

ASX Release

3 July 2023

Correction to ASX announcement released 3 July 2023

The ASX announcement released this morning had an error in the 4th bullet point under Key Points.

The underlying FY22 EBITDA should have been a \$6.2 million profit rather than a \$12.1 million loss.

Amended announcement follows.

Authorised for lodgement by the Company Secretary

Successful \$8.1 million capital raising¹ including ASFG loan extension and partial conversion²; trading update and guidance

Key Points:

- Firm commitments received from sophisticated and professional investors to raise approximately \$ 6.5 million³ via a two-tranche placement of shares and attaching options, subject to shareholder approval for the second tranche.
- Binding term sheet signed to extend the AFSG Loan for three years, including a partial debt to equity conversion of \$1.6M, subject to shareholder approval at the EGM.
- Net proceeds to be used primarily to support the completion of the Company's new customer fulfilment centre and for working capital purposes.
- FY23 underlying EBITDA loss forecast to be \$5.0 million (FY22 profit: \$6.2 million)⁴.
- FY24 underlying EBITDA forecast to be \$13.5m with the completion of the new customer fulfilment centre⁵.
- Termination of the consultancy agreement with Tachyon Ventures Pty Ltd, an entity associated with Tony Nash.
- Steven Taurig's intention to resign as a director of the Company with effect on and from 28 July 2023.

SUCCESSFUL TWO-TRANCHE \$6.5 MILLION PLACEMENT

Booktopia Group Limited (ASX: BKG) (**BKG**, or the **Company**) is pleased to announce that it has received firm commitments to raise approximately \$6.5 million⁶ before costs, from institutional and sophisticated investors, via a two-tranche placement (**Placement**) of 54,166,667 ordinary shares at an issue price of \$0.12 (**Placement Shares**) and 27,083,333 of attaching unquoted options (with one option issued for every two Placement Shares) at an exercise price of \$0.23 and expiring two years from the date of issue (**Placement Options**). The second tranche of the Placement is subject to shareholder approval.

¹ Comprising a \$6.5 million two-tranche placement, subject to the Board's discretion to accept oversubscriptions, and a \$1.6 million debt to equity conversion

² Debt to Equity conversion is subject to shareholder approval

³ Subject to the board's discretion to accept over subscriptions

⁴ Refer to the Forward Looking Statements disclaimer on page 5 of this announcement

⁵ Refer to the Forward Looking Statements disclaimer on page 5 of this announcement

⁶ Subject to the board's discretion to accept over subscriptions

The proceeds from the Placement will be applied towards the completion of the “Next Gen” customer fulfilment centre (**Next Gen CFC**) that is being developed at Strathfield with the remainder used to enhance BKG’s working capital position. The Next Gen CFC is expected to be fully operational by late August 2023.

BKG encourages shareholders to review the Investor Presentation released to the ASX today for further information in respect of the Placement, including the risks associated with the Placement, and for an update on the Next Gen CFC, the AFSG Loan amendment and the Company’s focus for FY24.

Booktopia Chairman Peter George said: “After two years of losses, completing the Next Gen CFC and with the other business improvement initiatives already announced will reset the cost base of the business. The raise will enable BKG to complete the Next Gen CFC by late August 2023. With the benefit of these initiatives, we expect a return to EBITDA growth from FY24.”

PLACEMENT DETAILS

The Placement will comprise of the following:

- an unconditional placement of 13,735,930 Placement Shares and 6,867,965 Placement Options, expected to be allotted and issued on 7 July 2023 using the Company’s existing 15% placement capacity under Listing Rule 7.1 (**Tranche 1**); and
- a conditional placement of 40,430,737 Placement Shares and 20,215,368 Placement Options, expected to be allotted on or about 21 August 2023, conditional on receiving shareholder approval at an Extraordinary General Meeting (**EGM**) (**Tranche 2**).

The offer price of \$ 0.12 per Placement Share representing (as at 28 June 2023):

- 25.0 % discount to the last close of \$0.16;
- 25.6 % discount to the 5-day VWAP of \$0.16; and
- 40.1 % discount to the 3-month VWAP of \$0.20.

All Placement Shares will rank equally with BKG’s existing ordinary shares on issue once allotted. In the case of the Placement Options attaching to the Placement Shares, the shares issued upon exercise of the Placement Options shall rank equally with all ordinary shares in the capital of BKG.

If all the Placement Options are ultimately exercised, the Company will raise a further \$6.23 million, which will be directed towards further strengthening the balance sheet.

Shareholders will shortly receive a Notice of Meeting in respect of the approval of Tranche 2.

AFSG LOAN AMENDMENT AND PARTIAL EQUITY CONVERSION

On 1 February 2023, BKG announced to the ASX that it had secured a \$5 million loan facility from AFSG Asset Management Pty Ltd (**AFSG**) to support the development of the Next Gen CFC (**AFSG Loan**). The funds advanced to BKG from AFSG were provided to AFSG from entities associated with Tony Nash and Steven Traurig, who are significant shareholders and directors of the Company.

The AFSG Loan was due to expire on 1 August 2023 and the Company has renegotiated the terms of the loan with AFSG and entered into a binding and non-conditional term sheet to amend the AFSG Loan agreement on the following material terms:

- 3-year extension to the unsecured AFSG Loan (commencing on and from the date the deed of amendment to the original AFSG Loan agreement is executed) at an interest rate of 10% pa payable monthly
- The AFSG Loan being reduced through the conversion of \$1.6 million of the \$5 million loan (plus costs capitalised on the loan) to equity, subject to shareholder approval, with \$800,000 of shares and attaching options issued to each of Tony Nash and Steven Traurig's related entities⁷ on the same terms as the Placement (**Debt to Equity Conversion**)
- If shareholder approval is not received for the Debt to Equity Conversion, the \$5 million loan will remain outstanding for the extended term and incur additional interest at 10% pa capitalised and repaid along with the outstanding principal amount at the end of the term
- An extension fee of 2.5% (plus GST) is payable to AFSG within 3 days after the EGM, which the Company may elect to capitalise
- If the loan is not repaid within 2 years an additional 5% pa redemption premium is payable at the end of the term
- Under the terms of the original AFSG Loan that have not changed, if the Company fails to pay amounts due, a default interest rate of 18% pa accruing daily is payable on all outstanding amounts

TRADING UPDATE AND GUIDANCE

⁷ Tony Nash Enterprises Pty Ltd ACN 144 690 095 as trustee for the A L Nash Family Trust and Roxygal Pty Ltd ACN 612 474 638 as trustee for the Benten Trust

While BKG is starting to see the benefits of the initiatives announced to the market on 23 January 2023, trading remained challenging through H2FY23. This was compounded by increased labour costs and other disruptions associated with the preparation for, and commencement of the transition to Next Gen CFC. The unaudited underlying EBITDA loss for FY23 is expected to be circa \$5.0 million.

Looking ahead to FY24, with the annualising benefits of the initiatives previously announced, and the realisation of the operating efficiencies and increased capacities of the Next Gen CFC, BKG forecasts an underlying EBITDA profit of \$13.5 million.

Following the successful transition of the new CEO into the Company, the Company has agreed with the former CEO and Booktopia founder, Tony Nash that the short-term consultancy agreement dated 26 April 2023 and entered into between Booktopia Pty Ltd (an entity within the Booktopia group of companies) and Tachyon Ventures Pty Ltd (an entity associated with Tony Nash) for the provision of consulting services to the Company, will cease on and from 31 August 2023. Mr Nash is currently a Non-executive Director on Booktopia's board and will remain in that position.

Furthermore, the Company's Chief Commercial Officer, Steven Traurig has advised the Company of his intention to resign as a director of the Company with effect on and from 28 July 2023, following his return from overseas.

ADVISORS

United Capital Partners Pty Limited and Morgans Corporate Limited are acting as Joint Bookrunners and Joint Lead Managers to the Placement. Arnold Bloch Leibler is acting as the Company's Australian legal adviser in connection with the Placement.

An indicative timetable of key dates in respect of the Placement is set out in the Appendix below.

FOREIGN INVESTORS

This document has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction (except New Zealand, Hong Kong and Singapore). Investors in New Zealand, Hong Kong and Singapore should review the eligibility for offer description for each of those jurisdictions in the Investor Presentation. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

FORWARD-LOOKING STATEMENTS

Any forward looking statements in this announcement are based on unaudited financial information that has been prepared by the Company's management which remains subject to change. While the Company has used all reasonable efforts to ensure this information is accurate, it has not undergone the same process as used when preparing audited financial information that has been audited by the Company's auditors. Investors are cautioned not to place undue reliance on the forecasts provided and Investors should review the accompanying Investor Presentation for a more fulsome explanation, including a summary of the risks that apply. The forecasts provided are based on the FY2024 board-approved budget, Booktopia management's current expectations and assumptions, and financial projections prepared by Booktopia management, which remain subject to material change, risks, and uncertainties, and the forecasts are dependent on the prevailing market conditions continuing throughout the outlook period. In addition, the FY2024 board-approved budget has not undergone the same rigour and process as used when preparing periodic financial reports and therefore it is subject to material change, risks and uncertainties. The FY2024 budget, market conditions, and any of Booktopia management's assumptions or financial projections can and will change, which may materially affect the guidance set out above.

Authorised for lodgement by the Board

ENDS

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APPENDIX

The indicative Placement timetable of key dates is set out below*

Event	Proposed dates
Trading halt	Thursday, 29 June 2023
Placement bookbuild closes	Friday, 30 June 2023
Announcement of successful Placement and shares resume trading	Monday, 3 July 2023
Settlement of Placement Shares and Placement Options under Tranche 1	Thursday, 6 July 2023
Allotment of Placement Shares and Placement Options under Tranche 1	Friday, 7 July 2023
EGM NOM despatch	Mid-July 2023
Extraordinary general meeting	August 2023
Settlement Date Placement Shares and Placement Options under Tranche 2	August 2023
Allotment of Placement Shares and Placement Options under Tranche 2	August 2023

***Note:** The dates above are indicative only and subject to change. BKG reserves the right to amend any or all of these events, dates and times, without notice, subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws.