | |
|---------------|--|
| Chris Beare | Independent Non-Executive Chairman |
| Fiona Pak-Poy | Independent Non-Executive Director |
| Judy Slatyer | Independent Non-Executive Director (appointed 14 April 2022) |
| Marina Go | Independent Non-Executive Director (resigned 31 March 2022) |
| Su-Ming Wong | Independent Non-Executive Director (resigned on 20 September 2022) |

Executive Directors

| | |
|----------------|---|
| Tony Nash | Served as Chief Executive Officer (CEO) until 13 July 2022 |
| Wayne Baskin | Served as Deputy CEO, Chief Technology Officer and Executive Director (resigned 15 June 2022) |
| Steven Traurig | Chief Commercial Officer |

Other Executive KMP

| | |
|---------------|--|
| Geoff Stalley | Acting CEO since 13 July 2022 (previously Chief Financial Officer) |
|---------------|--|

All KMP were in their roles for the full year, unless otherwise stated.

Although not considered a KMP during the year ended 30 June 2022, Fiona Levens was appointed as Chief Financial Officer on 29 August 2022.

On 20 September 2022, Chris Beare, Fiona Pak-Poy and Judy Slatyer made the decision to resign from their positions. Their resignations will take effect at the date of the Group's Annual General Meeting expected to be held on 28 November 2022.

2. Remuneration governance

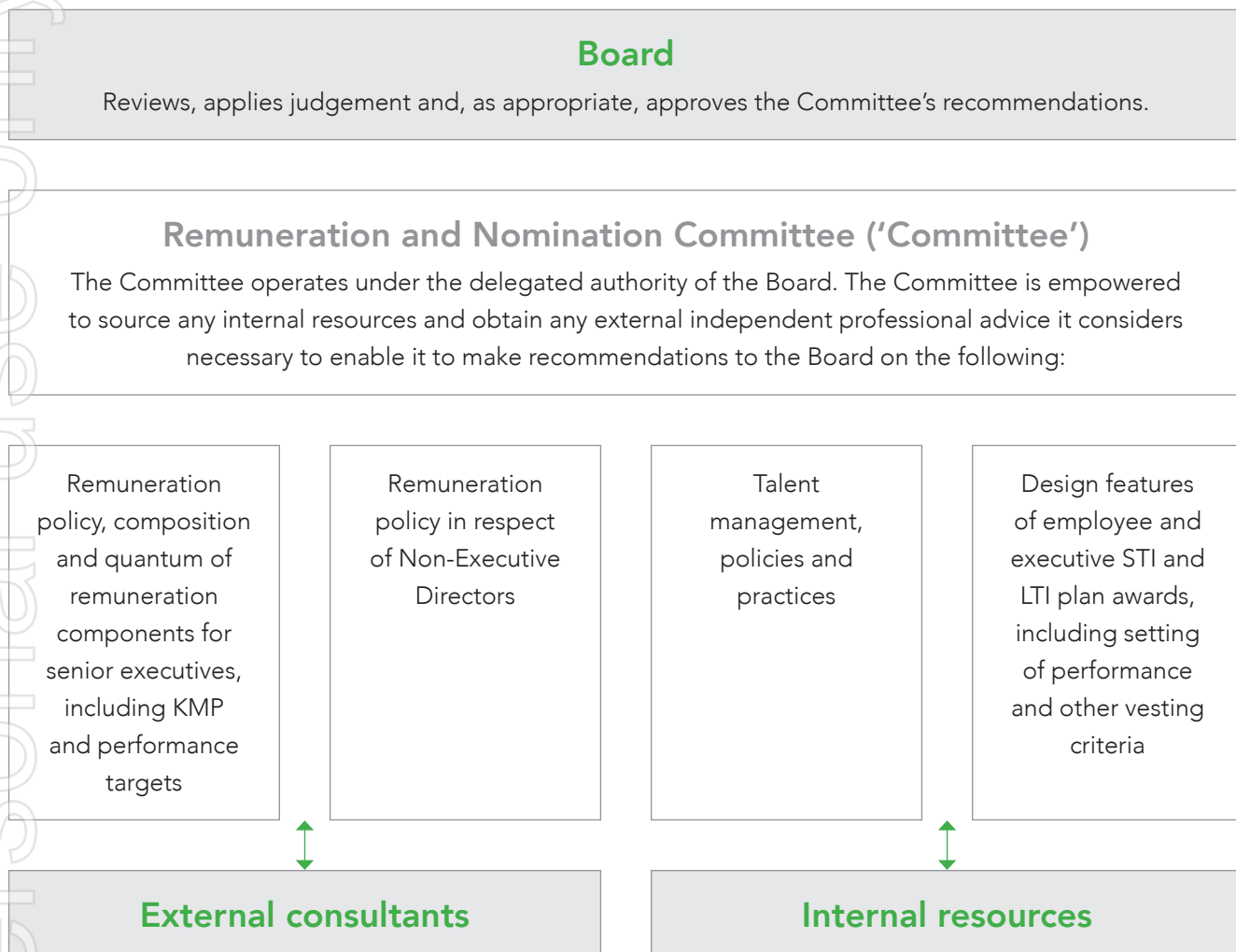
This section of the Remuneration Report describes the role of the Board and the Remuneration and Nomination Committee, and the use of remuneration consultants when making remuneration decisions affecting KMP.

2.1 Role of the Board and the Remuneration and Nomination Committee

The Board is responsible for the Group's remuneration strategy and policies. To assist the Board with this, it has established the Remuneration and Nomination Committee ('Committee'). The Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the

Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The diagram below illustrates the Committee’s role and interaction with the Board, together with internal and external advisers.



A copy of the Committee’s Charter is available at investors.booktopia.com.au/Investor-Centre. It sets out further details of the Committee’s specific responsibilities and functions.

Details of the composition of the Committee and the meetings held during the year are set out on page 23 of the Directors’ Report.

2.2 Use of remuneration consultants

The Group did not engage any remuneration consultants during the financial year ended 30 June 2022.

In the comparative period the Group, through the Committee, engaged Mercer Consulting, remuneration consultants, to advise on the implementation of remuneration policies and provide recommendations on how to structure the STI and LTI programs. Mercer Consulting was paid \$25,000 for these services.

3. Snapshot of remuneration framework

The Group has chosen to reward executives using a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

| Fixed remuneration | Variable remuneration |
|--|--|
| <ul style="list-style-type: none"> ● Base pay and non-monetary benefits; and ● Other remuneration such as superannuation and long service leave. | <ul style="list-style-type: none"> ● Cash-based Short-Term Incentive ('STI') performance payments; and ● Share-based Long-Term Incentive ('LTI') payments. |

The combination of these comprises the executives' total remuneration.

3.1 Fixed remuneration

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Committee based on individual and business unit performance, the overall performance of the Group and comparable market remuneration.

3.2 Short-term incentives

The Group operates STI plans for eligible employees, including executives and employees in other management or specialist roles. The STI program is designed to align the performance hurdles of the participants with the targets of the business. The Group is evolving the way it uses STI. In the financial year to 30 June 2021 the plan was structured as a KPI bonus plan and participation was limited to KMP. In 2022 the plan was extended to include 14 employees in addition to the KMP. It was structured more like a profit share bonus plan once gateway hurdles were met. For 2023 the plan will evolve further in this direction with corporate and individual KPIs.

2022 STI plan

Under the Group's 2022 STI plan, cash bonuses can be paid to KMP and the eligible employees, subject firstly to the group achieving its budget revenue and EBITDA for the financial year (the gateway hurdles), and thereafter to the achievement of a range of financial and non-financial key performance indicators (KPIs) for the relevant financial year. Participation

in, and payments under, the STI plans for a financial year are at the discretion of the Board. A total of 14 additional employees who were not considered KMP were eligible to participate in the STI plan. The annual key performance indicators for participants and related targets are reviewed annually.

Maximum STI payments are based on a percentage of salary. The level of STI payment is dependent on how much EBITDA exceeds budget, adjusted for the achievement of predefined KPIs. The maximum possible STI awarded under the scheme is 100% of an eligible employee's salary.

The STI is paid in cash after the release of the annual results. If an STI payment exceeds 20% of an employee's salary, 30% of the amount is deferred to the following year.

The gateway hurdles of revenue and EBITDA were not achieved, and therefore no STI payments will be made under the plan for the year ended 30 June 2022.

2021 STI plan

The STI payments were based on seven predefined Key Performance Indicators ('KPI's') being achieved. The financial KPI's were in relation to meeting Revenue and EBITDA targets and represented up to 70% of the opportunity. The remaining five KPI's were non-financial and included measures of customer satisfaction, employee retention and delivery of automation projects.

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As the Company only became a listed entity in the previous financial year, the KPIs were set as team KPI's and were heavily focused towards meeting the prospectus forecast, and as such the EBITDA and Revenue KPIs were gateway hurdles for the plan. Each KMP had a target payment set as a percentage of salary. STI payments were made in cash once the KPI's were measured.

CEO's performance bonus

The Group's former CEO Tony Nash was entitled to a performance payment based on the over achievement of EBITDA, as determined by the Board. A performance payment of \$1.5 million was payable in tranches over a period of four years commencing in FY21. For the year ended 30 June 2021, the performance criteria of over achieving the FY21 pro forma EBITDA was satisfied and subject to Board discretion a performance payment could have been paid but was not. The Group accrued \$375,000 for that payment and it is payable to Tony Nash as part of his termination arrangements. For the year ended 30 June 2022, the over achievement of budgeted EBITDA was not met and as such no performance payment was payable.

3.3 Long-term incentives

The LTI program is designed to reward sustainable long-term performance and align executives to shareholder outcomes whilst allowing the Group to attract and retain the best talent. It uses Performance Rights ('PRs') issued under the Group's Long Term Incentive Plan ('LTI Plan'). A PR entitles the participant to receive shares after a set period subject to the satisfaction of vesting conditions which are tested after the end of the period.

To satisfy the receiving of shares for the PRs, the Group has established an externally administered trust structure that buys Booktopia shares on market during trading windows that can then be transferred to executives once any PR vests.

The Board has determined to use PRs because they create share price alignment between executives and shareholders but do not provide the executives with the full benefits of share ownership (such as dividend and voting rights) unless and until the PRs vest and are exercised.

The Performance Rights are measured as follows:

- (a) 50% of the rights will be tested against the Company's shareholder return ('TSR') relative to a comparator group over the performance period ('TSR rights').
- (b) 50% of the rights will be tested against the absolute earnings per share ('EPS') compound annual growth rate ('CAGR') over the relevant performance period ('EPS rights'), or similar growth measures.

The Group plans to issue PRs annually to eligible employees, and would revise and set the hurdles appropriately for each new issue.

Performance Rights granted to KMP in the financial year ended 30 June 2022 are tested from 1 July 2021 – 30 June 2023 (50%) and 1 July 2021 – 30 June 2024 (50%) and will vest upon achieving the performance criteria.

The number of PRs issued to eligible employees is normally related to a percentage of their annual salary on a sliding scale depending on seniority. In FY22, 379,862 PRs were awarded to 59 employees, including 201,934 awarded to KMPs.

At 30 June 2022, the KMP had 57,582 PR tested, 50% against a TSR measured against the ASX200, and 50% against EPS growth on a sliding scale between 15% and 30%. None of these hurdles were met, resulting in the PR being forfeited.

After serving his 6 months' notice period Tony Nash will retain his PRs pro-rata earned to that date and they will continue until they vest or lapse at the appropriate testing periods.

3.4 Group performance and link to remuneration

The Group aims to align its Executive remuneration to its strategic objectives and the consequences on shareholders' financial wealth.

The evolution of the Group's remuneration policy aligns with the growth in the business in the last five financial years as summarised below:

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------|-------|-------|-------|--------|---------------|
| Revenue (\$'000) | \$112 | \$129 | \$166 | \$224 | \$241 |
| EBITDA (\$'000) ¹ | \$4.1 | \$3.6 | \$6.0 | \$13.6 | \$6.2 |
| EPS (cents) ¹ | n/a | n/a | 0.95 | 2.66 | (0.92) |
| Share price | n/a | n/a | n/a | \$2.64 | \$0.23 |

1. Amounts presented in 2020-2022 are on an underlying basis, to exclude one-off costs as outlined on page 28 of the Directors' report.

In developing a remuneration framework that links the at risk remuneration to the drivers of investors' returns, the Committee has set EPS CAGR and TSR hurdles on the LTI plan. The approximate to the results of the business from which it may be able to pay dividends or reinvest to grow the business, and the appreciation of the share price and dividends paid respectively. Furthermore, the STI plans are underpinned by achievement of gateway performance for Revenue and EBITDA measures; both being measures used by investors in assessing the enterprise value of the organisation and informing expectations on the future share price.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Committee. The Committee may,

from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The maximum annual aggregate remuneration available to non-executive directors is currently set at \$700,000. For the financial year ended 30 June 2022, the fees payable to non-executive directors will not exceed \$410,000 (2021: \$410,000) in aggregate.

4.1 Key Management Personnel remuneration table

Details of the remuneration of KMP for the period they served as such is set out in the table below:

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | Total |
|--------------------------------------|----------------------|-------------------------|---------------------------|--------------------------|--------------------|-----------------------------|------------------|
| | Cash salary and fees | Cash bonus ¹ | Non-monetary ² | Super-annuation | Long service leave | Equity-settled ³ | |
| Non-Executive Directors | | | | | | | |
| Chris Beare (Chairman) | | | | | | | |
| 2022 | 128,346 | - | - | 12,835 | - | - | 141,181 |
| 2021 | 111,121 | - | - | 10,581 | - | - | 121,702 |
| Fiona Pak-Poy⁴ | | | | | | | |
| 2022 | 91,675 | - | - | 9,168 | - | - | 100,843 |
| 2021 | 67,853 | - | - | 6,464 | - | - | 74,317 |
| Judy Slatyer⁴ | | | | | | | |
| 2022 | 16,719 | - | - | 1,672 | - | - | 18,391 |
| 2021 | - | - | - | - | - | - | - |
| Marina Go⁴⁻⁵ | | | | | | | |
| 2022 | 58,518 | - | - | 5,852 | - | - | 64,370 |
| 2021 | 59,712 | - | - | 5,688 | - | - | 65,400 |
| Su-Ming Wong | | | | | | | |
| 2022 | 77,924 | - | - | 7,792 | - | - | 85,716 |
| 2021 | 55,309 | - | - | 5,269 | - | - | 60,578 |
| Executive Directors | | | | | | | |
| Tony Nash⁸ | | | | | | | |
| 2022 | 608,174 | 379,706 | 76,324 | 26,538 | 40,511 | 10,951 | 1,142,204 |
| 2021 | 443,608 | 100,935 | 57,431 | 25,095 | 29,623 | 63,169 | 719,861 |
| Wayne Baskin⁴⁻⁵ | | | | | | | |
| 2022 | 385,259 | 4,706 | 30,698 | 21,844 | 9,105 | 9,064 | 460,676 |
| 2021 | 440,753 | 100,935 | 45,751 | 23,395 | 25,432 | 63,169 | 699,435 |
| Steven Traurig | | | | | | | |
| 2022 | 315,832 | 3,210 | 32,686 | 26,541 | 2,694 | 4,420 | 385,383 |
| 2021 | 295,621 | 68,837 | 35,369 | 25,035 | 19,320 | 31,903 | 476,085 |
| Simon Nash⁶ | | | | | | | |
| 2022 | - | - | - | - | - | - | - |
| 2021 | 290,327 | - | 4,665 | 13,493 | 1,011 | - | 309,496 |
| Other KMP | | | | | | | |
| Geoff Stalley | | | | | | | |
| 2022 | 371,423 | (3,859) | 30,141 | 44,710 | 902 | 5,283 | 448,600 |
| 2021 | 246,937 | 79,536 | 23,003 | 25,440 | 234 | 37,221 | 412,371 |
| Ainsley Henderson⁷ | | | | | | | |
| 2022 | - | - | - | - | - | - | - |
| 2021 | 241,811 | - | 18,185 | 18,428 | 3,940 | - | 282,364 |
| Total KMP Remuneration | | | | | | | |
| 2022 | 2,053,870 | 383,763 | 169,849 | 156,952 | 53,212 | 29,718 | 2,847,364 |
| 2021 | 2,253,052 | 350,243 | 184,404 | 158,888 | 79,560 | 195,462 | 3,221,609 |

1. Bonus was accrued based on the achievement of STI plan performance criteria and includes the CEO's FY21 performance payment of \$375,000.
2. Non-monetary benefits represents the net annual leave accrued by the individual and Fringe Benefits Tax paid relating to mobile phone and internet expenses.
3. In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the fair value of PR granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual KMP may ultimately realise should the equity instruments vest. In particular, the vesting conditions for FY22 were not achieved and those rights are therefore forfeited.
4. Represents remuneration from the date of appointment.
5. Represents remuneration to date of resignation.
6. Represents remuneration to date of resignation on 30 October 2020. Included in Simon's cash salary and fees is a termination payment of \$115,413.
7. Ainsley Henderson remuneration from 1 July 2020 to 29 January 2021 at which point Ainsley resigned as Chief Financial Officer.
8. Although Tony Nash stepped down from CEO at the Board's request on 13 July 2022, this was communicated prior to 30 June 2022 and as such Tony's termination payments have been accrued in FY22.

4.2 Short-term incentive outcomes

The table below presents the maximum STI that was payable at the Committee's discretion as well as the proportion that was effectively forfeited:

| | 2022 | | 2021 | |
|----------------|-------------------------|------------------------|--------------------|-------------------------------------|
| | 2022 Maximum payable \$ | Percentage forfeited % | Maximum payable \$ | Percentage forfeited ¹ % |
| Tony Nash | 575,000 | 100% | 225,000 | 55% |
| Wayne Baskin | 500,000 | 100% | 225,000 | 55% |
| Steven Traurig | 310,000 | 100% | 75,000 | 11% |
| Geoff Stalley | 370,000 | 100% | 87,500 | 11% |

1. The percentages forfeited are calculated based on the maximum STI opportunities presented in the Prospectus and the proportion of that not paid. Both figures exclude on-costs, while the figures presented in the remuneration table are inclusive of the on-costs.

4.3 Proportion of fixed and at risk remuneration

Non-Executive Directors' fees are 100% fixed.

The proportion of remuneration linked to achieving targeted performance and the fixed proportion of Executive Directors and other KMP are as follows:

| | 2022 | | | 2021 | | |
|----------------------------|--------------------|----------------------------|---------------|--------------------|----------------------------|---------------|
| | Fixed remuneration | At risk - STI ¹ | At risk - LTI | Fixed remuneration | At risk - STI ¹ | At risk - LTI |
| Executive Directors | | | | | | |
| Tony Nash | 57% | 43% | - | 64% | 29% | 7% |
| Wayne Baskin | 48% | 52% | - | 63% | 30% | 7% |
| Steven Traurig | 56% | 44% | - | 76% | 18% | 6% |
| Simon Nash | - | - | - | 100% | - | - |
| Other KMP | | | | | | |
| Geoff Stalley | 55% | 45% | - | 68% | 23% | 9% |
| Ainsley Henderson | - | - | - | 100% | - | - |

1. The At risk – STI percentage reflects the maximum opportunity as a proportion of the total available remuneration.

4.4 Loans to Key Management Personnel and their related parties

There were no loans made to KMP or entities related to them, including their personally related parties, or other transactions at any time during FY21 or FY22.

4.5 Other transactions with Key Management Personnel and their related parties

Close family members of KMP (who meet the definition of related parties) employed by the business on an arm's length basis received remuneration for their services of \$127,043 (2021: \$184,143).

4.6 Share-based compensation

Issue of shares

The table provided at 6.1 shows the number of shares that were issued to KMP during the year ended 30 June 2022.

Options and performance rights

Under the Group's LTI Plan, as described in the 'Executive remuneration' section above, the following performance rights were granted to KMP in the current financial year:

| Name | 2022 Plan | | | 2021 Plan | | |
|----------------|------------------------------|----------|-------------|------------------------------|----------|-------------|
| | Number of performance rights | Vested % | Forfeited % | Number of performance rights | Vested % | Forfeited % |
| Tony Nash | 73,020 | - | - | 37,218 | - | 50% |
| Wayne Baskin | 63,495 | - | - | 37,218 | - | 50% |
| Steven Traurig | 29,823 | - | - | 18,796 | - | 50% |
| Geoff Stalley | 35,596 | - | - | 21,928 | - | 50% |
| | 201,934 | | | 115,160 | | |

5. Service agreements

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements as at 30 June 2022 are as follows:

| Name | Base salary (inc. superannuation) | Agreement commenced | Term of agreement ¹ | Termination notice period (bilateral) ² |
|---------------------------|-----------------------------------|---------------------|--------------------------------|--|
| Tony Nash | \$632,500 | 23 Oct 2020 | 2 years | 6 months |
| Wayne Baskin ³ | \$275,000 | 23 Oct 2020 | 2 years | 6 months |
| Steven Traurig | \$341,000 | 14 Oct 2020 | 2 years | 6 months |
| Geoff Stalley | \$407,000 | 14 Oct 2020 | 2 years | 6 months |

1. After a term of agreement is reached the service agreement continues on the same terms with the same notice period.

2. No notice is required for termination of employment in certain circumstances, including serious misconduct.

3. Represents the terms of Wayne Baskin's service agreement at the time of his resignation on 15 June 2022.

Any payments made on termination of KMP will be subject to the termination benefits cap under the Corporations Act in the absence of shareholder approval. KMP have no entitlement to termination payments in the event of removal for misconduct.

6. Key Management Personnel equity interests

6.1 Shareholding

The number of fully paid ordinary shares in the Company held during the financial year by each director and other members of KMP of the Group, including their personally related parties, is set out below:

| | 1 July 2021 | Received as part of remuneration | Additions | Disposals | 30 June 2022 |
|--------------------------------|-------------|----------------------------------|-----------|-------------|--------------|
| Non-Executive Directors | | | | | |
| Chris Beare | 400,000 | - | - | - | 400,000 |
| Fiona Pak-Poy | 21,738 | - | 8,700 | - | 30,438 |
| Marina Go | 8,695 | - | - | (8,695) | - |
| Su-Ming Wong | 6,707,472 | - | - | - | 6,707,472 |
| Executive Directors | | | | | |
| Tony Nash | 22,839,343 | 9,305 | 809,907 | (3,500,000) | 20,158,555 |
| Wayne Baskin | 5,000,000 | 9,305 | - | - | 5,009,305 |
| Steven Traurig | 20,691,877 | 4,700 | - | - | 20,696,577 |
| Other KMP | | | | | |
| Geoff Stalley | 33,108 | 5,483 | 64,930 | - | 103,521 |
| | 55,702,233 | 28,793 | 883,537 | (3,508,695) | 53,105,868 |

6.2 Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of KMP of the Group, including their personally related parties, is set out below:

| | 1 July 2021 | Granted ¹ | Vested | Expired / forfeited | 30 June 2022 |
|----------------------------|-------------|----------------------|--------|---------------------|--------------|
| Executive Directors | | | | | |
| Tony Nash | 37,218 | 73,020 | - | (18,610) | 91,628 |
| Wayne Baskin | 37,218 | 63,495 | - | (18,610) | 82,103 |
| Steven Traurig | 18,796 | 29,823 | - | (9,398) | 39,221 |
| Other KMP | | | | | |
| Geoff Stalley | 21,928 | 35,596 | - | (10,964) | 46,560 |
| | 115,160 | 201,934 | - | (57,582) | 259,512 |

1. Performance share rights granted to Directors were approved by shareholders at the 2021 Annual General Meeting under ASX Listing Rule 10.14.

No loans will be made by the Company to the executives in relation to the issue of performance rights.


For the performance rights granted during the year, the key inputs used in the model to determine the fair value at the grant date were:

| Input | Tranche 1 | Tranche 2 | Tranche 3 |
|--------------------------------|-----------|-----------|-----------|
| Grant date | 30 Nov 21 | 30 Nov 21 | 6 Mar 22 |
| Exercise price | \$nil | \$nil | \$nil |
| Contractual life (years) | 1.6 | 2.6 | 2.3 |
| Share price at grant date | \$2.130 | \$2.130 | \$1.000 |
| Fair value at grant date - TSR | \$0.987 | \$1.177 | \$0.175 |
| Fair value at grant date - EPS | \$2.130 | \$2.130 | \$1.000 |
| Dividend yield | 0.0% | 0.0% | 0.0% |
| Expected volatility | 45.0% | 45.0% | 45.0% |
| Risk-free rate | 0.5% | 0.9% | 1.1% |

End of audited Remuneration Report

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Chris Beare

Chairman

30 September 2022

Sydney



Auditor's Independence Declaration

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30 September 2022

The Directors
Booktopia Group Limited
Level 6
1A Homebush Bay Drive
Rhodes NSW 2138

Dear Board Members

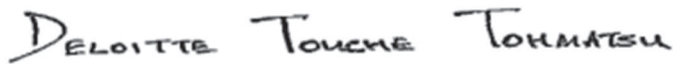
Auditor's Independence Declaration to Booktopia Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Booktopia Group Limited.

As lead audit partner for the audit of the financial report of Booktopia Group Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Sandeep Chadha
Partner
Chartered Accountants

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Financial Statements

For the year ended 30 June 2022



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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

| | Note | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|--|------|-----------------------|-----------------------|
| Revenue | 5 | 240,751 | 223,886 |
| Other income | 12 | 173 | - |
| Interest income | | 10 | 37 |
| Expenses | | | |
| Product and freight costs | | (175,770) | (162,752) |
| Employee benefits expense | 6 | (38,682) | (28,622) |
| Amortisation, depreciation and impairment expense | 6 | (12,807) | (4,490) |
| Advertising and marketing expense | | (10,221) | (10,224) |
| Legal and consulting fees | | (3,234) | (528) |
| Merchant fees | | (3,037) | (3,161) |
| IT and communication expense | | (2,190) | (1,694) |
| Occupancy expense | | (1,610) | (1,022) |
| Changes in the fair value of redeemable preference shares | | - | (18,597) |
| IPO costs | | - | (4,102) |
| Other expenses | 6 | (8,570) | (2,386) |
| Finance costs | 6 | (2,486) | (4,374) |
| Share of results of associate | 14 | (55) | - |
| Loss before tax | | (17,728) | (18,029) |
| Income tax benefit / (expense) | 7 | 2,641 | (49) |
| Loss for the year attributable to the owners of the company | | (15,087) | (18,078) |
| Other comprehensive income, net of tax | | - | - |
| Total comprehensive income for the year attributable to the owners of the company | | (15,087) | (18,078) |
| Earnings per share attributable to the owners of the company | | Cents | Cents |
| Basic earnings per share | 30 | (11.0) | (14.2) |
| Diluted earnings per share | 30 | (11.0) | (14.2) |

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2022

| | Note | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|--------------------------------------|------|-----------------------|-----------------------|
| Current assets | | | |
| Cash and cash equivalents | 8 | 8,506 | 12,037 |
| Trade and other receivables | 9 | 1,675 | 1,280 |
| Inventories | 10 | 17,345 | 18,111 |
| Lease incentive receivable | | 624 | - |
| Income tax recoverable | | - | 211 |
| Prepayments | | 1,286 | 1,208 |
| Total current assets | | 29,436 | 32,847 |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 22,426 | 21,647 |
| Right-of-use assets | 12 | 22,737 | 9,571 |
| Intangibles | 13 | 9,088 | 9,389 |
| Investment in associate | 14 | 939 | - |
| Deferred tax assets | 7 | 4,618 | 2,065 |
| Security deposits | | 3,551 | 1,416 |
| Total non-current assets | | 63,359 | 44,088 |
| Total assets | | 92,795 | 76,935 |
| Current liabilities | | | |
| Trade and other payables | 15 | 28,714 | 20,314 |
| Contract liabilities | 16 | 9,719 | 11,384 |
| Lease liabilities | 17 | 3,367 | 584 |
| Income tax payable | | 6 | - |
| Provisions | 18 | 3,616 | 2,016 |
| Total current liabilities | | 45,422 | 34,298 |
| Non-current liabilities | | | |
| Lease liabilities | 17 | 27,619 | 10,918 |
| Provisions | 18 | 5,206 | 1,328 |
| Total non-current liabilities | | 32,825 | 12,246 |
| Total liabilities | | 78,247 | 46,544 |
| Net assets | | 14,548 | 30,391 |
| Equity | | | |
| Issued capital | 19 | 50,920 | 51,671 |
| Share-based payments reserve | 20 | 145 | 195 |
| Accumulated losses | | (36,517) | (21,475) |
| Total shareholders' equity | | 14,548 | 30,391 |

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

| | Issued capital \$'000 | Share-based payments reserve \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
|---|--------------------------|---|---------------------------------|---------------------------|
| Balance at 1 July 2020 | 311 | - | (3,397) | (3,086) |
| Loss after income tax benefit for the year | - | - | (18,078) | (18,078) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (18,078) | (18,078) |
| Transactions with shareholders | | | | |
| Contributions of equity, net of capitalised IPO costs (Note 19) | 51,799 | - | - | 51,799 |
| Share-based payments | - | 195 | - | 195 |
| Treasury shares acquired on market (Note 19) | (439) | - | - | (439) |
| Balance at 30 June 2021 | 51,671 | 195 | (21,475) | 30,391 |
| Balance at 1 July 2021 | 51,671 | 195 | (21,475) | 30,391 |
| Loss after income tax benefit for the year | - | - | (15,087) | (15,087) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (15,087) | (15,087) |
| Transactions with shareholders | | | | |
| Performance Rights vested in the year (Note 19) | 73 | (76) | 3 | - |
| Recycling reserve for lapsed Performance Rights | - | (42) | 42 | - |
| Share-based payments expense (Note 6) | - | 68 | - | 68 |
| Treasury shares acquired on market (Note 19) | (824) | - | - | (824) |
| Balance at 30 June 2022 | 50,920 | 145 | (36,517) | 14,548 |

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

| | Note | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|---|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 263,777 | 249,571 |
| Payments to suppliers and employees (inclusive of GST) | | (254,024) | (242,476) |
| | | 9,753 | 7,095 |
| Income taxes refunded / (paid) | | 305 | (527) |
| Net cash from operating activities | 28 | 10,058 | 6,568 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (6,035) | (8,909) |
| Payments for investment in associate | 14 | (3,148) | - |
| Payments for security deposits | | (2,135) | (250) |
| Payments for intangibles | 13 | (1,993) | (3,017) |
| Interest received | | 10 | 37 |
| Net cash from operating activities | | (13,301) | (12,139) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 19 | - | 25,000 |
| Payment of IPO costs | | - | (3,856) |
| Treasury shares acquired | 19 | (824) | (439) |
| Proceeds from shareholders loans | | - | 1,010 |
| Repayment of borrowings | | - | (12,000) |
| Lease principal repayments | | (1,429) | (648) |
| Lease incentives received | | 4,425 | - |
| Interest and other finance costs paid | | (2,486) | (2,498) |
| Net cash (used in) / provided by financing activities | | (314) | 6,569 |
| Net (decrease) / increase in cash and cash equivalents | | (3,557) | 998 |
| Cash and cash equivalents at the beginning of the financial period | | 12,037 | 11,039 |
| Effects of exchange rate changes on cash and cash equivalents | | 26 | - |
| Cash and cash equivalents at the end of the financial period | 8 | 8,506 | 12,037 |

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

1. General information

Booktopia Group Limited ("Company") is a for-profit listed public company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange ("ASX"). The consolidated financial report of the Company for the year ended 30 June 2022 ("the financial report") comprises the Company and its controlled entities ("Group"). Booktopia Group Limited is the ultimate parent entity in the Group.

Booktopia Group is Australia's largest dedicated online book retailer established in 2004. It was admitted to the ASX in December 2020. A description of the nature of the Group's operations and its principal activities are included in the directors' report.

The financial statements were authorised for issue in accordance with a resolution of Directors, on 30 September 2022.

2. Basis of preparation and significant accounting policies

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, derivative financial instruments.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the consolidated entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136 'Impairment of Assets'.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 26.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates.

It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Booktopia Group Limited as at 30 June 2022 and the results of all subsidiaries for the year then ended. Booktopia Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency

The financial statements are presented in Australian dollars, which is Booktopia Group Limited's functional and presentation currency.

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Going concern

For the year ended 30 June 2022 the Group reported a loss after tax of \$15,087,000 (2021: loss of \$18,078,000) and had an excess of current liabilities over current assets of \$15,986,000 (2021: \$1,451,000). The business generated positive cashflows from operating activities of \$10,058,000 (2021: \$6,568,000) and had net assets of \$14,548,000 (2021: \$30,391,000) at balance date.

On 4 August 2022 the Group executed a lease agreement for its new customer fulfilment centre (CFC) which will underpin the Group's future distribution capacity, with outbound capacity increased to over 12 million units per annum, at reduced costs per unit and with flexibility built into the design for further expansion as the need arises into the future.

A new financing facility with an initial amount of \$8 million is forecasted to be required to support the investment in the CFC which is currently under negotiation with the Group's financier.

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business. In making this assessment, the directors have considered the following cash forecast scenarios prepared by management which extend for a period to the end of December 2023:

- Appropriate CFC asset finance is obtained from the Group's existing financier;
- Alternative financing is obtained to fund the capital expenditure throughout the forecast period; and
- Where debt facilities are not obtained in line with the project milestones, the Group may delay components of capital expenditure for the CFC to reduce cash needs in the forecast period and rely on the existing overdraft facilities to the extent these are available at the time. The Group has available an undrawn overdraft facility of \$6.0m to draw as required for working capital purposes. This facility is at call and is subject to financial covenants which the Group expects to comply with over the forecast period. The overdraft is also subject to an annual repayment requirement.

The directors expect that the Group will be in a position to obtain financing from its existing financier or alternative sources of finance as required for the purpose of their investment in the CFC. Based on the assumptions in the cash flow forecast and the likelihood that financing will be obtained and/or the overdraft facility will continue to be available for drawdown and will not be withdrawn, the Group will have sufficient cash flows and liquidity for at least 12 months from the date of signing of the financial report. Accordingly, the directors have concluded it appropriate to prepare the financial report on a going concern basis.

However, if the Group is unable to achieve its operating cash flow forecasts and/or is unable to obtain the required new asset finance facilities from its existing financier or an alternative financier to fund the CFC, and/or is unable to utilise its existing overdraft facility, a material uncertainty would exist that may cast significant doubt as to the ability of the Group to continue as a going concern. Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. No adjustments have been made to the financial report relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Comparatives

Certain prior year amounts have been reclassified for consistency with the current period presentation and to align with the Booktopia Group Limited financial report. These reclassifications had no effect on the reported results of the Company.

Adoption of new accounting standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2020.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. Those that may potentially impact financial reporting in future years include:

| Standard / Interpretation | Name | Date of effect |
|---------------------------|---|----------------|
| AASB 2020-1 | Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current | 1 January 2023 |
| AASB 2021-5 | Amendments to Australian Accounting Standards – Deferred Tax relating to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |

The Group has assessed the impact of these new or amended Accounting Standards and Interpretations as not being significant.



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Rounding of amounts

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. To date the Group has been able to commercially navigate the challenges posed by the impact of the pandemic, and expects to be able to do so for the foreseeable future assuming there is no significant deterioration of conditions.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

On 23 June 2022, the Board approved the decision to relocate the current customer fulfilment centre (CFC) in Lidcombe to Strathfield South. All assets located at Lidcombe have been evaluated to determine which assets will be transferred to the new CFC. Assets that cannot be transferred have been depreciated at an accelerated rate based on the expected decommissioning date.



Net realisable value of inventory

The Group has reviewed the inventory balances for indicators that non-returnable inventory is being carried at a value above which it is expected to be realised after adjusting for costs to realise the sale. Indicators included aged and slow-moving inventory, and products that have a listed selling price discounted below their cost, as well as historical trends.

Capitalisation of development costs

The Group invests heavily in internally generated software, as a key component of the business's operating model. As part of determining the values to be capitalised, the Group makes judgements as to whether the costs being capitalised meet the criteria for capitalisation; in particular whether an asset is being created or enhanced, and whether the costs being capitalised are directly attributable to the asset. These judgements are based on a thorough and detailed understanding of the costs being incurred and their relationship to the identifiable asset.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset

will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

The incremental borrowing rate (IBR) is another significant component in the measurement of the right-of-use asset and lease liability. The Group calculates the IBR for each lease using inputs including the Group's overdraft borrowing facility lending margin (adjusted for tenure) and the government bond rate applicable at the time of entering into the lease if the interest rate implicit in the lease is not readily determinable. The weighted average IBR associated with new lease commitments in the year ended 30 June 2022 was 4.0%.

4. Operating segments

The group operates in one segment being the sale and distribution of books and book-related products through its online platforms. This operating segment has been determined based on the internal reporting provided to the Board of Directors (who are identified as the Chief Operating Decision Makers ("CODM") as defined under AASB 8). This information is reviewed by the CODM on a monthly basis to assess performance and to determine the allocation of resources within the Group.

The operating segment information is the same information as provided throughout the financial statements and therefore has not been duplicated here.

The CODM reviews EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|--|-----------------------|-----------------------|
| Loss before income tax | (17,728) | (18,029) |
| Less: Interest income | (10) | (37) |
| Add: Finance costs | 2,486 | 4,374 |
| Add: Amortisation, depreciation and impairment expense | 12,807 | 4,490 |
| Reported EBITDA | (2,445) | (9,202) |
| ACCC matter | 5,611 | - |
| Acquisition related legal and consulting fees | 1,747 | - |
| Restructuring costs | 1,302 | - |
| IPO costs | - | 4,102 |
| IPO related employee share award | - | 152 |
| Conversion of preference shares | - | 18,597 |
| Underlying EBITDA of the segment | 6,215 | 13,649 |

Significant customers

During the year ended 30 June 2022 there were no significant customers (2021: none). A customer is considered significant if its revenues are 10% or more of the Group's revenue.

► Significant accounting policy – Operating segment

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

5. Revenue

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|----------------|-----------------------|-----------------------|
| Sales of goods | 240,751 | 223,886 |

Disaggregation of revenue

The major revenue stream is the sale of book and book adjacent products to the Australian and New Zealand markets. Sales to New Zealand customers represent 1.5% of the total (2021: 1.1%).

Refer to Note 16 for details of the associated Contract liability balances.

► Significant accounting policy – Revenue recognition

Revenue is recognised at a point in time when the product is reasonably certain to have been received by the customer in good condition. Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods to a customer.

The Group's contracts with customers for the sale of goods generally include one performance obligation. Revenue for the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, typically

at the time of delivery of the goods to the customer. Cash payment is generally received at the point of sale. Any cash received in advance of the completion of the performance obligation is recognised on the balance sheet as a contract liability.

Where satisfaction of a performance obligation is completed over time, revenue is recognised in line with the progress towards complete satisfaction of the performance obligation.

Rights of return

Revenue is recognised net of estimated returns expected from customers based on customer return patterns in the past 12 months. A refund liability and a corresponding asset in inventory representing the right to recover the returned products from the customer is also recognised.

Gift cards

Gift card liabilities are contract liabilities as payment has been received for a performance obligation to be completed at a future point in time. Revenue from the sale of gift cards is recognised when the card is redeemed and the customer purchases goods by using the card, or when the gift card is no longer expected to be redeemed (breakage). Breakage revenue is recognised over the life of the gift cards in accordance with the pattern of usage.



6. Expenses

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|--|-----------------------|-----------------------|
| Loss before income tax includes the following specific expenses | | |
| 6.1 Amortisation, depreciation and impairment expense | | |
| Plant and equipment depreciation (Note 11) | 5,477 | 1,710 |
| Right-of-use assets depreciation (Note 12) | 2,882 | 1,122 |
| Amortisation of intangible assets (Note 13) | 2,294 | 1,658 |
| Impairment of Welbeck investment (Note 14) | 2,154 | - |
| | 12,807 | 4,490 |
| 6.2 Finance costs | | |
| Interest and finance charges on borrowings | 270 | 2,906 |
| Interest on lease liabilities | 2,216 | 1,468 |
| | 2,486 | 4,374 |
| 6.3 Leases | | |
| Short-term lease payments | 163 | 152 |
| 6.4 Employee benefits expense | | |
| Defined contribution superannuation expense | 2,269 | 1,886 |
| Share-based payments expense ¹ | 68 | 403 |
| Redundancy and termination costs | 927 | - |
| Other non-disclosable employee benefits | 35,418 | 26,333 |
| | 38,682 | 28,622 |
| 6.5 Other individually significant transactions | | |
| ACCC provision at present value ² | 4,948 | - |

1. Refer to Note 31 for further information on accounting policy for share-based payments expense.

2. Please refer to Note 18 for further information relating to the ACCC matter.

► Significant accounting policy – Finance costs

Finance costs attributable qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

7. Income tax

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|---|-----------------------|-----------------------|
| Income tax expense | | |
| Current tax in respect of the current year | 8 | 137 |
| Current tax in respect of the prior year | (96) | - |
| Deferred tax – origination and reversal of temporary differences | (2,644) | 105 |
| Adjustment recognised for prior periods on deferred tax | 91 | (193) |
| Aggregate income tax (benefit) / expense | (2,641) | 49 |
| Numerical reconciliation of income tax expense and tax at the statutory rate | | |
| Loss before income tax expense | (17,728) | (18,029) |
| Tax at the statutory rate of 30% | (5,318) | (5,409) |
| Tax effect amounts which are not deductible / (taxable) in calculating taxable income | | |
| Amortisation of intangibles | 54 | 24 |
| Current tax not recognised in prior period | (96) | - |
| Changes in the fair value of redeemable preference shares | - | 5,579 |
| Non-deductible fines and penalties | 1,520 | - |
| Impairment of Welbeck investment | 646 | - |
| Non-deductible acquisition related legal and consulting costs | 451 | - |
| Other items | 11 | 48 |
| | (2,732) | 242 |
| Adjustment recognised for prior periods on deferred tax | 91 | (193) |
| Income tax (benefit) / expense | (2,641) | 49 |

Franking Credits

As at 30 June 2022, the Group had a franking credit surplus of \$784,752 (2021: \$1,091,608).

The movement and analysis of the recorded deferred tax asset balance for the year ended 30 June 2022 is as follows:

| | 1 Jul 2021 \$'000 | Prior year adjustments \$'000 | Recognised in profit or loss \$'000 | AASB 16 leases \$'000 | 30 Jun 2022 \$'000 |
|--------------------------------|----------------------|-------------------------------------|---|-----------------------------|-----------------------|
| Current assets | | | | | |
| Trade and other receivables | (6) | - | 44 | - | 38 |
| Inventories | 30 | - | 47 | - | 77 |
| Lease incentive receivable | - | - | 1,328 | (1,515) | (187) |
| Prepayments | (1) | 5 | (2) | - | 2 |
| IPO and transaction costs | 810 | 236 | (250) | - | 796 |
| Non-current assets | | | | | |
| Property, plant and equipment | (241) | (294) | (2,087) | - | (2,622) |
| Right-of-use assets | (2,871) | - | 864 | (4,814) | (6,821) |
| Intangible assets | (1,440) | - | (431) | - | (1,871) |
| Investment in associates | - | - | 16 | - | 16 |
| Current liabilities | | | | | |
| Trade and other payables | 223 | - | 588 | - | 811 |
| Provisions | 605 | - | 133 | - | 738 |
| Contract liabilities | - | - | (228) | - | (228) |
| Lease liabilities | 175 | - | 1,411 | (576) | 1,010 |
| Non-current liabilities | | | | | |
| Provisions | 398 | - | 27 | - | 425 |
| Lease liabilities | 3,202 | - | (1,865) | 6,905 | 8,242 |
| Equity | | | | | |
| Unutilised tax losses | - | 205 | 3,284 | - | 3,489 |
| IPO and transaction costs | 1,181 | (243) | (235) | - | 703 |
| | 2,065 | (91) | 2,644 | - | 4,618 |

Management has determined that tax losses will be recoverable in future periods based on a conservative projection of the Group's forecast growth over the next five years, adjusted for permanent and temporary tax differences. Management have also conducted a sensitivity analysis of the projections to test reasonable changes in assumptions. None of the sensitivities applied gave any indication that tax losses will not be utilised in future periods. The utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences (future taxable profits). The amount of deferred tax assets dependent on future taxable profits was \$3.5 million at 30 June 2022 (2021: nil).

The movement and analysis of the recorded deferred tax asset balance for the comparative period is as follows:

| | 1 Jul 2020 \$'000 | Prior year adjustments \$'000 | Recognised in profit or loss \$'000 | Credited to equity \$'000 | AASB 16 leases \$'000 | 30 Jun 2021 \$'000 |
|--------------------------------|----------------------|-------------------------------------|---|---------------------------------|-----------------------------|-----------------------|
| Current assets | | | | | | |
| Trade and other receivables | (11) | - | 5 | - | - | (6) |
| Inventories | - | - | 30 | - | - | 30 |
| Prepayments | - | - | (1) | - | - | (1) |
| IPO and transaction costs | 129 | 9 | 672 | - | - | 810 |
| Non-current assets | | | | | | |
| Property, plant and equipment | - | - | (241) | - | - | (241) |
| Right-of-use assets | (3,097) | 184 | 337 | - | (295) | (2,871) |
| Intangible assets | (584) | - | (856) | - | - | (1,440) |
| Current liabilities | | | | | | |
| Trade and other payables | 116 | - | 107 | - | - | 223 |
| Provisions | 494 | - | 111 | - | - | 605 |
| Lease liabilities | 154 | - | 21 | - | - | 175 |
| Non-current liabilities | | | | | | |
| Provisions | 194 | - | (86) | - | 290 | 398 |
| Lease liabilities | 3,401 | - | (204) | - | 5 | 3,202 |
| Equity | | | | | | |
| IPO and transaction costs | - | - | - | 1,181 | - | 1,181 |
| | 796 | 193 | (105) | 1,181 | - | 2,065 |

► Significant accounting policy – Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

8. Cash and cash equivalents

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|------------------------|-----------------------|-----------------------|
| Cash at Bank | 8,330 | 12,037 |
| Other cash equivalents | 176 | - |
| | 8,506 | 12,037 |

The Group had unutilised borrowing facilities of \$18,000,000 for most of the reporting period which were available for use subject to the Group meeting certain financial covenants.

In June 2022, the Group decided to terminate a \$12,000,000 facility that was primarily earmarked for potential acquisition activities.

► Significant accounting policy – Cash and cash equivalents

Cash and cash equivalents includes cash on hand, unrestricted deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Trade and other receivables

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|--|-----------------------|-----------------------|
| Trade receivables | 1,215 | 1,061 |
| Less: Allowance for expected credit losses | - | (4) |
| | 1,215 | 1,057 |
| Other receivables | 460 | 223 |
| | 1,675 | 1,280 |

Credit terms for customers is generally 30 days.

The ageing profile of debtors, based on invoice dates is as follows:

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|---------------------------------|-----------------------|-----------------------|
| Less than 30 days (not yet due) | 722 | 808 |
| 31 to 60 days | 397 | 156 |
| 61 to 90 days | 55 | 38 |
| More than 90 days | 41 | 59 |
| | 1,215 | 1,061 |

While the Group has \$493,000 of trade receivable balances past due (deemed to be in default), these are largely due to administrative matters with large low credit risk customers rather than being indicative of increased credit risk. The Group has therefore recognised no provision relating to expected credit losses for the year ended 30 June 2022.

Customer payments are predominantly received upfront, which results in a low carrying value for trade receivables. The Group does, however, have a number of organisations to which it offers credit. These are predominantly resellers, libraries, educational organisations and government bodies.

► **Significant accounting policy – Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Write-off policy

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, or when the amounts are over two years past due, whichever occurs sooner. Trade receivables written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

10. Inventories

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|--------------------------------|-----------------------|-----------------------|
| Merchandise | 16,994 | 17,644 |
| Consumable inventory | 608 | 567 |
| Less: Provision for impairment | (257) | (100) |
| | 17,345 | 18,111 |

The amount of inventory recognised as an expense during the year ended as at 30 June 2022 is \$147,922,000 (2021: \$137,625,000). Included in this amount is a write-down of inventory to net realisable value of \$154,000 (2021: nil).

► **Significant accounting policy – Inventories**

Inventories are stated at the lower of cost and net realisable value on a 'first in, first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

11. Property, plant and equipment

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|-------------------------------------|-----------------------|-----------------------|
| Leasehold improvements – at cost | 5,001 | 1,528 |
| Less: Accumulated depreciation | (902) | (713) |
| | 4,099 | 815 |
| Computer equipment – at cost | 1,498 | 873 |
| Less: Accumulated depreciation | (682) | (488) |
| | 816 | 385 |
| Plant and other equipment – at cost | 27,216 | 21,013 |
| Less: Accumulated depreciation | (10,286) | (5,200) |
| | 16,930 | 15,813 |
| Assets under construction | 581 | 4,634 |
| | 22,426 | 21,647 |

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Leasehold improvements \$'000 | Computer equipment \$'000 | Plant and other equipment \$'000 | Assets under construction \$'000 | Total \$'000 |
|-----------------------------|-------------------------------------|---------------------------------|--|--|-----------------|
| Balance at 1 July 2020 | 447 | 226 | 4,369 | 9,032 | 14,074 |
| Additions | 212 | 278 | 39 | 8,380 | 8,909 |
| Borrowing costs capitalised | - | - | - | 374 | 374 |
| Transfers in/(out) | 310 | 7 | 12,835 | (13,152) | - |
| Depreciation expense | (154) | (126) | (1,430) | - | (1,710) |
| Balance at 30 June 2021 | 815 | 385 | 15,813 | 4,634 | 21,647 |
| Additions | 2,322 | 633 | 1,471 | 1,830 | 6,256 |
| Transfers in/(out) | 1,151 | - | 4,732 | (5,883) | - |
| Depreciation expense | (189) | (202) | (5,086) | - | (5,477) |
| Balance at 30 June 2022 | 4,099 | 816 | 16,930 | 581 | 22,426 |

The increase in leasehold improvements is a result of fit-out works that were carried out at the new Corporate Office in Rhodes and the new customer fulfilment centre (CFC) in Strathfield South.

In December 2021, the Group finished constructing robotic equipment of \$4,732,000 to increase efficiencies in fulfilling customer orders. The balance of this equipment was transferred to plant and other equipment upon completion.

In June 2022, the Board approved plans for a new CFC to increase capacity and cater for future business growth. In light of this decision, management has reassessed the useful lives of certain assets in the current CFC, resulting in an accelerated depreciation expense for the year of \$2,776,000.

Planning regarding the operating and asset structure of the new CFC is still in process and this may result in further revisions in asset useful lives in future periods.

► Significant accounting policy – Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|----------------------------------|---------------------|
| Computer equipment | 3 - 7 years |
| Plant and other equipment | 3 - 15 years |

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease or the estimated useful life of the assets (10 years).

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

For personal use only



12. Right-of-use assets

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|---------------------------------|-----------------------|-----------------------|
| Premises – Right-of-use assets | 24,253 | 11,955 |
| Less: Accumulated depreciation | (1,811) | (2,730) |
| | 22,442 | 9,225 |
| Equipment – Right-of-use assets | 852 | 814 |
| Less: Accumulated depreciation | (557) | (468) |
| | 295 | 346 |
| | 22,737 | 9,571 |

The Group leases premises for its offices and customer fulfilment centres under agreements ending in nine years including options to extend that are expected to be exercised. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Premises \$'000 | Equipment \$'000 | Total \$'000 |
|-------------------------|--------------------|---------------------|-----------------|
| Balance at 1 July 2020 | 9,219 | 489 | 9,708 |
| Additions | 967 | - | 967 |
| Remeasurement | 18 | - | 18 |
| Depreciation expense | (979) | (143) | (1,122) |
| Balance at 30 June 2021 | 9,225 | 346 | 9,571 |
| Additions | 24,254 | 38 | 24,292 |
| Remeasurement | (8,244) | - | (8,244) |
| Depreciation expense | (2,793) | (89) | (2,882) |
| Balance at 30 June 2022 | 22,442 | 295 | 22,737 |

On 1 September 2021, the Group entered into a lease for a 14,000sqm customer fulfilment centre (CFC) in Strathfield South. This represented \$17,334,000 of the additions noted above. On 1 October 2021, the Group entered into a lease for a Corporate Office in Rhodes. This new lease represented \$6,920,000 of the additions in the period, with the remaining balance of \$38,000 relating to new equipment in the CFC. The weighted average incremental borrowing rate (IBR) associated with new lease commitments in FY22 was 4.0%.

The resultant increase in the lease liabilities, net of the related incentive receivables, as at the inception of these leases was equal to the right-of-use asset values, and as at 30 June 2022 was \$17,783,000 and \$10,614,000 respectively. The incentives receivable for these leases have been disclosed separately in the Group's Statement of Financial Position as lease incentive receivable.

In June 2022, the Board approved plans for a new CFC to increase capacity and cater for future business growth. As a result, management are no longer reasonably certain to exercise the extended lease term at the existing Lidcombe CFC. The right-of-use asset for this lease was remeasured by \$7,524,000, resulting in a nil carrying value and a gain of \$173,000 being recognised in profit or loss. The lease relating to the new premises was signed on 4 August 2022. Refer to Note 32 for further details on this lease.

For other disclosures required under *AASB 16 Leases*, refer to:

- Note 6 for depreciation on right-of-use assets and other expenses relating to short-term leases;
- Note 6 for interest on lease liabilities;
- Note 17 for lease liabilities; and
- Consolidated statement of cash flows for repayment of lease liabilities.

► Significant accounting policy – Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to

be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset, as follows:

| | |
|------------------|---------------------|
| Premises | 2 – 12 years |
| Equipment | 2 – 9 years |

Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

13. Intangibles

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|--------------------------------|-----------------------|-----------------------|
| Goodwill – at cost | 213 | 213 |
| Software – at cost | 17,156 | 15,171 |
| Less: Accumulated amortisation | (8,326) | (6,046) |
| | 8,830 | 9,125 |
| Other intangibles – at cost | 789 | 781 |
| Less: Accumulated depreciation | (744) | (730) |
| | 45 | 51 |
| | 9,088 | 9,389 |

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Goodwill \$'000 | Software \$'000 | Other intangibles \$'000 | Total \$'000 |
|-------------------------|--------------------|--------------------|-----------------------------|-----------------|
| Balance at 1 July 2020 | 213 | 7,794 | 23 | 8,030 |
| Additions | - | 2,945 | 72 | 3,017 |
| Amortisation expense | - | (1,614) | (44) | (1,658) |
| Balance at 30 June 2021 | 213 | 9,125 | 51 | 9,389 |
| Additions | - | 1,985 | 8 | 1,993 |
| Amortisation expense | - | (2,280) | (14) | (2,294) |
| Balance at 30 June 2022 | 213 | 8,830 | 45 | 9,088 |

Goodwill acquired through acquisition was allocated to the Group's single cash generating unit ('CGU'), being the online sale of books and similar product to customers in Australian and New Zealand. The Directors assessed the recoverable amount of the Group's CGU and determined there was no impairment. The recoverable amount of the CGU (including Goodwill) was determined based on value in use calculations using cash flow projections based on the financial budget approved by the Directors which was extrapolated into perpetuity using an appropriate long term growth rate and discounted to present value.

The Directors have conducted an analysis of the sensitivity of the impairment test to reasonable changes in assumptions. None of the sensitivities applied gave rise to an impairment.

► Significant accounting policy – Intangibles

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible

asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Software

Costs associated with maintaining software programs are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefit;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use or enhancement. These costs are amortised over their estimated useful life of 5-7 years. The remaining useful life is assessed annually and adjusted as required.

Other intangibles

Other intangibles are recognised at cost and fair value at the acquisition date. They are subsequently carried at cost less accumulated amortisation on a straight-line basis over their useful life of 5 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

14. Investment in associate

On 14 December 2021, the Group acquired a 25% interest in Welbeck Publishing Pty Limited (WPGANZ), the Australian subsidiary of Welbeck Publishing Group for \$3,000,000. Directly attributable legal and consulting costs of \$148,000 were capitalised as part of the cost. WPGANZ is a book publishing business that distributes titles across Australia and New Zealand. The Group's interest in WPGANZ is accounted for using the equity method in the consolidated financial statements.

The carrying value of the investment as at 30 June 2022 consists of the following:

| | \$'000 |
|---|---------|
| Investment during the year including directly attributable expenses | 3,148 |
| Share of result for the year | (55) |
| Impairment of the investment | (2,154) |
| | 939 |

The following table summarises the financial information of the Group's investment in WPGANZ:

| Summarised balance sheet | |
|---|--------------|
| Current assets | 2,650 |
| Non-current assets | 16 |
| Current liabilities | 1,885 |
| Non-current liabilities | - |
| Net assets | 781 |
| Group's share of WPGANZ net assets (25%) | 195 |
| Summarised income statement | |
| Revenue | 1,917 |
| Expenses | (2,137) |
| Loss from continuing operations attributable to the shareholders of WPGANZ | (220) |
| Group's share of loss for the period (25%) | (55) |

At 30 June 2022, an impairment loss of \$2,154,000 was recognised to reduce the carrying value of the investment to its recoverable amount, which was determined with reference to the Group's share of the present value of forecast cashflows expected from the investment. An after-tax discount rate of 15% and a terminal growth rate of 2.5% was used in performing the assessment.

► Significant accounting policy – Investment in associate

The Group's investments in its associates, being entities in which the Group has significant influence and are neither subsidiaries nor joint arrangements, are accounted for using the equity method. Under this method, the investment in the associates is carried in the balance sheet at

cost plus any post-acquisition changes in the Group's share of the net assets of the associates.

Goodwill relating to associates is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's investment. The income statement reflects the Group's share of the results of the operations of the associate.

Where the reporting dates of the associates and the Group vary, the associates' management accounts for the period to the Group's balance date are used for equity accounting. The associates apply accounting policies consistent with those of the Group.

15. Trade and other payables

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|------------------|-----------------------|-----------------------|
| Trade payables | 23,760 | 17,400 |
| Accrued expenses | 3,715 | 1,608 |
| GST payable | 679 | 464 |
| Other payables | 560 | 842 |
| | 28,714 | 20,314 |

Refer to Note 22 for further information on financial instruments.

► Significant accounting policy – Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

16. Contract liabilities

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|----------------------|-----------------------|-----------------------|
| Contract liabilities | 9,719 | 11,384 |

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|---|-----------------------|-----------------------|
| Opening balance | 11,384 | 7,725 |
| Payments received from customers | 239,086 | 227,545 |
| Performance obligations met – opening balance | (11,384) | (7,725) |
| Performance obligations met – other | (229,367) | (216,161) |
| Closing balance | 9,719 | 11,384 |

Unsatisfied performance obligations

At the end of a period, a contract liability exists to our customers for the delivery of their paid orders. It is expected that substantially all of the unsatisfied performance obligations will be satisfied within the next twelve months, and the revenue recognised in that period.

► Significant accounting policy – Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

17. Lease liabilities

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|--------------------|-----------------------|-----------------------|
| Analysed as | | |
| Current | 3,367 | 584 |
| Non-current | 27,619 | 10,918 |
| | 30,986 | 11,502 |

► Significant accounting policy – Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments comprise of:

- Fixed payments less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate;
- Amounts expected to be paid under residual value guarantees;
- Exercise price of a purchase option when the exercise of the option is reasonably certain to occur; and
- Any anticipated termination penalties.

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the interest rate implicit in the lease or incremental borrowing rate. The carrying amounts are remeasured if there is a change in the following:

- Future lease payments arising from a change in an index or a rate used;

- Residual guarantee;
- Lease term;
- Certainty of a purchase option; and
- Termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

18. Provisions

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|----------------------------|-----------------------|-----------------------|
| Current liabilities | | |
| Annual leave | 1,756 | 1,429 |
| Long service leave | 702 | 587 |
| ACCC matter | 1,158 | - |
| | 3,616 | 2,016 |

| | | |
|--------------------------------|--------------|-------|
| Non-current liabilities | | |
| Long services leave | 433 | 356 |
| Lease make good | 983 | 972 |
| ACCC matter | 3,790 | - |
| | 5,206 | 1,328 |

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Provision relating to ACCC proceedings

On 8 December 2021, the Group was informed by the Australian Competition and Consumer Commission (ACCC) that it would commence proceedings in the Federal Court of Australia in relation to two statements that were previously used on Booktopia's Terms of Business and statements made to 19 customers that it was not obliged to provide a remedy if the customer had not contacted Booktopia within two business days. Whilst the intent behind the two

statements was to provide customers with certainty relating to replacements, refunds and other remedies, it was alleged by the ACCC that these statements were not in accordance with Australian Consumer Law (ACL). These statements were removed from 3 November 2021. Booktopia acknowledges that these statements were not correct and not consistent with Booktopia's obligations under the ACL. Both parties have subsequently reached an agreement to jointly seek orders from the Federal Court in December 2022 for payment by Booktopia of a financial penalty of \$6,000,000. ACCC and Booktopia will ask the Federal Court to allow the penalty to be payable in equal instalments over a period of five years. The final amount of the financial penalty will be determined by the Federal Court of Australia in its discretion and any amount jointly put by the parties is not determinative of the final outcome.

The provision represents the present value of the estimated penalty payable by the Group over the five-year instalment period.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

| | Lease make good \$'000 | ACCC matter \$'000 |
|--|---------------------------|-----------------------|
| Carrying amount at the start of the year | 972 | - |
| Additional provisions recognised | 87 | 4,948 |
| Remeasurement | (86) | - |
| Unwinding of discount | 10 | - |
| Carrying amount at the end of the year | 983 | 4,948 |

► Significant accounting policy – Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Lease make good provision

The Group has obligations under its property leasing agreements to undertake certain remedial works at the end of the lease.

Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by the employees up to reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

19. Issued capital

| | 30 Jun 2022 Shares | 30 Jun 2021 Shares | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Ordinary shares – fully paid | 137,359,299 | 137,359,299 | 52,110 | 52,110 |
| Less: Treasury shares held by the Company in trust | (523,196) | (172,743) | (1,190) | (439) |
| | 136,836,103 | 137,186,556 | 50,920 | 51,671 |

| Movements in ordinary share capital | | | | |
|--|--------------------|--------------------|-------------|---------------|
| Details | Date | Shares | Issue price | \$'000 |
| Opening balance | 1 Jul 2020 | 113,470,527 | | 311 |
| Issue of shares | 30 Oct 2020 | 310,082 | \$1.22 | 377 |
| Conversion of redeemable preference shares | 29 Nov 2020 | 12,642,289 | \$2.30 | 29,077 |
| Issue of shares | 30 Nov 2020 | 10,869,565 | \$2.30 | 25,000 |
| Issue of shares to employees | 30 Nov 2020 | 66,836 | \$2.30 | 152 |
| Share of IPO costs, net of tax | | - | - | (2,807) |
| Balance | 30 Jun 2021 | 137,359,299 | | 52,110 |
| Closing balance | 30 Jun 2022 | 137,359,299 | | 52,110 |

| Movements in treasury shares | | | | |
|--|----------------------|----------------|-------------|--------------|
| Details | Date | Shares | Issue price | \$'000 |
| Opening balance | 1 Jul 2020 | - | - | - |
| Treasury shares acquired on market | 8 Mar 2021 | 172,743 | \$2.54 | 439 |
| Balance | 30 Jun 2021 | 172,743 | | 439 |
| Reissued on exercise of Performance Rights | 31 Aug 2021 | (28,793) | \$2.54 | (73) |
| Treasury shares acquired on market | 11 Nov to 1 Dec 2021 | 379,246 | \$2.17 | 824 |
| Closing balance | 30 Jun 2022 | 523,196 | | 1,190 |

On 2 November 2020, the Company lodged its prospectus with Australian Securities and Investments Commission ('ASIC') for an IPO of 18.73 million ordinary shares at \$2.30 per share (7.86 million shares of existing shareholders and 10.87 million shares issued by the Company). The offer closed on 24 November 2020 with the Company successfully admitted to the ASX under the code 'BKG' on 2 December 2020.

Total IPO costs amounted to \$7,985,000. Of this amount \$3,883,000 (\$2,807,000 net of tax) has been recognised in equity with the remaining costs of \$4,102,000 expensed under 'IPO costs' in the statement of profit or loss.

On 29 November 2020, the Company converted 12.64 million redeemable preference shares in connection with the IPO. Converted shares were accounted in

Issued capital at fair value at the conversion date. Carrying amounts of redeemable preference shares of \$8,000,000 and embedded derivative of \$2,600,000 were derecognised with resulting loss of \$18,597,000 accounted in the statement of profit or loss.

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

523,196 ordinary shares are held in trust for the purpose of meeting future obligations under current share-based payment arrangements. As the Group controls the trust, it is included in the consolidated numbers presented above.

Shares in escrow

As per the Group's Prospectus certain issued shares were subject to a voluntary escrow arrangement.

At 30 June 2022, the total number of issued shares subject to voluntary escrow is 17,633,555. These escrow shares were released on 12 September 2022, after the release of the full year results for the year ending 30 June 2022.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the balance sheet, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2021 Annual Report.

► Significant accounting policy – Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any company purchases the Company's equity instruments, for example, as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Booktopia Group Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental borrowing costs and related income tax effects, is included in equity attributable to the owners of Booktopia Group Limited.

20. Share-based payments reserve

The share-based payments reserve is used to recognise the value of equity benefits provided to eligible employees as part of their remuneration. Specifically, the reserve relates to performance rights issued by the Company to its employees. The performance rights vest over a three-year service period, subject to the achievement of performance conditions.

The opening and closing reserve balances, as well as the movements on the reserves and retained earnings balance, are presented in the Statement of Changes in Equity. Refer to Note 31 for details of share-based payments that give rise to the reserve.

21. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

22. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

| | Net liabilities 30 Jun 2022 \$'000 | Net liabilities 30 Jun 2021 \$'000 |
|-----------------------|--|--|
| United States Dollars | 2,282 | 1,726 |
| Great British Pound | 997 | 965 |
| Other currencies | 15 | 31 |
| | 3,294 | 2,722 |

The Group had net liabilities denominated in foreign currencies of \$3,294,000 as at 30 June 2022 (2021: \$2,722,000). Based on this exposure, had the Australian dollars weakened by 20%/strengthened by 20% against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been \$659,000 lower/\$659,000 higher (2021: \$544,000 lower/\$544,000 higher) and equity would have been \$461,000 lower/\$461,000 higher (2021: \$381,000 lower/\$381,000 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonably possible fluctuations taking into consideration movements over the last 36 months. The actual foreign exchange loss for the year ended 30 June 2022 was \$258,000 (2021: gain of \$18,000).



Price risk

The Group is not exposed to any significant price risk as it is able to adjust the selling price of its products to mitigate any changes in costs of its products.

Interest rate risk

The Group does not have any significant interest rate exposure as it currently does not have any drawn borrowings or investments subject to a variable interest rate.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Group does not hold any collateral. It does however have credit insurance over most of the balance.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the balance sheet.

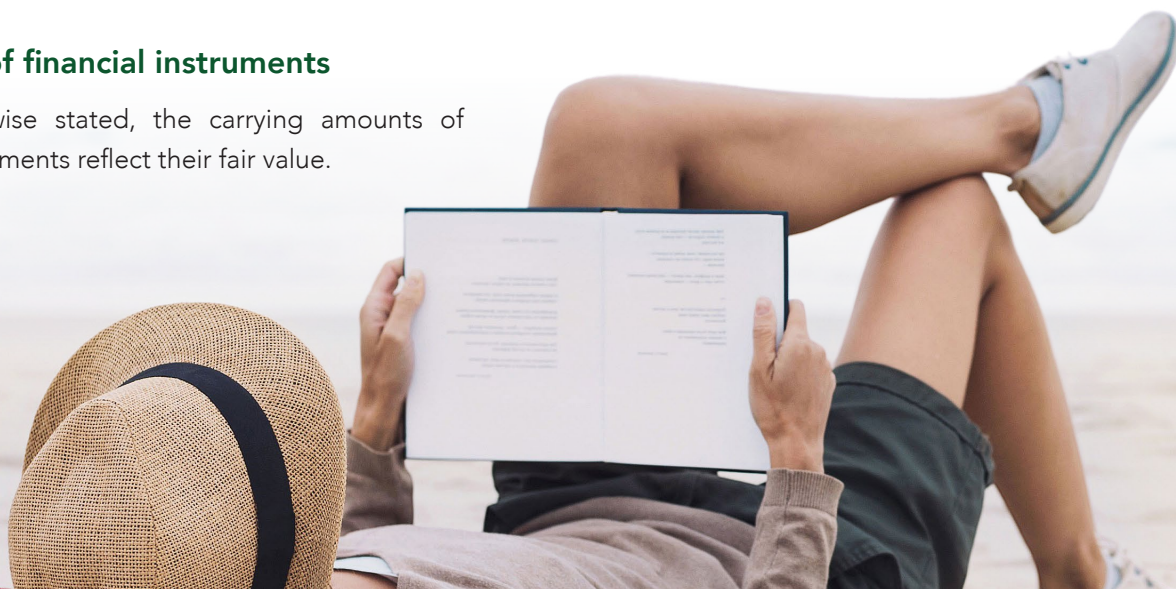
| 2022 | Weighted average interest rate % | 1 year or less \$'000 | Between 1 and 2 years \$'000 | Between 2 and 5 years \$'000 | Over 5 years \$'000 | Total contractual maturities \$'000 |
|--------------------------------------|----------------------------------|-----------------------|------------------------------|------------------------------|---------------------|-------------------------------------|
| Non-derivatives | | | | | | |
| Non-interest bearing | | | | | | |
| Trade payables | - | 23,760 | - | - | - | 23,760 |
| Other payables | - | 560 | - | - | - | 560 |
| Interest-bearing – fixed rate | | | | | | |
| Lease liability – new in the year | 4.0% | 2,509 | 3,124 | 9,961 | 18,474 | 34,068 |
| Lease liability – other | 7.2% | 2,042 | 645 | - | - | 2,687 |
| Total non-derivatives | | 28,871 | 3,769 | 9,961 | 18,474 | 61,075 |

| 2021 | Weighted average interest rate % | 1 year or less \$'000 | Between 1 and 2 years \$'000 | Between 2 and 5 years \$'000 | Over 5 years \$'000 | Total contractual maturities \$'000 |
|--------------------------------------|----------------------------------|-----------------------|------------------------------|------------------------------|---------------------|-------------------------------------|
| Non-derivatives | | | | | | |
| Non-interest bearing | | | | | | |
| Trade payables | - | 17,400 | - | - | - | 17,400 |
| Other payables | - | 842 | - | - | - | 842 |
| Interest-bearing – fixed rate | | | | | | |
| Lease liability | 12.70% | 2,001 | 2,041 | 6,155 | 9,799 | 19,996 |
| Total non-derivatives | | 20,243 | 2,041 | 6,155 | 9,799 | 38,238 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.



23. Key management personnel disclosures

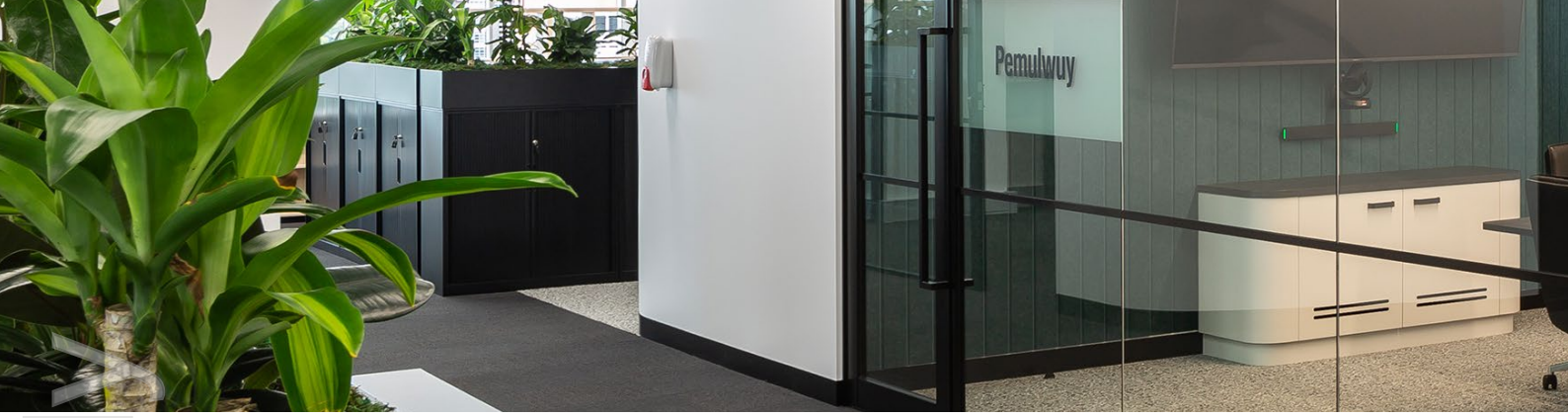
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|------------------------------|-----------------------|-----------------------|
| Short-term employee benefits | 2,607,482 | 2,787,699 |
| Post-employment benefits | 156,952 | 158,888 |
| Long-term benefits | 53,212 | 79,560 |
| Share-based payments | 29,718 | 195,462 |
| | 2,847,364 | 3,221,609 |

24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company (2021: PricewaterhouseCoopers):

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|--|-----------------------|-----------------------|
| Audit services | | |
| Audit or review of the financial statements – PricewaterhouseCoopers | 28,593 | 515,193 |
| Audit or review of the financial statements – Deloitte Touche Tohmatsu | 482,701 | - |
| | 511,294 | 515,193 |
| Other services (after appointment as auditor) | | |
| Due diligence services – Deloitte Touche Tohmatsu | 231,850 | - |
| Tax compliance and other services – Deloitte Touche Tohmatsu | 34,450 | - |
| | 266,300 | 451,383 |
| Other services (prior to appointment as auditor) | | |
| Other assurance services – PricewaterhouseCoopers | 89,854 | 221,470 |
| Tax compliance and other services – PricewaterhouseCoopers | - | 229,913 |
| Due diligence services – Deloitte Touche Tohmatsu | 345,106 | - |
| Due diligence services – Deloitte Touche Tohmatsu (network firm) | 91,374 | - |
| | 526,334 | - |
| | 1,303,928 | 996,576 |



25. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in Note 27.

Key management personnel

Disclosures relating to key management personnel are set out in Note 23 and the remuneration report included in the Directors' Report.

Transactions with related parties

Close family members of KMP (who meet the definition of related parties) employed by the business on an arm's length basis received remuneration for their services of \$127,043 (2021: \$184,143).

On 2 December 2020, on completion of the IPO, the Redeemable Preference shares held by Libertopia Pty Ltd (an entity related to Su-Ming Wong) were converted to Ordinary shares at the IPO share value of \$2.30. As a result, a loss of \$18,597,000 was recognised by the Group.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans receivable/payable from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, unless stated otherwise.

26. Parent entity information

Set out below is the supplementary information about the parent entity.

| | 30 Jun 2022 \$'000 | 30 Jun 2021 Restated \$'000 |
|------------------------------|-----------------------|-----------------------------------|
| Loss after income tax | (1,064) | (20,307) |
| Total comprehensive income | (1,064) | (20,307) |
| Total current assets | - | - |
| Total assets | 28,808 | 30,887 |
| Total current liabilities | 168 | 381 |
| Total liabilities | 168 | 381 |
| Equity | | |
| Issued capital | 50,920 | 51,671 |
| Share-based payments reserve | 145 | 195 |
| Accumulated losses | (22,425) | (21,360) |
| Total shareholders' equity | 28,640 | 30,506 |

► Significant accounting policy – Parent entity

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.



Restatement of comparatives

In preparing the financial report for a subsidiary of the parent entity, the Group became aware of an error in amounts presented in the parent entity note due to an incorrect calculation of recharges between the parent entity and its subsidiary. Comparatives have been restated to correct this as follows:

| | 30 June 2021 | | |
|--|-----------------------|----------------------|--------------------|
| | As reported \$'000 | Adjustment \$'000 | Restated \$'000 |
| Statement of Financial Position | | | |
| Total assets | 51,043 | (20,156) | 30,887 |
| Current liabilities | - | (381) | (381) |
| Total liabilities | - | (381) | (381) |
| Accumulated losses | (823) | (20,537) | (21,360) |
| Total shareholders' equity | (51,043) | (20,537) | 30,506 |
| Statement of Profit or Loss | | | |
| Profit/(loss) after tax | 230 | (20,537) | (20,307) |

The changes did not impact the Consolidated Statement of Financial Position or the Consolidated Statement of Profit or Loss and Other Comprehensive Income of the consolidated group as it related to eliminating entries between group entities.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

As described in Note 27, Booktopia Group Limited and all its controlled entities are party to a Deed of Cross Guarantee.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

27. Interests in subsidiary companies

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary companies in accordance with the accounting policy described in Note 2:

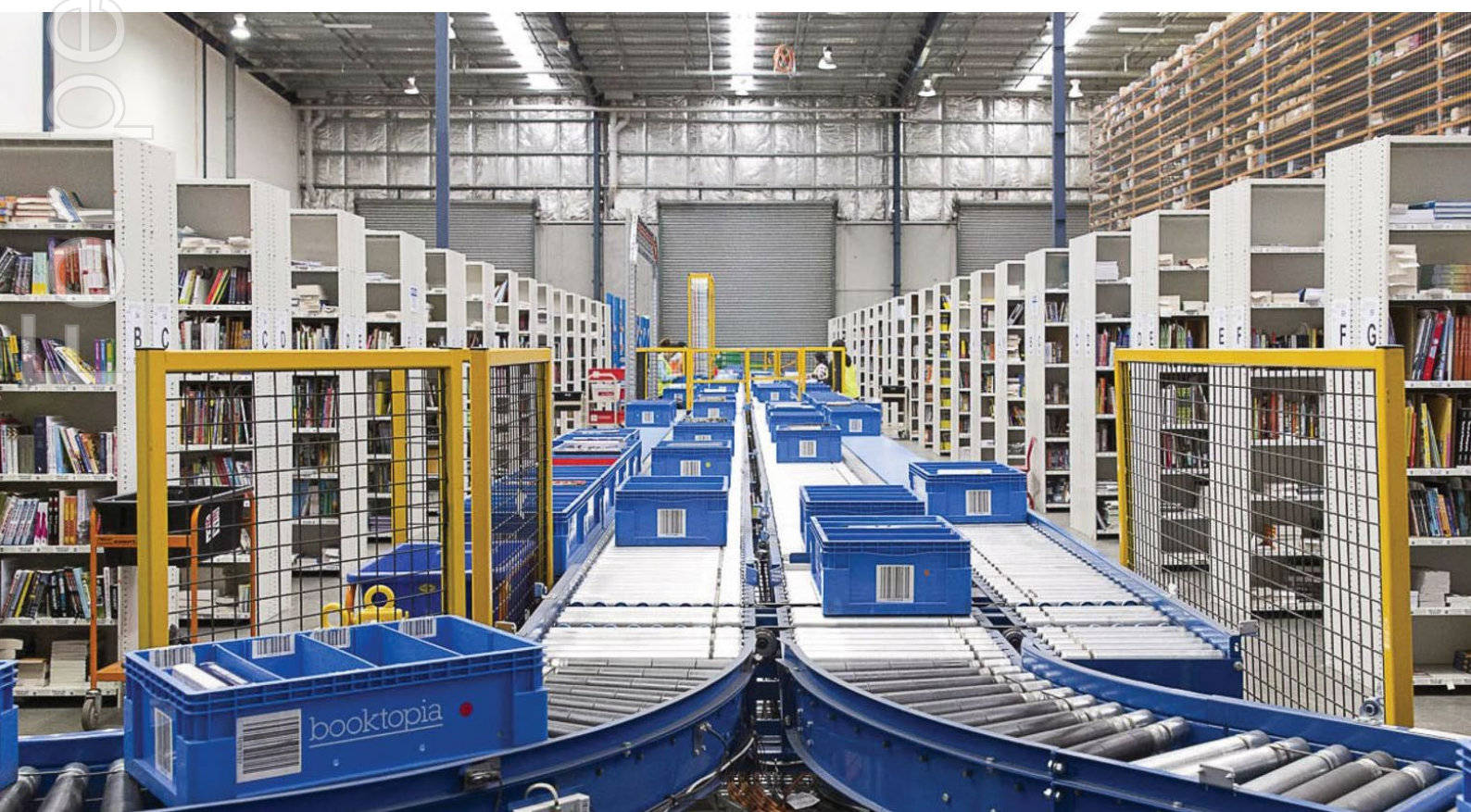
| Name | Principal place of business / Country of incorporation | Ownership interest | |
|----------------------------|--|--------------------|------|
| | | 2022 | 2021 |
| Booktopia Pty Ltd | Australia | 100% | 100% |
| Making IT Better Pty Ltd | Australia | 100% | 100% |
| Virtual Lifestyles Pty Ltd | Australia | 100% | 100% |

The subsidiary Companies have been party to a Deed of Cross Guarantee with the parent entity since 18 May 2022.

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the wholly-owned subsidiaries are relieved from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of Financial Reports.

The effect of the deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up any of its subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full.

The Consolidated Statement of Profit and Loss and Other Comprehensive Income and Consolidated Statement of Financial Position of the consolidated entity approximates the forementioned statements comprising the Company and subsidiaries which are party to the deed as at the reporting date and therefore additional Company and subsidiary financial statements are not presented.



28. Reconciliation of loss after income tax to net cash from operating activities

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|---|-----------------------|-----------------------|
| Loss after income tax expense for the year | (15,087) | (18,078) |
| Adjustments for: | | |
| Amortisation, depreciation and impairment expense | 12,807 | 4,490 |
| Finance costs | 2,486 | 4,374 |
| Share-based payments | 68 | 195 |
| Share of net result of Welbeck Australia investment | 55 | - |
| Interest received | (10) | (37) |
| FX on revaluation of cash items | (26) | - |
| Remeasurement of lease liabilities | (173) | - |
| Accrual for capital expenditure | (221) | - |
| Changes in the fair value of redeemable preference shares | - | 18,597 |
| Employee share award | - | 153 |
| IPO costs | - | 327 |
| Change in operating assets and liabilities: | | |
| Decrease/(increase) in trade and other receivables | (395) | (653) |
| Increase in inventories | 766 | (5,935) |
| Decrease/(increase) in prepayments | (78) | 214 |
| Decrease/(increase) in deferred tax assets | (2,553) | (170) |
| Increase/(decrease) in trade and other payables | 8,400 | (342) |
| Increase in contract liabilities | (1,665) | 3,659 |
| Increase/(decrease) in income tax balances | 217 | (308) |
| Increase in provisions | 5,467 | 82 |
| Net cash from operating activities | 10,058 | 6,568 |

29. Changes in liabilities arising from financing activities

| | Borrowings \$'000 | Lease Liabilities \$'000 | Loans to shareholders \$'000 | Total \$'000 |
|--|----------------------|-----------------------------|---------------------------------|-----------------|
| Balance at 1 July 2020 | 17,752 | 12,134 | (1,010) | 28,876 |
| Net cash (used in)/from financing activities | (12,000) | (2,116) | 1,010 | (13,106) |
| Book value of redeemable preference shares converted | (6,400) | - | - | (6,400) |
| Interest on lease liabilities | - | 1,468 | - | 1,468 |
| Amortisation of borrowing costs | 648 | - | - | 648 |
| Other changes | - | 16 | - | 16 |
| Balance at 30 June 2021 | - | 11,502 | - | 11,502 |
| Recognition of new leases | - | 29,253 | - | 29,253 |
| Interest on lease liabilities | - | 2,216 | - | 2,216 |
| Net cash used in financing activities | - | (3,645) | - | (3,645) |
| Remeasurement of lease liabilities | - | (8,340) | - | (8,340) |
| Balance at 30 June 2022 | - | 30,986 | - | 30,986 |

30. Earnings per share

| | 30 Jun 2022 \$'000 | 30 Jun 2021 \$'000 |
|---|-----------------------|-----------------------|
| Loss after income tax attributable to the owners of Booktopia Group Limited | (15,087) | (18,078) |

| | Number | Number |
|---|--------------------|-------------|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 136,984,397 | 127,352,669 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 136,984,397 | 127,352,669 |

| | Cents | Cents |
|----------------------------|---------------|--------|
| Basic earnings per share | (11.0) | (14.2) |
| Diluted earnings per share | (11.0) | (14.2) |

437,440 (2021: 115,160) performance rights over ordinary shares are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2022. These rights could potentially dilute basic earnings per share in the future.

► **Significant accounting policy – Earnings per share**

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Booktopia Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

31. Share-based payments

On 30 October 2020, the Company established a Long Term Incentive Plan Rules ('LTIP') to assist in the motivation, retention and reward of certain employees. The LTIP was designed to align the interests of participants with the interests of shareholders by providing an opportunity for participants to receive an equity interest in the Company through the granting of awards. Under the LTIP, eligible participants may be offered share awards subject to vesting conditions set by the Board. For the year ended 30 June 2022, 379,862 share awards were granted subject to service, EPS growth and total shareholder return conditions (2021: 172,743).

The performance rights ('PR') entitles the participant to acquire a share on vesting at nil exercise price, subject to the satisfaction of vesting conditions. PR will be automatically exercised and no exercise price is payable. PR were issued to the participant at no cost as they form part of the participant's remuneration.

The PR are measured as follows:

- (a) 50% of the rights will be tested against the Company's shareholder return ('TSR') relative to a comparator group over the performance period ('TSR rights').
- (b) 50% of the rights will be tested against the absolute earnings per share ('EPS') compound annual growth rate ('CAGR') over the relevant performance period ('EPS rights').

The PR are tested over the relevant performance period.



Set out below is a summary of performance rights granted under the plan:

| 2022 | Balance 1 July 2021 | Granted | Exercised | Expired, forfeited and other | Balance 30 June 2022 |
|----------------|------------------------|---------|-----------|---------------------------------|-------------------------|
| (A) TSR rights | 57,580 | 189,917 | - | (28,791) | 218,706 |
| (B) EPS rights | 57,580 | 189,945 | - | (28,791) | 218,734 |
| | 115,160 | 379,862 | - | (57,582) | 437,440 |

| 2021 | Balance 1 July 2020 | Granted | Exercised | Expired, forfeited and other | Balance 30 June 2021 |
|----------------|------------------------|---------|-----------|---------------------------------|-------------------------|
| (A) TSR rights | - | 86,370 | - | (28,790) | 57,580 |
| (B) EPS rights | - | 86,373 | (28,793) | - | 57,580 |
| | - | 172,743 | (28,793) | (28,790) | 115,160 |

For the performance rights granted during the year, the key inputs used in the model to determine the fair value at the grant date were:

| Input | Tranche 1 | Tranche 2 | Tranche 3 |
|--------------------------------|-----------|-----------|-----------|
| Grant date | 30 Nov 21 | 30 Nov 21 | 6 Mar 22 |
| Exercise price | \$nil | \$nil | \$nil |
| Contractual life (years) | 1.6 | 2.6 | 2.3 |
| Share price at grant date | \$2.130 | \$2.130 | \$1.000 |
| Fair value at grant date - TSR | \$0.987 | \$1.177 | \$0.175 |
| Fair value at grant date - EPS | \$2.130 | \$2.130 | \$1.000 |
| Dividend yield | 0.0% | 0.0% | 0.0% |
| Expected volatility | 45.0% | 45.0% | 45.0% |
| Risk-free rate | 0.5% | 0.9% | 1.1% |

► Significant accounting policy – Share-based payments

Equity-settled share-based compensation benefits are provided to KMP and other eligible employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. The fair value of the TSR component of performance rights is independently determined using the Monte-Carlo Simulation, and Black-Scholes for the EPS component. The option pricing models take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

32. Events after the reporting period

On 4 August 2022, the Group signed a lease agreement for an additional customer fulfilment centre to be based in Strathfield South. The estimated value of the right-of-use asset balance and related lease liability balance arising from the execution of this contract are \$20,162,000.

On 29 August 2022, the Group announced that it had reached an agreement with the ACCC to jointly seek orders from the Federal Court in December 2022. This matter represents an adjusting subsequent event and further details are set out in Note 18.

Changes to key management personnel after the reporting period include:

- Termination of Tony Nash as Chief Executive Officer (CEO) and appointment of Geoff Stalley as Acting CEO on 13 July 2022;
- Appointment of Fiona Levens as Chief Financial Officer on 29 August 2022; and
- On 20 September 2022, the Group's four Independent Non-Executive Directors made the decision to resign from their positions. The resignation of Su-Ming Wong was effective on 20 September 2022. The resignations of Chris Beare, Fiona Pak-Poy and Judy Slatyer will take effect at the Group's Annual General Meeting expected to be held on 28 November 2022.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

In the opinion of the Directors of Booktopia Group Limited:

- (a) The consolidated financial statements and notes of Booktopia Group Limited are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that Booktopia Group Limited will be able to pay its debts as and when they become due and payable.
- (c) There are reasonable grounds to believe that the members of the extended closed group identified in Note 27 will be able to meet any obligations or liabilities which they are, or may become, subject to by the Deed of Cross Guarantee described in Note 27.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2022.

Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.



Chris Beare
Chairman

30 September 2022
Sydney

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Independent Auditor's Report

For the year ended 30 June 2022



Independent Auditor's Report to the Members of Booktopia Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Booktopia Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which indicates that the Group incurred a loss after tax of \$15,087,000 (2021: loss of \$18,078,000) and at 30 June 2022 had an excess of current liabilities over current assets of \$15,986,000 (2021: \$1,451,000). The Group generated positive cashflows from operating activities of \$10,058,000 (2021: \$6,568,000) and had net assets of \$14,548,000 (2021: \$30,391,000) at balance date. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our procedures in relation to going concern included, but were not limited to:

- Challenging the underlying assumptions reflected in management’s cash flow forecasts, including the timing of expected cash flows;
- Assessing the historical accuracy of the forecasts prepared by management;
- Inquiring with management and the board as to knowledge of events and conditions that may impact the assessment on the Group’s ability to pay its debts as and when they fall due;
- Assessing the cash position and availability of committed finance facilities as at 30 June 2022 and over the forecast period; and
- Assessing the adequacy of the disclosures in Note 2 to the financial report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | How the scope of our audit responded to the Key Audit Matter |
|---|---|
| <p>Capitalised development costs</p> <p>As set out in Note 13 to the financial statements, during the year the Group capitalised development costs of \$1.98 m relating to the Group’s website and IT platforms. These capitalised development costs consist primarily of payroll and related costs.</p> <p>The Group applied significant judgement on the following:</p> <ul style="list-style-type: none"> • whether capitalised costs were of a developmental rather than research and administrative nature; • whether costs, including labour costs, were directly attributable to relevant projects; • determining the useful life of each project; and • the extent to which these capitalised software development costs will generate probable future economic benefits. <p>The capitalisation of internal development costs is a key audit matter due to the quantum of the internal costs capitalised and the judgement involved in assessing the capitalisation of the labour costs for each software developer, the useful life of the development costs and the probability that these projects will generate economic benefits.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Through inquiries with management obtaining an understanding of the Group’s capitalisation policy, including the rationale for the percentage of payroll and related costs capitalised; • Understanding the relevant controls over the capitalisation of development costs; • On a sample basis, testing capitalised software development costs during the year through the following: <ul style="list-style-type: none"> (a) Corroborating time spent information to the payroll register and through discussions held with relevant employees; (b) Challenging management’s key assumptions on employee level labour capitalisation rates; (c) Assessing whether the costs incurred qualify for capitalisation in accordance with Group’s accounting policy and AASB 138 <i>Intangible Assets</i>; • Challenging management’s assessment and assumptions on the useful life of projects; • Challenging management’s assessment on the probability of the projects generating economic benefits to support recoverability of the capitalised costs; and • Recalculating the amortisation expense for the year which relates to capitalised development costs. <p>We also assessed the appropriateness of disclosures in Note 13 to the financial statements.</p> |

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| Key Audit Matter | How the scope of our audit responded to the Key Audit Matter |
|---|--|
| <p>Revenue recognition</p> <p>As set out in Note 5, the Group recognises revenue from the sale of goods when the performance obligations with the customer are satisfied, typically on delivery to the customer.</p> <p>The Group applies judgement in determining whether the goods have been delivered to the customer by year end and whether they have fulfilled their performance obligations. This involves assessment of considerable volumes of data from the Group’s IT platforms related to deposits paid, products delivered to customers and products in-transit to customers at the year end.</p> <p>The cut-off of revenue recognition and the associated contract liability is a key audit matter due to the judgement required in the assessment of orders received but not yet shipped, and those shipped but not delivered to customers at year end.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the accounting policies adopted by the Group in relation to revenue recognition against the requirements of <i>AASB 15 Revenue from Contracts with Customers</i>; • Performing an assessment of General IT Controls on software systems involved in the revenue recognition process; • Understanding relevant controls in the revenue recognition process; • Selecting a sample of revenue transactions recognised prior to and post the year end and testing: <ul style="list-style-type: none"> (a) Whether the products have been delivered; and (b) Whether the revenue has been recognised in the appropriate period. • Selecting a sample of orders received but not yet delivered prior to the year end and testing: <ul style="list-style-type: none"> (a) Whether the products have been delivered; and (b) Whether the revenue has been recognised in the appropriate period. <p>We also assessed the appropriateness of disclosures in Note 5 to the financial statements.</p> |

Other Information

The directors are responsible for the other information. The other information comprises:

- the Directors' Report, Additional ASX disclosures and Shareholder information which we obtained prior to the date of this auditor's report;
- the Chair's and CEO's Report which will be included in the Group's Annual Report which is expected to be made available to us after the date of this auditor's report.

The other information does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chair's and CEO's Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 32 to 42 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Booktopia Group Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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DELOITTE TOUCHE TOHMATSU

Sandeep Chadha

Sandeep Chadha
Partner
Chartered Accountants

Sydney, 30 September 2022

Shareholder Information

As of 20 September 2022

Shareholder Information required by the Australian Securities Exchange Limited (ASX) Listing Rules and not disclosed elsewhere in the Report is set out below.

Corporate Governance Statement

The Corporate Governance Statement can be found at the **investor centre**.

Substantial shareholders

The number of securities held by substantial shareholders and their associates (as notified to the ASX) are set out below:

Fully paid Ordinary Shares

| Name | Number | % |
|--|------------|--------|
| Roxygal Pty Ltd as trustee for the Benten Trust | 20,691,877 | 15.06% |
| Tony Nash Enterprises Pty Ltd as trustee for the A L Nash Family Trust | 19,348,648 | 14.09% |
| Nashtopia Pty Ltd as trustee for the Nash Family Trust | 14,974,321 | 10.90% |
| N B T Pty Ltd (as trustee) | 13,395,459 | 9.75% |
| M & S Skyleisure Pty Limited | 7,160,572 | 5.66% |

Number of security holders and securities on issue

Booktopia Group Limited has 137,359,299 fully paid ordinary shares on issue held by 2,150 shareholders.

Unquoted equity securities

There are 435,656 unquoted equity securities on issue held by 61 holders.

Voting rights

The voting rights attached to fully paid ordinary shares are that on a show of hands, every member present has one vote and upon a poll, every member present has one vote for each share held.

Performance Rights do not carry dividend or voting rights prior to vesting and exercise. Shares allocated on exercise of Performance Rights carry the same dividend and voting rights as other Shares and rights to participate in corporate actions.

Distribution of security holders

| Fully Paid Ordinary Shares | | | | |
|----------------------------|--------------------|---------------|----------------|---------------|
| Range | Securities | % | No. of holders | Securities |
| 100,001 and Over | 122,350,076 | 89.07 | 62 | 2.90 |
| 10,001 to 100,000 | 11,002,646 | 8.01 | 359 | 16.78 |
| 5,001 to 10,000 | 1,640,630 | 1.19 | 205 | 9.58 |
| 1,001 to 5,000 | 1,991,002 | 1.45 | 728 | 34.02 |
| 1 to 1,000 | 374,945 | 0.27 | 786 | 36.73 |
| Total | 137,359,299 | 100.00 | 2,140 | 100.00 |

| Performance Rights | | | |
|--------------------|----------------|----------------|-----------------|
| Category | No. of holders | Securities | % of securities |
| 1 to 1,000 | 16 | 20,024 | 4.60 |
| 1,001 to 5,000 | 26 | 110,374 | 25.34 |
| 5,001 to 10,000 | 19 | 305,258 | 70.07 |
| 10,001 to 100,000 | 0 | 0 | - |
| 100,001 and over | 0 | 0 | - |
| Total | 61 | 435,656 | 100.00 |

Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of ordinary shares is 994 on Booktopia Group Limited's closing share price of \$0.26 on 20 September 2022.



Twenty largest shareholders of quoted equity securities

| Fully paid ordinary shares | | | |
|----------------------------|--|--------------------|---------------|
| Rank | Name | 20 Sep 2022 | %IC |
| 1 | ROXYGAL PTY LTD | 20,691,877 | 15.06 |
| 2 | TONY NASH ENTERPRISES PTY LTD & ASSOCIATES | 20,158,555 | 14.68 |
| 3 | NASHTOPIA PTY LTD | 14,956,044 | 10.89 |
| 4 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 13,206,303 | 9.61 |
| 5 | UBS NOMINEES PTY LTD | 7,242,501 | 5.27 |
| 6 | WAYNE BASKIN | 5,000,000 | 3.64 |
| 7 | AUSTRALIAN DIRECT INVESTMENTS PTY LIMITED | 4,861,912 | 3.54 |
| 8 | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 3,798,735 | 2.77 |
| 9 | M & S SKYLEISURE PTY LTD | 3,221,025 | 2.34 |
| 9 | M & S SKYLEISURE PTY LTD | 3,221,025 | 2.34 |
| 10 | NATIONAL NOMINEES LIMITED | 2,713,183 | 1.98 |
| 11 | CITICORP NOMINEES PTY LIMITED | 2,540,504 | 1.85 |
| 12 | MR AINSLEY FREDERICK JAMES HENDERSON | 1,800,000 | 1.31 |
| 13 | PHILLIP MAUNDRELL | 1,431,242 | 1.04 |
| 14 | CERTANE CT PTY LTD | 1,250,270 | 0.91 |
| 15 | AUSTRALIAN DIRECT INVESTMENTS PTY LIMITED | 1,245,560 | 0.91 |
| 16 | ANGELA KEIL-ZIPPERMAYR | 1,139,827 | 0.83 |
| 17 | M&J GILMOUR SUPER PTY LTD | 1,095,145 | 0.80 |
| 18 | BRISPOT NOMINEES PTY LTD | 850,683 | 0.62 |
| 19 | WODI WODI PTY LIMITED | 700,000 | 0.51 |
| 20 | CERTANE CT PTY LTD | 690,000 | 0.50 |
| Total | | 111,814,391 | 81.40 |
| Balance of register | | 25,544,908 | 18.60 |
| Grand total | | 137,359,299 | 100.00 |

Voluntary escrow

Following the release of 17,633,555 shares from escrow on 12 September 2022 there are no shares held in escrow.

On market buy-back

There is no current on market buy-back.

Securities purchased on-market for the purposes of an employee incentive scheme

During the reporting period, a total number of 379,246 shares were purchased for the purposes of an employee incentive scheme at an average price of \$2.169.

Corporate Directory

Directors

Chris Beare

Tony Nash

Steven Traurig

Fiona Pak-Poy

Judy Slatyer

Company Secretaries

Anna Sandham

Steven Traurig

Registered Office

Level 6

1A Homebush Bay Drive

Rhodes NSW 2138

Tel: 1300 187 187

Share Register

Link Market Services Limited

Level 12

680 George Street

Sydney NSW 2000

Tel: 1300 554 474

Auditor

Deloitte Touche Tohmatsu

Eclipse Tower

Level 19

60 Station Street

Parramatta NSW 2150

Solicitors

Herbert Smith Freehills

ANZ Tower

161 Castlereagh Street

Sydney NSW 2000

Stock Exchange Listing

Booktopia Group Limited shares are listed on the Australian Securities Exchange (ASX code: BKG)

Website

www.booktopia.com.au

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