



## Appendix 4D Half-year ended 31 December 2021

(Previous corresponding period (PCP): Half-year ended 31 December 2020)

### Results for announcement to the market

	31 Dec 2021 \$'000	31 Dec 2020 \$'000		Change
Revenue from ordinary activities	129,969	112,571	Up	15.5%
Loss from ordinary activities after tax attributable to members	(633)	(19,780)	Up	96.8%
Loss for the half-year attributable to members	(633)	(19,780)	Up	96.8%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	4,097	(14,667)	Up	127.9%
	<b>Cents</b>	<b>Cents</b>		
Net tangible asset backing per ordinary security <sup>1</sup>	15.53	15.24	Up	1.9%

<sup>1</sup> The net tangible assets balance has been calculated by deducting intangible assets and deferred tax balances from the statutory net assets as presented in the Statement of Financial Position.

### Dividends

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

### Change in ownership of controlled entities

During the period ended 31 December 2021, Booktopia Group Limited had no change in ownership of controlled entities.

### Details of joint venture and associate entities

On 15 December 2021, the Group acquired a 25% stake in Welbeck Publishing Group's standalone Australian operations. For further details, refer to Note 9.

### Other significant information and commentary on results

Please refer to the commentary in the Directors' Report included in the half-year financial report for an explanation of the result.

Additional information requiring disclosure under listing rule 4.2A.3 is contained in the half-year financial report.

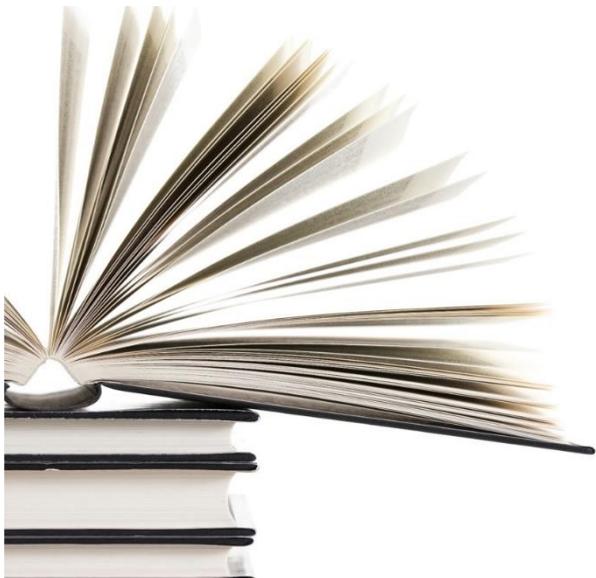


# BOOKTOPIA GROUP LIMITED

ACN: 612 421 388

## Interim Financial Report

For the half-year ended 31 December 2021



**Booktopia Group Limited**  
**Interim Financial Report**  
**For the half-year ended 31 December 2021**



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# Booktopia Group Limited

## Directors' Report

### For the half-year ended 31 December 2021



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 (the "Company" or "parent entity") and the entities it controlled during the half-year ended 31 December 2021. The prior comparative period (PCP) is the half-year ended 31 December 2020.

#### Directors

The following persons were Directors of Booktopia Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Name	Office
Christopher (Chris) Beare	Non-executive Chairman
Antony (Tony) Nash	Chief Executive Officer and Managing Director
Wayne Baskin	Deputy CEO and Executive Director
Steven Traurig	Chief Commercial Officer, Executive Director and Joint Company Secretary
Fiona Pak-Poy	Non-executive Director
Marina Go	Non-executive Director
Su-Ming Wong	Non-executive Director

#### Principal activities

Booktopia Group is Australia's largest Australian owned online book retailer. It was established in 2004 and 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 through 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 Publishing business.

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 distribution centres (DC) located at Lidcombe and Strathfield South in Western Sydney. The facilities in the centre have been custom designed and built from the ground up to enhance efficiency of key activities including picking and packing technologies. The DC is highly automated with conveyor lines and software systems which are central to the efficient moving of products into, within and out of the DC.

The Group's business model is supported by the following key factors that have been drivers to its success:

- **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 Digital Marketing. The Group's strong in-house Search Engine Optimisation (SEO), paid search marketing, branding, social media and email 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 DC, 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 DC 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.

**Booktopia Group Limited**  
**Directors' Report**  
**For the half-year ended 31 December 2021**



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

The Group's proprietary software systems form a key part of its competitive strengths and support its business processes and practices. The Company 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 Publishing business. 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. The last six months have seen Booktopia and the country transition to a "Living with Covid" phase. This has brought with it some considerable challenges, as Covid infections started to impact on our employees. The business has 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.

To ensure we could keep our employees safe, while striving to meet our commitments to our valued customers, the decision was made to maintain high levels of customer service. As such, we significantly reduced our marketing investment and suspended sales through the various online marketplaces to enable the Distribution Centre to meet the customer promises of quick delivery consistent with how the business operates normally. As a result of these measures, sales were up on the prior comparative period (PCP) by a modest 15.5% (compared to 51.1% growth in the PCP). The number of units shipped increased just 11.5% on PCP to 4,730,000 units, with the average order value grew from \$69.79 to \$74.13 and the average selling price increasing from \$26.11 to \$27.30.

COVID safe measures implemented in the Distribution Centre to protect our employees and reduce the risks of widespread staffing shortages have temporarily driven up costs while limiting productivity. This has seen the cost per unit processed through the Distribution Centre jump from \$1.43 in PCP to \$1.65. These costs would have been higher if not for the automation phased in during FY21.

The Group is not aware of any instances of workplace transmission of COVID amongst employees or contractors.

The COVID-19 pandemic also adversely impacted the Group's supply chain causing issues in sourcing of product and delivery to customers. Some product continued to be difficult to source from international suppliers creating delays for customers. Delays were also experienced in the delivery of product to customers due to widespread disruptions to the

**Booktopia Group Limited**  
**Directors' Report**  
**For the half-year ended 31 December 2021**



postal network. We were able to somewhat mitigate the impacts through increasing the volumes and range of product that we have in stock.

**Financial performance**

The table below summarises the results of the Group for the half-year ended 31 December 2021 ("HY22") against the prior comparative period of the half-year ended 31 December 2020 ("HY21"):

	<b>HY22</b>	<b>HY21</b>	<b>Var</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Sales of goods	<b>129,969</b>	112,571	15.5%
Product and freight costs	<b>(94,289)</b>	(81,916)	15.1%
Employee benefits expense	<b>(20,123)</b>	(14,535)	38.4%
Changes in the fair value of redeemable preference shares	-	(18,597)	n/a
IPO costs	-	(4,097)	n/a
Other expenses and income	<b>(11,460)</b>	(8,093)	41.6%
<b>EBITDA<sup>1</sup></b>	<b>4,097</b>	(14,667)	127.9%
Depreciation and amortisation	<b>(3,388)</b>	(1,957)	73.1%
Net finance costs	<b>(1,112)</b>	(3,598)	(69.1%)
Income tax expense	<b>(230)</b>	442	152.0%
<b>Net loss after tax</b>	<b>(633)</b>	(19,780)	96.8%
	<b>HY22</b>	<b>HY21</b>	<b>%</b>
Earnings per share (cents)	<b>(0.46)</b>	(16.80)	97.3%

<sup>1</sup> EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortisation.

The Group delivered revenues of \$129,969,000, up 15.5% from \$112,571,000 in the comparative period. As a result, product and freight costs increased \$15.1% to \$94,289,000.

The increase in revenue and resultant contribution was offset by higher employee benefit costs largely relating to the Distribution Centre (DC) and increased legal and consulting costs, of which \$158,000 is related to the Australian Competition and Consumer Commission's (ACCC) matter, and \$1,387,000 related to acquisition related activities.

For the half-year to 31 December 2021, the Group reported a net loss after tax of \$633,000, a 96.8% improvement from \$19,780,000 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 \$4,097,000. Adjusting the PCP for those one-off costs, EBITDA is down 49%.

Depreciation and amortisation for the half-year increased due to investments made in new leases and automation invested in the Group's DCs.

Interest on debt facilities decreased from \$2,858,000 to \$100,000 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 from \$740,000 to \$1,017,000.

**Booktopia Group Limited**  
**Directors' Report**  
**For the half-year ended 31 December 2021**



**Financial position**

The table below sets out the summarised Statement of Financial Position as at 31 December 2021 against comparatives as at 30 June 2021:

	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>Var</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Trade and other receivables	<b>2,494</b>	1,280	1,214	94.8%
Inventories	<b>21,860</b>	18,111	3,749	20.7%
Trade and other payables	<b>(22,705)</b>	(20,314)	2,391	11.8%
Contract liabilities	<b>(13,930)</b>	(11,384)	(2,546)	22.4%
Working capital excluding cash and equivalents	<b>(12,281)</b>	(12,307)		
Cash and cash equivalents	<b>5,050</b>	12,037	(6,987)	(58.0%)
Right-of-use assets	<b>32,852</b>	9,571	23,281	243.2%
Lease liabilities and incentives receivable	<b>(35,893)</b>	(11,502)	(24,391)	212.1%
Other current assets	<b>2,382</b>	1,419	963	67.9%
Other non-current assets	<b>40,877</b>	34,517	6,360	18.4%
Other current liabilities	<b>(2,494)</b>	(2,016)	(478)	23.7%
Other non-current liabilities	<b>(1,486)</b>	(1,328)	(158)	11.9%
<b>Net assets / shareholders' equity</b>	<b>29,007</b>	<b>30,391</b>	(1,384)	(4.6%)

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. Inventory levels have increased by 20.7% as the business has secured much of the stock required for the H2 academic season.

The Group entered into two substantial lease arrangements during the half-year. The addition of the new DC 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 and will relocate in March 2022.

Capital investment is underway at both of these locations to make them ready for the business' future growth and fit for purpose. This, together with the \$3,000,000 investment in the partnership with Welbeck and the continued development of its systems contribute to the increase in carrying value of Other non-current assets.

The cash balance and the unutilised borrowing facilities give the group available liquidity of \$23,050,000 to finance future growth of the business.

**Future developments**

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.

**Dividends**

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

**Booktopia Group Limited**  
**Directors' Report**  
**For the half-year ended 31 December 2021**



**Rounding**

In accordance with ASIC Legislative Instrument 2016/191 (Rounding in Financial/Directors' Reports) amounts in the financial report are rounded off to the nearest thousand dollars unless otherwise indicated.

**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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

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Christopher (Chris) Beare  
Chairman

25 February 2022  
Sydney

The Directors  
Booktopia Group Limited  
Unit E1  
3-29 Birnie Avenue  
Lidcombe NSW 2141

25 February 2022

Dear Board Members

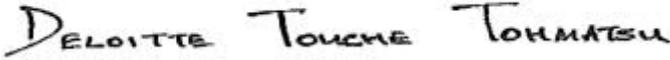
## Booktopia Group Limited

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 review of the financial statements of Booktopia Group Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

  
DELOITTE TOUCHE TOHMATSU



Sandeep Chadha  
Partner  
Chartered Accountants

**Booktopia Group Limited**  
**Condensed Consolidated Statement of Profit or Loss and**  
**Other Comprehensive Income**  
**For the half-year ended 31 December 2021**



	Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<b>Revenue</b>	4	<b>129,969</b>	112,571
Interest income		5	22
<b>Expenses</b>			
Product and freight costs		<b>(94,289)</b>	(81,916)
Employee benefits expense		<b>(20,123)</b>	(14,535)
Advertising and marketing expense		<b>(4,580)</b>	(4,122)
Depreciation and amortisation expense	5	<b>(3,388)</b>	(1,957)
Legal and consulting fees		<b>(1,875)</b>	(163)
Merchant fees		<b>(1,698)</b>	(1,622)
IT and communication expense		<b>(1,022)</b>	(844)
Occupancy expense		<b>(816)</b>	(468)
Changes in the fair value of redeemable preference shares		-	(18,597)
IPO costs		-	(4,097)
Other expenses		<b>(1,469)</b>	(874)
Finance costs	5	<b>(1,117)</b>	(3,620)
<b>Loss before tax</b>		<b>(403)</b>	(20,222)
Income tax (expense)/benefit		<b>(230)</b>	442
<b>Loss for the period attributable to the owners of the company</b>		<b>(633)</b>	(19,780)
Other comprehensive income, net of tax		-	-
<b>Total comprehensive income for the period attributable to the owners of the company</b>		<b>(633)</b>	(19,780)
<b>Earnings per share attributable to the owners of the company</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	8	<b>(0.46)</b>	(16.80)
Diluted earnings per share	8	<b>(0.46)</b>	(16.80)

This statement is to be read in conjunction with the notes to the financial statements.

**Booktopia Group Limited**  
**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2021**



	Note	31 Dec 2021 \$'000	30 Jun 2021 \$'000
<b>Current assets</b>			
Cash and cash equivalents		5,050	12,037
Trade and other receivables		2,494	1,280
Lease incentive receivable		3,968	-
Inventories		21,860	18,111
Income tax recoverable		728	211
Prepayments		1,654	1,208
<b>Total current assets</b>		<b>35,754</b>	<b>32,847</b>
<b>Non-current assets</b>			
Property, plant and equipment		22,954	21,647
Right-of-use assets	6	32,852	9,571
Intangibles		9,518	9,389
Investment in associate	9	3,114	-
Deferred tax assets		1,740	2,065
Security deposits		3,551	1,416
<b>Total non-current assets</b>		<b>73,729</b>	<b>44,088</b>
<b>Total assets</b>		<b>109,483</b>	<b>76,935</b>
<b>Current liabilities</b>			
Trade and other payables		22,705	20,314
Contract liabilities		13,930	11,384
Lease liabilities		2,319	584
Provisions		2,494	2,016
<b>Total current liabilities</b>		<b>41,448</b>	<b>34,298</b>
<b>Non-current liabilities</b>			
Lease liabilities		37,542	10,918
Provisions		1,486	1,328
<b>Total non-current liabilities</b>		<b>39,028</b>	<b>12,246</b>
<b>Total liabilities</b>		<b>80,476</b>	<b>46,544</b>
<b>Net assets</b>		<b>29,007</b>	<b>30,391</b>
<b>Equity</b>			
Issued capital	7	50,920	51,671
Share-based payments reserve		151	195
Accumulated losses		(22,064)	(21,475)
<b>Total shareholders' equity</b>		<b>29,007</b>	<b>30,391</b>

This statement is to be read in conjunction with the notes to the financial statements.

**Booktopia Group Limited**  
**Condensed Consolidated Statement of Changes in Equity**  
**For the half-year ended 31 December 2021**



	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 half-year	-	-	(19,780)	(19,780)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(19,780)	(19,780)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	51,822	-	-	51,822
Balance at 31 December 2020	52,133	-	(23,177)	28,956
Balance at 1 July 2021	51,671	195	(21,475)	30,391
Loss after income tax benefit for the half-year	-	-	(633)	(633)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(633)	(633)
<i>Transactions with owners in their capacity as owners:</i>				
Performance Rights vested in the year (note 7)	73	(76)	3	-
Recycling reserve for lapsed Performance Rights	-	(41)	41	-
Share-based payments expense	-	73	-	73
Treasury shares acquired on market (note 7)	(824)	-	-	(824)
Balance at 31 December 2021	50,920	151	(22,064)	29,007

This statement is to be read in conjunction with the notes to the financial statements.

**Booktopia Group Limited**  
**Condensed Consolidated Statement of Cash Flows**  
**For the half-year ended 31 December 2021**



	Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		144,738	126,190
Payments to suppliers and employees (inclusive of GST)		<b>(141,575)</b>	(120,771)
		<b>3,163</b>	5,419
Income taxes paid		<b>(421)</b>	(180)
<b>Net cash from operating activities</b>		<b>2,742</b>	5,239
<b>Cash flows from investing activities</b>			
Payments for investment in associate	9	<b>(3,114)</b>	-
Payments for property, plant and equipment		<b>(1,497)</b>	(6,692)
Payments for intangibles		<b>(1,027)</b>	(1,463)
Payments for security deposits		<b>(2,135)</b>	(10)
Borrowing cost capitalised in property, plant and equipment		-	(374)
Interest received		<b>5</b>	22
<b>Net cash used in investing activities</b>		<b>(7,768)</b>	(8,517)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	25,000
Share issue transaction costs		-	(3,883)
Treasury shares acquired	7	<b>(824)</b>	-
Proceeds from shareholders loans		-	1,010
Repayment of borrowings - Longreach Credit Investors		-	(12,000)
Lease principal repayments		<b>(592)</b>	(162)
Lease incentives received		<b>560</b>	-
Interest and other finance costs paid		<b>(1,117)</b>	(1,441)
<b>Net cash (used in) / provided by financing activities</b>		<b>(1,973)</b>	8,524
Net (decrease) / increase in cash and cash equivalents		<b>(6,999)</b>	5,246
Cash and cash equivalents at the beginning of the financial period		<b>12,037</b>	10,764
Effects of exchange rate changes on cash and cash equivalents		<b>12</b>	-
<b>Cash and cash equivalents at the end of the financial period</b>		<b>5,050</b>	16,010

This statement is to be read in conjunction with the notes to the financial statements.

**Booktopia Group Limited**  
**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2021**



## 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 condensed consolidated financial report of the Company for the half-year ended 31 December 2021 (“the interim 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 Australian owned online book retailer established in 2004 and 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, which is not part of the financial statements.

The financial statements were authorised for issue in accordance with a resolution of Directors, on 25 February 2022.

## 2. Significant accounting policies

### Basis of preparation

This general purpose interim financial report has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’.

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

It is recommended that the interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and is considered together with any public announcements made by the Company during the six months ended 31 December 2021, and thereafter, in accordance with the continuous disclosure obligations of the ASX listing rules.

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

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.

The accounting policies adopted in the preparation of the half-year financial report are consistent with those applied in the preparation of the Group’s annual financial report for the year ended 30 June 2021, with the exception of the following items:

- Adoption of new accounting policy for investment in associates (refer to note 9); and
- Impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### Adoption of new and revised Accounting Standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.



## 2. Significant accounting policies (continued)

### Prior period reclassifications

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.

### Working capital position and financing facilities

As at 31 December 2021, the Group had an excess of current liabilities over current assets of \$5,694,000. This position reflects the Group's business model whereby customers prepay for their purchases, allowing the business to operate smoothly with negative net current assets. The group forecasts the business will generate positive operating cash flows sufficient to ensure the Group will be able to meet all of its obligations as and when they fall due.

Furthermore, on 14 July 2021, the Group entered into new finance facilities with Commonwealth Bank. Under the terms of the agreement the total agreed facilities available to the Group increased from \$7,247,000 to \$19,247,000 at that date. The primary facilities are a \$6,000,000 short term overdraft facility and a \$12,000,000 variable market rate loan with a term of three years from the date of drawdown. The facilities are subject to annual review and financial and other covenants. As at 31 December 2021, neither the overdraft nor the market rate loan facilities had been drawn down.

## 3. 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.

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss before income tax	<b>(403)</b>	(20,222)
Less: Interest income	<b>(5)</b>	(22)
Add: Finance costs	<b>1,117</b>	3,620
Add: Depreciation and amortisation expense	<b>3,388</b>	1,957
Reported EBITDA	<b>4,097</b>	(14,667)
IPO costs	-	4,097
Conversion of preference shares	-	18,597
Underlying EBITDA	<b>4,097</b>	8,027

**Booktopia Group Limited**  
**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2021**



**4. Revenue**

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Sales of goods	<b>129,969</b>	112,571

*Disaggregation of revenue*

The major product line of the Group is the sale of books in Australia and is recognised at a point in time when control transfers to the customer. The contract liabilities of \$13,930,000 (30 Jun 2021: \$11,384,000) relate primarily to payments received in advance of the customer receiving their products.

**5. Expenses**

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss before income tax includes the following specific expenses:		
<i>Depreciation and amortisation expense</i>		
Plant and equipment depreciation	<b>1,256</b>	503
Right-of-use assets depreciation	<b>1,233</b>	509
Amortisation of intangible assets	<b>899</b>	945
	<b>3,388</b>	1,957
<i>Finance costs</i>		
Interest and finance charges on borrowings	<b>100</b>	2,875
Interest on lease liabilities	<b>1,017</b>	745
	<b>1,117</b>	3,620

**6. Right-of-use assets**

	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Buildings – right-of-use assets	<b>36,470</b>	11,955
Less: Accumulated depreciation	<b>(3,923)</b>	(2,730)
	<b>32,547</b>	9,225
Equipment – right-of-use assets	<b>814</b>	814
Less: Accumulated depreciation	<b>(509)</b>	(468)
	<b>305</b>	346
	<b>32,852</b>	9,571

**Booktopia Group Limited**  
**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2021**



**6. Right-of-use assets (cont)**

	<b>Premises</b>	<b>Equipment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2021	9,225	346	9,571
Additions	24,514	-	24,514
Depreciation	(1,192)	(41)	(1,233)
Balance as at 31 December 2021	<b>32,547</b>	<b>305</b>	<b>32,852</b>

On 1 September 2021, the Group entered into a lease for a 14,000sqm distribution centre in Strathfield South. This represented \$17,314,000 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 the remaining \$7,200,000 of the additions in the period.

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 31 December 2021 was \$16,829,000 and \$7,848,000 respectively. The incentives receivable for these leases have been disclosed separately in the Group's Statement of Financial Position as lease incentive receivable.

The undiscounted contractual cash flows arising on these two new leases is as follow:

	<b>\$'000</b>
Within 12 months	(1,218)
1 to 2 years	3,014
2 to 5 years	9,654
Over 5 years	19,946

**7. Issued capital**

	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 June 2021</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
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)
	<b>136,836,103</b>	<b>137,186,556</b>	<b>50,920</b>	<b>51,671</b>

**Movements in the Treasury Shares is as follows:**

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$'000</b>
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
Balance	31 December 2021	523,196		1,190



## 8. Earnings per share

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Loss after income tax attributable to the owners of the Group	<b>(633)</b>	(19,780)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<b>137,130,272</b>	117,746,046
Weighted average number of ordinary shares used in calculating diluted earnings per share	<b>137,245,433</b>	117,746,046
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	<b>(0.46)</b>	(16.80)
Diluted earnings per share	<b>(0.46)</b>	(16.80)

Potential ordinary shares have not been included in the calculation of diluted earnings per share. As the Group reported a loss after income tax for the current and prior comparative period, the potential ordinary shares are anti-dilutive.

## 9. 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 \$114,000 were capitalised as part of the cost. The share of the associate's results for the period 14 to 31 December was \$nil.

The directors consider the investment in WPGANZ as an associate.

### *Accounting policy for investment in associates*

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.



## 10. Events after the end of the reporting period

The impact of the COVID-19 pandemic is ongoing, and it is not practicable to accurately foresee the potential impact after the reporting date. The situation is continuing to evolve and is highly dependent on the impact of new variants, and the Australian and State Governments reactions to these including quarantine, travel restrictions, the roll out of vaccination programs and any economic stimulus that may be provided.

As at the date these financial statements are authorised for issue, the Directors note that the sensitivities related to the uncertainty of estimates have been considered and while the environment remains uncertain, the directors will continue to monitor the current changing environment and will continue to adapt and make decisions accordingly.

No other matter or circumstance has arisen since 31 December 2021 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 periods.

## 11. Contingent liabilities

On 10 December 2021, the Australian Competition and Consumer Commission (ACCC) filed proceedings against Booktopia Pty Ltd (Booktopia) in the Federal Court of Australia (FCA) in relation to two statements that appeared in Booktopia's Terms of Business on its website from 10 January 2020 to 2 November 2021.

On 14 February 2022, Booktopia filed a Concise Statement in Response to the proceedings in the FCA setting out Booktopia's response to the ACCC Statement of Claim.

The matter is scheduled for a case management in March 2022. At this early stage of proceedings Booktopia has disclosed the matter as a contingent liability and no provision has been recognised in the financial statements.

**Booktopia Group Limited**  
**Directors' Declaration**  
**For the half-year ended 31 December 2021**



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 31 December 2021 and of its performance for the half-year ended on that date; and
  - ii. complying with Australian Accounting Standard *AASB 134 Interim Financial Reporting*; and
- (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.

Signed in accordance with a Resolution of the Board of Directors.

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Tony Nash  
Chief Executive Officer

25 February 2022  
Sydney

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

### *Conclusion*

We have reviewed the half-year financial report of Booktopia Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out in pages 10 to 20.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report.

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and 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 annual 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 review report.

### *Directors' Responsibilities for the Half-year Financial Report*

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## *Auditor's Responsibilities for the Review of the Half-year Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

Sandeep Chadha

Sandeep Chadha  
Partner  
Chartered Accountants

Sydney, 25 February 2022

**Booktopia Group Limited**  
**Corporate directory**  
**For the half-year ended 31 December 2021**

**DIRECTORS**

Christopher (Chris) Beare – Chairman  
Antony (Tony) Nash  
Wayne Baskin  
Steven Traurig  
Fiona Pak-Poy  
Marina Go  
Su-Ming Wong

**COMPANY SECRETARIES**

Anna Sandham  
Steven Traurig

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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](http://www.booktopia.com.au)