Booktopia Group Limited
ACN: 612 421 388

Appendix 4E – Preliminary final report
Full year ended 30 June 2022

(Prior comparative period: Full year ended 30 June 2021)

Results for announcement to the market

	30 Jun 2022 $'000	30 Jun 2021 $'000		Change
Revenue from ordinary activities	240,751	223,886	Up	7.5%
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	(2,445)	(9,202)	Up	73.4%
Underlying EBITDA[1]	6,215	13,649	Down	(54.5%)
Loss from ordinary activities after tax attributable to members	(15,087)	(18,078)	Up	16.5%
Loss for the year attributable to members	(15,087)	(18,078)	Up	16.5%
	Cents	Cents		
Net tangible asset backing per ordinary security	5.36	16.36	Down	(67.2%)

1. Underlying EBITDA is a financial measure which is not prescribed by the Australian Accounting Standards ('AASBs') and represents the profit/(loss) under AASBs adjusted for specific one-off costs. The Directors consider Underlying EBITDA to be one of the key financial measures of the Group. The reconciliation between the statutory results and the Underlying EBITDA is presented on page 7 of this report.

Audit

This preliminary final report is based on accounts which are in the process of being audited. No disputes or qualifications are currently expected.

Dividends

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

Change in ownership of controlled entities

During the year ended 30 June 2022, Booktopia Group Limited had no change in ownership of controlled entities.

Details of joint venture and associate entities

On 14 December 2021, the Group acquired a 25% stake in Welbeck Publishing Group's Australian operations. For further details, refer to Note 3.

Other significant information and commentary on results

Please refer to the review of operations and financial performance in this report for an explanation of the result.

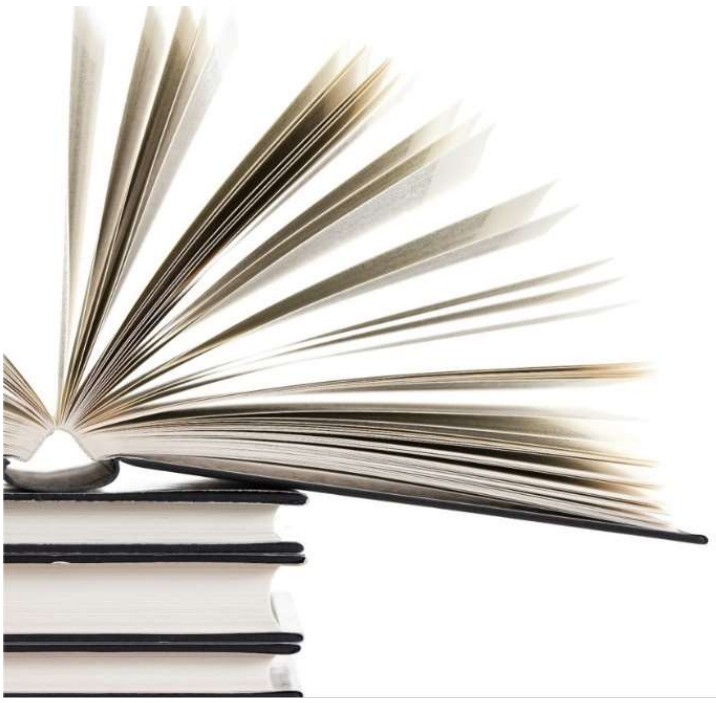
Additional information requiring disclosure under listing rule 4.3A is contained in the preliminary final report.

BOOKTOPIA GROUP LIMITED

ACN: 612 421 388

Preliminary Final Report

For the year ended 30 June 2022



Booktopia Group Limited
Preliminary Final Report
For the year ended 30 June 2022

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Principal activities and overview

Booktopia Group Limited (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 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 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. 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. 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)**	(28,622)	(10,060)	35.1%
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)**	(18,335)	(7,120)	38.8%
EBITDA[1]	**(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. EBITDA represents Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment Costs.

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.

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**
M&A activity undertaken	**1,747**	**-**	**-**	**-**	**-**	**1,747**
Restructuring	**1,302**	**-**	**-**	**-**	**(391)**	**911**
Impairment of Welbeck Investment	**-**	**2,154**	**-**	**-**	**-**	**2,154**
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%)

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 expected settlement of the ACCC matter. As the settlement 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.
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 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.

One-off cost	Description
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.

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 / shareholder's 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.

Booktopia Group Limited
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		**240,751**	223,886
Other income		**173**	-
Interest income		**10**	37
Expenses			
Product and freight costs		**(175,770)**	(162,752)
Employee benefits expense		**(38,682)**	(28,622)
Amortisation, depreciation and impairment expense		**(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		**(8,570)**	(2,386)
Finance costs		**(2,486)**	(4,374)
Share of results of associate	3	**(55)**	-
Loss before tax		**(17,728)**	(18,029)
Income tax benefit / (expense)		**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)

	Note	Cents	Cents
Earnings per share attributable to the owners of the company			
Basic earnings per share	5	**(11.01)**	(14.20)
Diluted earnings per share	5	**(11.01)**	(14.20)

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Booktopia Group Limited
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		**8,506**	12,037
Trade and other receivables		**1,675**	1,280
Inventories		**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		**22,426**	21,647
Right-of-use assets		**22,737**	9,571
Intangibles		**9,088**	9,389
Investment in associate	3	**939**	-
Deferred tax assets		**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		**28,714**	20,314
Contract liabilities		**9,719**	11,384
Lease liabilities		**3,367**	584
Income tax payable		**6**	-
Provisions		**3,616**	2,016
Total current liabilities		**45,422**	34,298
Non-current liabilities			
Lease liabilities		**27,619**	10,918
Provisions		**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	4	**50,920**	51,671
Share-based payments reserve		**145**	195
Accumulated losses		**(36,517)**	(21,475)
Total shareholders' equity		**14,548**	30,391

Booktopia Group Limited
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	51,799	-	-	51,799
Share-based payments	-	195	-	195
Treasury shares acquired on market (Note 4)	(439)	-	-	(439)
Balance at 30 June 2021	51,671	195	(21,475)	30,391

	Issued capital $'000	Share-based payments reserve $'000	Accumulated losses $'000	Total equity $'000
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	**73**	**(76)**	**3**	**-**
Recycling reserve for lapsed Performance Rights	**-**	**(42)**	**42**	**-**
Share-based payments expense	**-**	**68**	**-**	**68**
Treasury shares acquired on market (Note 4)	**(824)**	**-**	**-**	**(824)**
Balance at 30 June 2022	**50,920**	**145**	**(36,517)**	**14,548**

Booktopia Group Limited
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		**10,058**	6,568
Cash flows from investing activities			
Payments for property, plant and equipment		**(6,035)**	(8,909)
Payments for investment in associate	3	**(3,148)**	-
Payments for security deposits		**(2,135)**	(250)
Payments for intangibles		**(1,993)**	(3,017)
Interest received		**10**	37
Net cash used in investing activities		**(13,301)**	(12,139)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	25,000
Payment of IPO costs		**-**	(3,856)
Treasury shares acquired	4	**(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		**8,506**	12,037

1. Basis of preparation

The financial information included in this document for the year ended 30 June 2022 is unaudited. The financial information does not constitute the Consolidated Entity's full financial statements for the year ended 30 June 2022, which will be approved by the Board, reported on by the Auditors and lodged with the ASX. The Consolidated Entity's full financial statements will be prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board (the AASB).

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.

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 operations of the business generated positive cashflows of $10,058,000 (2021: $6,568,000).

The Preliminary Final Report has 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 cash forecasts prepared by management which extend for a period not less than 12 months from the date of this report. Based on these forecasts, the Group is expected to have sufficient cash to meet its obligations and continue as a going concern.

These forecasts are subject to approval of the new financing facility; negotiation of which is underway. The new financing facility is required to realise the Group's aspirations for the new customer fulfilment centre (CFC), 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. The capital expenditure will only be committed once the necessary facilities have been secured.

2. Operating segments

The group operates in one segment being the sale and distribution of books and book-related products through its online platforms. The operating segment information is the same information as provided throughout the financial statements and therefore has not been duplicated here.

3. 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.

	$'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

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.

4. 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

Movement in treasury shares in the period:

On 31 August 2021, 28,793 treasury shares were issued in settlement of vested Performance Rights. Between 11 November 2021 and 1 December 2021, 379,246 were acquired on market at a weighted average cost of $2.17.

5. 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	**(11.01)**	(14.20)
Diluted earnings per share	**(11.01)**	(14.20)

523,196 (2021: 172,743) 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.