

ASX ANNOUNCEMENT

3 June 2024

ORGANISATIONAL CHANGES INCLUDING CEO RESIGNATION, COMPANY RESTRUCTURE & ADDITIONAL FUNDING

Booktopia Group Limited (ASX: BKG) (the **Company** or **Booktopia**) previously advised the market, on 9 February 2024, that it was undertaking a strategic review of the business to explore available options to support the Company's return to improved earnings in response to the decline experienced in trading performance and the Company's associated funding requirements.

As part of this process, a comprehensive review of the Company's operating costs has been undertaken with the objective of addressing Booktopia's cost base given the Company's underlying trading performance. Following a consideration of available options, the Booktopia Board (**Board**) has elected to implement a significant number of changes to reduce its operating costs resulting in the following key outcomes for Booktopia:

- Mr David Nenke tendered his resignation this morning and ceased to be Booktopia's CEO with immediate effect. Mr Nenke will serve out his 6 month notice period and provide assistance to the Company as requested from time to time. The search for a new CEO will be undertaken in due course.
- In the interim, Booktopia Chairman, Mr Peter George, will assume the role of Executive Chairman and will take on full operational responsibilities for the next 6 months. Details of Mr George's employment arrangements for this role are set out in Schedule 2 and his remuneration includes the issue of nil priced options under the Company's existing Long Term Incentive Plan (**Plan**) exercisable into shares in the Company. The subsequent issue of shares on exercise of the options is subject to shareholder approval at Booktopia's next general meeting.
- Mr Tony Nash, also a Booktopia Director, will also assume an Executive Director Role and undertake duties as Sales Director for the next 6 months. Details of Mr Nash's employment arrangements with the Company are set out in Schedule 3 and his remuneration includes the issue of nil priced options under the Plan exercisable into shares in the Company. The subsequent issue of shares is likewise subject to shareholder approval at Booktopia's next general meeting.
- To assist the Company with its cashflows, and to indicate their support for the Company's restructure, each of the Directors have also agreed to have their fees paid to them by the Company issuing nil priced options under the Plan exercisable into shares in the Company, commencing on 1 June 2024 for a period of six (6) months. Details of the Directors' remuneration arrangements with the Company are set out in Schedule 4. The issue of shares is subject to shareholder approval at Booktopia's next general meeting.

- The organisation is proposed to be substantially restructured with at least 50 roles considered for redundancy across a number of departments in the Company's corporate headquarters in Rhodes, Sydney. This organisational restructure would result in \$6.1m annualised cost savings, which would be realised in FY25 and assist with the Company successfully completing a restructure.
- To support the implementation of the restructuring, Booktopia has secured \$1.0 million in funding to assist in the payment of redundancy related costs through a revolving debt facility with AFSG Capital Pty Ltd (**AFSG**) (**Facility**). Certain key commercial details of the Facility are set out in Schedule 1.

Under the Facility, the Company will pay an arrangement fee of \$400,000 plus GST by way of an issue of 7,333,333 shares to Tony Nash Enterprises Pty Ltd as trustee for the AL Nash Family Trust in consideration of collateral which Mr Nash has provided to AFSG to support the Facility. This issue of shares is subject to approval by shareholders at the next Booktopia general meeting. If shareholder approval is not obtained then the arrangement fee is to be paid in cash to AFSG within 30 days of that meeting and the Company must repay all outstanding loans under the Facility within 40 days.

Under the Facility, the Company will also pay an establishment fee of \$200,000 plus GST by way of an issue of 3,666,667 shares to LA&MDP Pty Ltd as trustee for the Paton Family Trust (being a related entity of AFSG nominated by it under the Facility to receive the establishment fee) on or before drawdown of the initial loan. The issue of these shares is not subject to shareholder approval.

Consent from the Company's existing secured lender Moneytech is being sought for the provision of certain financial assistance provided in support of the Facility and also in relation to its financial reporting covenants.

On the restructure, Mr George said: "The sustained volatility of the economic climate, in addition to changing consumer spending behaviours, have continued to contribute to business results that have been below our expectations. The Board remains committed to building a profitable and sustainable business in the short and long-term and as such, we have regrettably had to make the very difficult decision to make a large reduction in headcount and will commence the necessary consultation with our staff. This will assist in resetting the Company's cost base to become more commercially viable and improve its prospects as it moves forward."

"We recognise we will be losing many talented staff in this process and would like to express a sincere thank you to those affected, for all of the hard work and commitment they have put into the Company."

On Mr Nenke's tenure, Mr George thanked him for his dedication and tenacity in leading the team through a particularly challenging transitional period for the business.

A number of key strategic focuses have been implemented to improve conversion rates to support increased revenue. This includes focusing on core elements of the website experience, which will make it easier for customers to make purchases, with emphasis on development of a guest checkout feature as well as further optimisations to improve website speed on mobile and desktop, improving the book buying experience.

With this decline in revenue and with the organisational restructure about to be implemented, the Company is no longer in a position to provide guidance and withdraws the guidance provided to the market in its announcement made on 9 February 2024. Further detail on revenue and earnings will be shared when the Company publishes its full-year accounts in August.

—ENDS—

This announcement was authorised by the Board.

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Schedule 1 Key Terms of Facility

Term	
Commitment	\$1,000,000 to be applied by Booktopia Pty Limited (Borrower), a subsidiary of the Company, to assist in the payment of employee related entitlements.
Borrower	Booktopia Pty Ltd
Lender	AFSG Capital Pty Ltd
Guarantors	Booktopia Virtual Lifestyles Pty. Limited Making I.T. Better Pty Ltd
Availability End Date	20 December 2024, or such later date determined by the Lender.
Interest Rate	18.0% per annum
Default Rate	4.0% per annum plus the Interest Rate
Minimum drawdown amount	\$200,000
Termination Date	The date that is 12 months after Financial Close, or such later date as agreed between the Borrower and the Lender.
Establishment Fee	\$200,000 (plus GST) payable by way of issue of 3,666,667 shares in the Company.
Arrangement Fee	\$400,000 (plus GST) payable by way of issue of 7,333,333 shares in the Company, such share issue to be subject to shareholder approval.
Workflow Fee	\$25,000 (plus GST)

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Schedule 2 Details of Mr Peter George's employment

In accordance with ASX Listing Rule 3.16.4, the Company makes the following disclosures in respect of the material terms of the Executive Employment Agreement between Booktopia Pty Limited and Mr George:

Position	Executive Chairman
Commencement Date	3 June 2024
Term	Part-time role commencing on the Commencement Date and ending at the date of the AGM, which is anticipated to be held sometime in November 2024, subject to any extensions.
Total Fixed Remuneration (TFR)	<p>TFR at \$275,000 per annum (plus minimum superannuation contributions). The TFR comprises:</p> <p>A base salary equivalent to the minimum wage (currently at \$27,542 per annum) paid in cash (Base Salary); and</p> <p>Up to 1,926,927 nil priced options exercisable into up to 1,926,927 Booktopia shares, the value of which will be equivalent to the TFR less the Base Salary, where the price of each share is \$0.06, granted by Booktopia, subject to Booktopia obtaining all necessary shareholder approvals at the AGM (or at a shareholder meeting, if that shareholder meeting occurs before the AGM), and subject to terms and conditions set out in an invitation offer and plan.</p> <p>Should shareholder approval not be obtained the Base Salary will be increased to \$275,000 per annum, and the difference between the Base Salary, and the TFR from Commencement Date to the AGM will be back paid (less applicable tax).</p> <p>Mr George will also be provided with an accommodation allowance in proximity to the Company's headquarters in Sydney at the cost of Booktopia Pty Limited. [</p>
Short Term Incentive (STI)	Not applicable
Long Term Incentive (LTI)	Not applicable

Termination	<p>The employment will cease at the end of the term, unless the parties agree to extend the term.</p> <p>During the term, Booktopia Pty Limited may terminate the employment without notice in circumstances justifying summary dismissal. If the employment continues beyond the term, either party may terminate the employment with four weeks' notice.</p> <p>Where a change of control event occurs in respect of Booktopia and Mr George subsequently forms the reasonable opinion that there have been material changes to the policies, strategies and future plans of the Board and, as a result, Mr George will not be able to implement his strategy or plans for development of the Group, its business or projects, then Mr George is entitled to terminate his employment on one (1) month notice. Should he provide such notice, Mr George will be entitled to a payment equating to three (3) months' TFR.</p>
Restraint	<p>Six (6) months following expiry of Mr George's appointment as Executive Chairman.</p>

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Schedule 3 Details of Mr Tony Nash's employment

In accordance with ASX Listing Rule 3.16.4, the Company makes the following disclosures in respect of the material terms of the Executive Employment Agreement between Booktopia Pty Limited and Mr Nash:

Position	Sales Director
Commencement Date	3 June 2024
Term	Part-time role commencing on the Commencement Date and ending at the date of the AGM, which is anticipated to be held sometime in November 2024, subject to any extensions.
TFR	<p>TFR at \$275,000 per annum (plus minimum superannuation contributions). The TFR comprises:</p> <p>A base salary equivalent to the minimum wage (currently at \$27,542 per annum) paid in cash (Tony Base Salary); and</p> <p>Up to 1,926,927 nil priced options exercisable into up to 1,926,927 Booktopia shares, the value of which will be equivalent to the TFR less the Tony Base Salary, where the price of each share is \$0.06, granted by Booktopia, subject to Booktopia obtaining all necessary shareholder approvals at the AGM (or at a shareholder meeting, if that shareholder meeting occurs before the AGM) and subject to terms and conditions set out in an invitation offer and plan.</p> <p>Should shareholder approval not be obtained the Tony Base Salary will be increased to \$275,000 per annum and the difference between the Tony Base Salary and the TFR from Commencement Date to the AGM will be back paid (less applicable tax).</p>
STI	Not applicable
LTI	Not applicable

Termination	<p>The employment will cease at the end of the term, unless the parties agree to extend the term.</p> <p>During the term, Booktopia Pty Limited may terminate the employment without notice in circumstances justifying summary dismissal. If the employment continues beyond the term, either party may terminate the employment with four weeks' notice.</p> <p>Where a change of control event occurs in respect of Booktopia and Mr Nash subsequently forms the reasonable opinion that there have been material changes to the policies, strategies and future plans of the Board and, as a result, Mr Nash will not be able to implement his strategy or plans for development of the Group, its business or projects, then Mr Nash is entitled to terminate his employment on one (1) month notice. Should he provide such notice, Mr Nash will be entitled to a payment equating to three (3) months' TFR.</p>
Restraint	<p>Six (6) months following expiry of Mr Nash's appointment as Sales Director.</p>

Schedule 4 Details of Directors' remuneration arrangements

Peter George	1,177,317 nil priced options exercisable into 1,117,317 shares in Booktopia at a price of \$0.06 a share.
Tony Nash	636,842 nil priced options exercisable into 636,842 shares in Booktopia at a price of \$0.06 a share.
Paul Welch	761,482 nil priced options exercisable into 761,482 shares in Booktopia at a price of \$0.06 a share.
Stephen Ezekiel	761,482 nil priced options exercisable into 761,482 shares in Booktopia at a price of \$0.06 a share.

At all times, the share issuances must not result in a breach of the maximum aggregate cap on non-executive directors' fees which has been approved by Booktopia shareholders.

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