

## Appendix 4D

(Rule 4.2A.3)

### BWX Limited

ABN 13 163 488 631

For the half-year ended:

31 December 2019

Previous corresponding period:

31 December 2018

#### Results for announcement to the market

<b>Revenue and Profit</b>	<b>2019 \$'000</b>	<b>2018 \$'000</b>	<b>Mvmt \$'000</b>	<b>Mvmt %</b>
Revenue from ordinary activities	84,064	68,123	15,941	23%
Net profit from ordinary activities attributable to members	4,229	2,602	1,627	63%
Profit before depreciation, amortisation, finance costs, acquisition and restructuring related expenses	11,551	7,098	4,453	63%

#### Commentary on results for the period

The consolidated entity has adopted Accounting Standards AASB 16 "Leases" for the half year-ended 31 December 2019 using the modified retrospective approach and as such the comparatives have not been restated.

Refer to the Directors' Report and the accompanying ASX announcement dated 21 February 2020 for commentary on the results.

#### Dividends

	<b>Amount per security (cps)</b>	<b>Franked amount</b>
<b>Dividends paid</b>		
2019 Final fully franked dividend – paid 25 October 2019	2.7	100%
<b>Dividends declared</b>		
2020 Interim fully franked dividend	1.3	100%
Record date for determining entitlements to the dividend		12 March 2020
Date dividend is payable		9 April 2020

The Company does not currently offer a dividend reinvestment plan.

#### Deficiency in net tangible assets per ordinary share

	<b>2019 \$</b>	<b>2018 \$</b>
<b>Deficiency in net tangible assets per ordinary share</b>		
Deficiency in net tangible assets per ordinary share	(0.14)	(0.11)

#### Information on Audit or Review

##### Independent Review by Auditor

This report is based on the consolidated financial statements which have been reviewed by William Buck Audit (Vic) Pty Ltd.



**BWV Limited**  
ABN 13 163 488 631

**Interim Financial Report**  
**For the half-year ended 31 December 2019**

## Contents

Directors' Report	3
Auditor's Independence Declaration	5
Consolidated Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10
Directors' Declaration	20
Independent Auditor's Report	21
Corporate Directory	23

The Directors present their report together with the consolidated financial statements of BWX Limited (“the Company”) and its subsidiaries (collectively, the “Group”) for the half-year ended 31 December 2019.

## Directors

The Directors of the Company during the half-year and up to the date of this report:

Mr Ian Campbell  
 Mr Denis Shelley  
 Mr David Fenlon  
 Ms Fiona Bennett  
 Ms Jodie Leonard  
 Mr Rodney Walker (appointed 1 October 2019)

The above-named Directors, except where specifically indicated, held office during the whole of the half-year and since the end of the half-year to the date of this report.

## Review of operations

The profit of the Group for the half-year after providing for income tax amounted to \$4.229 million (2018: \$2.602 million).

The profit of the Group before depreciation and amortisation, finance costs, acquisition, restructuring expenses and income tax expense for the half-year amounted to \$11.551 million (2018: \$7.098 million).

The Group’s basic earnings per share is 3.4 cents. Its diluted earnings per share is 3.4 cents.

The net assets of the Group are \$286.729 million as at 31 December 2019 (30 June 2019: \$285.801 million).

AASB 16 “Leases” had a material impact on the current period. The current profit before income tax expense was reduced by \$0.210 million. This included an increased depreciation and amortisation expense of \$1.497 million, increased finance costs of \$0.345 million which is offset by a reduction in rent expense of \$1.632 million due to rent payment being offset against lease liability. As at 1 July 2019, net current assets were reduced by \$1.446 million (attributable to right-of-use assets, lease liabilities and deferred tax assets).

## Leadership and Management Changes

Mr David Fenlon was appointed Group CEO and Managing Director effective 1 July 2019.

In the USA business, the Board announced that the founders of Andalou Naturals, Stacey Kelly Egide and Mark Egide retired on 1 September 2019. Micheal Lovsin’s appointment as Managing Director of BWX USA was announced on 21 November 2019 and his appointment commenced on 1 January 2020.

There were additional senior hires in sales, marketing, innovation and governance to drive improved operating performance of the business.

## Operational Upgrades

Microsoft Dynamics 365 Enterprise Resource Planning software (“ERP”) in the USA to take place in the second half of FY20, with continued support to Australian users, delivering improvements in efficiency, data and forecasting accuracy. There was a successful trial of Andalou Naturals manufacturing in Dandenong, and rollout timeline of global manufacturing model is the next focus.

## Brand Health and Distribution

Revenue for Sukin continued to improve compared to prior corresponding period, with consumer uptake across all channels remaining strong. Sukin continues to grow faster than the Australian market in both skin and hair categories as a result of distribution gains and successful new product launches. During the half, we strengthened our strategic relationship with Coles and we are seeing very limited cross cannibalisation across channels as we make Sukin more widely available for Australian consumers.

## Review of operations (continued)

### Brand Health (continued)

The Sukin International business is performing well with market prioritisation delivering efficiency benefits. In January 2020, Sukin increased its reach to over 1000 USA doors including Target USA and executed successful brand launches into Indonesia and Vietnam. There has also been measured expansion in Europe with growth coming from UK and Germany.

Andalou Naturals market share remains strong and is the number one USA brand in the natural channel in facial skincare. It also underwent an update to its website to enhance user experience. The brand continues to resonate with Australian consumers and there are plans to significantly broaden distribution through the second half.

Mineral Fusion launched in Target USA in February 2020 and is still the number one cosmetics brand in the USA natural market. Its revenue has grown significantly since prior corresponding period and reflects the successful rebranding of new packaging for colour cosmetics and skincare categories. The website has also been updated to connect better with consumers.

The digital platform business Nourished Life represents a leading brand for deep consumer insights on natural and beauty regimes. This is reflected in a 13% increase of membership and a 29% increase in average daily orders compared to prior corresponding period. A key driver in this growth has been the investment into User Experience on the Nourished Life platform.

### Dividends paid or recommended

The following dividends have been paid to shareholders during the half-year ended:

	cents per ordinary share	\$'000
<b>31 December 2019</b>		
2019 Final fully franked dividend – paid 25 October 2019	2.7	3,355
<b>31 December 2018</b>		
2018 Final fully franked dividend – paid 12 October 2018	4.2	5,204

On 21 February 2020, the Directors determined to pay a fully franked dividend of 1.3 cents per share to holders of ordinary shares in respect of the half-year ended 31 December 2019, to be paid to shareholders on 9 April 2020. The dividend has not been included as a liability in these consolidated financial statements. The record date for determining entitlements to the dividend is 12 March 2020. The total estimated dividend to be paid is \$1.586 million.

### Events subsequent to the reporting date

No matters other than the dividend payment described above have arisen in the interval between the end of the reporting period and the date of this report of a material nor unusual nature which is, in the opinion of the Directors of the Company, likely to affect significantly the operations of the Group; the results of those operations; or the state of affairs of the Group in future reporting periods.

### Auditor's independence declaration

The lead auditor's independence declaration for the half-year ended 31 December 2019 has been received and is attached to this Directors' Report.

### Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191.

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF BWX LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2019 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

*William Buck*

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136

*Alan Finnis*

**A. A. Finnis**  
Director  
Melbourne, 21 February 2020

**ACCOUNTANTS & ADVISORS**

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**Consolidated Statement  
of Profit or Loss and Other Comprehensive Income**  
for the half-year ended 31 December 2019

		Half-year ended 31 December 2019	Half-year ended 31 December 2018 Restated
	Note	\$'000	\$'000
Sales revenue		84,064	68,123
Cost of sales		(37,264)	(30,338)
<b>Gross profit</b>		<b>46,800</b>	<b>37,785</b>
Other income		547	431
Corporate and administrative expenses		(11,293)	(9,897)
Marketing, selling and distribution expenses		(23,032)	(18,834)
Occupancy expenses		-	(1,525)
Research and development and quality control expenses		(1,471)	(862)
<b>Profit before depreciation, amortisation, finance costs, acquisition and restructuring related expenses</b>		<b>11,551</b>	<b>7,098</b>
Depreciation and amortisation		(2,905)	(1,353)
Finance expenses		(2,670)	(2,796)
Acquisition and restructuring (expenses)/benefits		(139)	77
<b>Profit before tax</b>		<b>5,837</b>	<b>3,026</b>
Income tax expense		(1,608)	(424)
<b>Profit after tax</b>		<b>4,229</b>	<b>2,602</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of overseas subsidiaries		113	7,685
<b>Total comprehensive income for the period</b>		<b>113</b>	<b>7,685</b>
<b>Total comprehensive income attributable to owners of the Company</b>		<b>4,342</b>	<b>10,287</b>
<b>Earnings per share (EPS)</b>			
Basic EPS (cents)	9	3.4	2.1
Diluted EPS (cents)	9	3.4	2.1

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position

as at 31 December 2019

	Note	December 2019 \$'000	June 2019 \$'000
<b>Current assets</b>			
Cash and cash equivalents		14,018	11,967
Trade and other receivables		32,377	30,956
Inventories		30,934	28,833
Prepayments		4,948	3,658
Current tax receivable		-	1,012
<b>Total current assets</b>		<b>82,277</b>	<b>76,426</b>
<b>Non-current assets</b>			
Plant and equipment		4,653	4,293
Right-of-use assets	4	11,798	-
Intangible assets and goodwill		286,360	285,219
Deferred tax assets		5,506	4,586
<b>Total non-current assets</b>		<b>308,317</b>	<b>294,098</b>
<b>Total assets</b>		<b>390,594</b>	<b>370,524</b>
<b>Current liabilities</b>			
Trade and other payables		19,978	15,575
Financial liabilities		28,131	22,788
Lease liabilities	5	2,593	-
Employee benefits		1,520	1,379
Current tax payable		103	-
<b>Total current liabilities</b>		<b>52,325</b>	<b>39,742</b>
<b>Non-current liabilities</b>			
Financial liabilities		40,131	44,803
Lease liabilities	5	11,197	-
Employee benefits		212	178
<b>Total non-current liabilities</b>		<b>51,540</b>	<b>44,981</b>
<b>Total liabilities</b>		<b>103,865</b>	<b>84,723</b>
<b>Net assets</b>		<b>286,729</b>	<b>285,801</b>
<b>Equity</b>			
Contributed equity	6	237,657	235,870
Reserves		16,534	17,552
Retained earnings		32,538	32,379
<b>Total equity</b>		<b>286,729</b>	<b>285,801</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



## Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2019

	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2018	233,245	8,738	28,045	270,028
Profit for the year	-	-	2,602	2,602
<i>Other comprehensive income for the year</i>				
subsidiaries	-	7,685	-	7,685
<b>Total other comprehensive income</b>	-	<b>7,685</b>	-	<b>7,685</b>
<b>Total comprehensive income</b>	-	<b>7,685</b>	<b>2,602</b>	<b>10,287</b>
<b>Transactions with owners of the Company</b>				
Share issued, net of costs	1,054	-	-	1,054
Vesting costs for performance rights	-	1,083	-	1,083
Performance rights exercised	1,287	(1,287)	-	-
Dividends paid	168	-	(5,204)	(5,036)
<b>Total transaction with owners</b>	<b>2,509</b>	<b>(204)</b>	<b>(5,204)</b>	<b>(2,899)</b>
<b>Balance at 31 December 2018</b>	<b>235,754</b>	<b>16,219</b>	<b>25,443</b>	<b>277,416</b>
Balance at 1 July 2019	235,870	17,552	32,379	285,801
Adjustment for change in accounting policy (Note 2)	-	-	(1,447)	(1,447)
Balance at 1 July 2019 - restated	235,870	17,552	30,932	284,354
Profit for the year	-	-	4,229	4,229
<i>Other comprehensive income for the year</i>				
subsidiaries	-	113	-	113
<b>Total other comprehensive income</b>	-	<b>113</b>	-	<b>113</b>
<b>Total comprehensive income</b>	-	<b>113</b>	<b>4,229</b>	<b>4,342</b>
<b>Transactions with owners of the Company</b>				
Vesting costs for performance rights	-	273	-	273
Performance rights exercised	672	(672)	-	-
Transactions with employee loan plan shareholders	1,065	(732)	732	1,065
Dividends paid	50	-	(3,355)	(3,305)
<b>Total transaction with owners</b>	<b>1,787</b>	<b>(1,131)</b>	<b>(2,623)</b>	<b>(1,967)</b>
<b>Balance at 31 December 2019</b>	<b>237,657</b>	<b>16,534</b>	<b>32,538</b>	<b>286,729</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows

for the half-year ended 31 December 2019

	Notes	Half-year ended 31 December 2019 \$'000	Half-year ended 31 December 2018 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		89,102	71,994
Cash paid to suppliers and employees		(78,243)	(73,111)
Payments for transaction costs		(139)	(2,074)
Income taxes paid		(536)	(2,487)
Other income received		-	337
Interest paid		(1,836)	(1,941)
<b>Net cash flows from/(used in) operating activities</b>		<b>8,348</b>	<b>(7,282)</b>
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment		(1,109)	(1,218)
Acquisition of intangible assets		(1,028)	(1,426)
Cash outflow on acquisition of business, net of cash acquired		-	(5,211)
<b>Net cash flows used in investing activities</b>		<b>(2,137)</b>	<b>(7,855)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	6	1,065	940
Dividends paid	8	(3,355)	(5,076)
Proceeds from borrowings		284	4,680
Repayment of lease liabilities		(2,224)	-
<b>Net cash flows (used in)/from financing activities</b>		<b>(4,230)</b>	<b>544</b>
Net increase/(decrease) in cash and cash equivalents		1,981	(14,593)
Effect of exchange rate changes on cash held		70	360
Cash and cash equivalents at beginning		11,967	19,892
<b>Cash and cash equivalents at end</b>		<b>14,018</b>	<b>5,659</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

### Note 1: Reporting Entity

This half-year financial report of BWX Limited as at and for the half-year ended 31 December 2019 comprises the Company and its subsidiaries. BWX Limited is a listed public company domiciled in Australia. The Company's registered office is at Level 23, 525 Collins Street, Melbourne, Victoria, Australia. The Group is primarily involved in the manufacture, wholesale, online and distribution sale, and development of natural body, hair and skincare products.

This half-year financial report does not include notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by BWX Limited during the half-year reporting period ended 31 December 2019 and until the date of this report in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The annual financial report of the Group as at and for the year ended 30 June 2019 is available on the Company's website [www.bwxltd.com](http://www.bwxltd.com).

### Note 2: Summary of significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the half-year financial report.

#### (a) Statement of Compliance

The half-year financial report has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting".

This half-year financial report was approved by the Directors on 21 February 2020.

#### (b) Basis of Preparation

The accounting policies and methods of computation adopted in the preparation of this half-year financial report are consistent with those adopted and disclosed in the Company's financial report for the year ended 30 June 2019, except for the impact of the adoption of the new and revised accounting policies discussed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

This half-year financial report may also include certain non-IFRS measures including Profit before depreciation, amortisation, finance costs, acquisition and restructuring related expenses, Acquisition and restructuring (expenses)/benefits. These measures are used internally by management to assess the performance of the Group and segments, to make decisions on the allocation of resources and assess operational management.

The Company is a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) instrument 2016/191, relating to the 'rounding off' of amounts in the directors' and financial reports. Amounts in this report have been rounded off in accordance with that instrument to the nearest thousand dollars, unless otherwise indicated.

#### (c) Accounting standards and interpretations

The Company has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

##### AASB 16 Leases ("AASB 16")

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 "Leases" and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

### Note 2: Summary of significant accounting policies (continued)

#### (c) Accounting standards and interpretations (continued)

##### *Impact of adoption*

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 \$'000
Operating lease commitments as at 1 July 2019 (AASB 17)	16,854
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4.72% (AASB 16)	(3,465)
Right-of-use assets (AASB 16)	13,389
Lease liabilities – current (AASB 16)	(2,688)
Lease liabilities – non-current (AASB 16)	(12,479)
Tax effect on the above adjustments	331
Reduction in opening retained profits as at 1 July 2019	(1,447)

##### *Right-of-use assets*

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

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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

##### *Lease liabilities*

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

#### (d) Fair value measurement

Due to the nature of the Group's operating profile, the Directors and management do not consider that the fair values of the Group's financial assets and liabilities are materially different from their carrying amounts at 31 December 2019.

## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

### Note 2: Summary of significant accounting policies (continued)

#### (e) Use of estimates and judgements

The use of estimates and judgements in preparation of this half-year financial report are consistent with those adopted and disclosed in the Company's financial report for the year ended 30 June 2019, except for the additional matters as disclosed below:

##### ***Estimated fair value of share-based payments***

The fair value of long term incentive plans are determined using the Binomial and Geometric Brownian Motion model and is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflected the revised estimate, with a corresponding adjustment to the options/performance rights reserve.

##### ***Determination of lease term***

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

#### (f) Change in Presentation

During the period, management have elected to move the Co-Op expense from a Cost of Sales classification to Marketing, selling and distribution expense classification. Due to the material nature of this expense, it was deemed that this reclassification will more accurately reflect the nature of the Company's operations. The impact of this reclassification is a reduction of Cost of Sales, an improved Gross Profit, and increased Marketing, selling and distribution expense of \$4.084 million (H1 FY2019: \$2.679 million). There was no impact on Profit before depreciation, amortisation, finance costs, acquisition and restructuring related expenses in the current and prior year.

## Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2019

### Note 3: Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (the Chief Operating Decision Maker as defined under AASB 8) that are used to make strategic and operating decisions.

Following the acquisition of the Mineral Fusion and Andalou businesses, the Group operates within two reportable segments, United States of America (USA) and Australia/International (which comprises all other business outside of the USA). The executive management team review the results of the Group at this level. Segment revenue, segment expense and segment result include transfers between operating segments. Those transfers are eliminated on consolidation. Inter-segment pricing is determined on an arm's-length basis.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. The Chief Executive Officer assesses the performance of the operating segment based on a measure of profit before taxation, depreciation, amortisation, finance costs, and acquisition and restructuring related expenses.

Segment result	Half-year ended 31 December 2019		
	USA \$'000	Australia / International \$'000	Total \$'000
<b>Revenue</b>			
Revenue from operations	39,530	44,534	84,064
Inter-segment revenue	387	1,094	1,481
<b>Total segment revenue</b>	<b>39,916</b>	<b>45,628</b>	<b>85,545</b>
Inter-segment elimination	(387)	(1,094)	(1,481)
<b>Total consolidated revenue</b>	<b>39,530</b>	<b>44,534</b>	<b>84,064</b>
<b>Result</b>			
Profit before tax, depreciation, amortisation, finance costs, acquisition and restructuring related expenses	7,947	4,684	12,631
Depreciation and amortisation	(1,136)	(1,769)	(2,905)
Acquisition and restructuring expenses	-	(139)	(139)
<b>Segment result</b>	<b>6,811</b>	<b>2,776</b>	<b>9,587</b>
Head office result			(1,080)
<b>Profit before tax and finance expenses</b>			<b>8,507</b>
Finance expenses			(2,670)
<b>Profit before tax</b>			<b>5,837</b>
Income tax expense			(1,608)
<b>Net profit after tax</b>			<b>4,229</b>

## Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2019

### Note 3: Segment information (continued)

Segment result	Half-year ended 31 December 2018		
	USA \$'000	Australia / International \$'000	Total \$'000
<b>Revenue</b>			
Revenue from operations	33,061	35,062	68,123
Inter-segment revenue	152	234	386
<b>Total segment revenue</b>	<b>33,213</b>	<b>35,296</b>	<b>68,509</b>
Inter-segment elimination	(152)	(234)	(386)
<b>Total consolidated revenue</b>	<b>33,061</b>	<b>35,062</b>	<b>68,123</b>
<b>Result</b>			
Profit before tax, depreciation, amortisation, finance costs, acquisition and restructuring related expenses	5,122	3,216	8,338
Depreciation and amortisation	(273)	(1,080)	(1,353)
Acquisition and restructuring expenses	(237)	314	77
<b>Segment result</b>	<b>4,612</b>	<b>2,450</b>	<b>7,062</b>
Head office result			(1,240)
<b>Profit before tax and finance expenses</b>			<b>5,822</b>
Finance expenses			(2,796)
<b>Profit before tax</b>			<b>3,026</b>
Income tax expense			(424)
<b>Net profit after tax</b>			<b>2,602</b>

### Geographical information

Non-current operating assets<sup>1</sup> per geographical region are presented as follows:

	31 December 2019 \$'000	30 June 2019 \$'000
<b>Non-current operating assets<sup>1</sup></b>		
Australia	112,955	108,889
United States	189,649	180,416
Other	207	207
	<b>302,811</b>	<b>289,512</b>

<sup>1</sup> Non-current assets exclude deferred tax assets.

## Notes to the Consolidated Financial Statements

### for the half-year ended 31 December 2019

#### Note 3: Segment information (continued)

Revenue from geographical region based on the location of the external customer is presented as follows:

	Half-year ended 31 December 2019 \$'000	Half-year ended 31 December 2018 \$'000
<b>Net sales revenue</b>		
Australia	35,416	31,358
United States	33,888	29,224
Other	14,760	7,541
	<b>84,064</b>	<b>68,123</b>

#### Note 4: Right-of-use asset

	31 December 2019 \$'000	30 June 2019 \$'000
Land and Buildings - right-of-use	13,176	-
(Less) Accumulated depreciation	(1,475)	-
	<b>11,701</b>	-
Plant and Equipment - right-of-use	115	-
(Less) Accumulated depreciation	(18)	-
	<b>97</b>	-
	<b>11,798</b>	-

The impact of adoption of AASB 16 on 1 July 2019 was an addition to right-of-use asset of \$13.389 million. During the six-months ending 31 December 2019, there was a disposal of right-of-use asset of 0.120 million and favourable foreign currency translation of \$0.022 million.

The consolidated entity leases land and building for its offices and warehouses under agreements of between three to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between three to six years.

The consolidated entity leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.



## Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2019

### Note 5: Lease Liabilities

	31 December 2019 \$'000	30 June 2019 \$'000
<b>Current</b>		
Lease liability	2,593	-
<b>Non-Current</b>		
Lease liability	11,197	-
	<b>13,790</b>	<b>-</b>

### Note 6: Contributed Equity

	31 December 2019 \$'000	30 June 2019 \$'000
Ordinary shares, fully paid	237,657	235,870

	31 December 2019		31 December 2018	
	Number	\$'000	Number	\$'000
Balance at 1 July	124,249,888	235,870	122,731,270	233,245
Shares issued under employee loan plan				
- 18 August 2018	-	-	865,000	-
- 22 August 2018	-	-	100,000	-
- 12 October 2018	-	-	83,333	-
- 12 December 2018	-	-	50,000	-
Shares issued on exercise of Options				
- 3 September 2018	-	-	200,000	400
- 12 September 2018	-	-	170,000	340
- 17 September 2018	-	-	100,000	200
Shares issued for (deferred) consideration on acquisition				
- deferred consideration on acquisition of Nourished Life	-	-	33,618	114
Exercising of employee loan plan shares <sup>1</sup>	-	672	-	1,287
Transactions with employee loan plan shareholders <sup>2</sup>	-	1,065	-	-
Distributions paid <sup>3</sup>	-	50	-	168
<b>Balance at 31 December</b>	<b>124,249,888</b>	<b>237,657</b>	<b>124,333,221</b>	<b>235,754</b>

#### Movements in share capital

- 1 Proceeds from employee loan plan participants in satisfaction of outstanding loan balances on exercise of vested employee loan plan shares;
- 2 Relates to repayment of employee loan plans shareholders;
- 3 Distribution on employee loan plan shares are not fully in cash as per the employee loan plan agreement. The extent to which the Company pays cash on dividends is limited to the total tax payable on the dividend income in the shareholder's name, less the value of franking credits attributable to that dividend.

#### Ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings in a poll or one vote per shareholder on a show of hands. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

## Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2019

### Note 7: Share Based Payments

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

#### a) Details of Share Plan

To assist in the attraction, retention and motivation of employees, the Group operates the following share-based payment plans:

Plan	Key Terms	Performance Condition	Performance/Restriction period	Dividends received before vesting	If participant leaves before end of performance period
CEO Sign-On Rights	CEO receives performance rights at no cost.	Tenure	1 year and 2 years	No	Generally forfeited (Board discretion may apply)
Executive LTI Plan	Eligible participants receive performance rights at no cost.	- Compound annual EPS growth - 50% weighting - Absolute Total Shareholder Return weighting - 50%	3 years	No	

#### b) Grant Date Fair Value

The grant date fair value of the rights are independently determined using the Geometric Brownian Motion model and the Binomial option pricing model. It is utilised to calculate fair value at grant date factored in the expected life for the exercise of those shares in determining the fair value of the arrangement that will vest to the reserve over the course of completion of the performance milestone. Key inputs are summarised below:

Key inputs in determining grant date fair value	
Models used	(1) Geometric Brownian Motion (2) Binomial
Daily standard deviation	4.39%
Annual volatility	70.00%

#### c) Details of shares or rights on issue during the year is shown below:

Type	Grant Date	Vesting Date	NUMBER OF SHARES				AT GRANT DATE		
			At 30 Jun 2019	Granted	Forfeited	Vested	At 31 Dec 2019	Fair Value (\$)	Fair value (\$)
<b>Executive LTI Plan - CEO</b>									
2019 Grant - 1 year	21/11/2019	1/07/2020	-	105,820	-	-	105,820	4.44	469,841
2019 Grant - 2 years	21/11/2019	1/07/2021	-	105,820	-	-	105,820	4.44	469,841
			-	<b>211,640</b>	-	-	<b>211,640</b>		<b>939,682</b>
<b>General LTI Plan<sup>1,2</sup></b>									
2019 Grant - 3 years (CEO)	21/11/2019	21/11/2022	-	370,370	-	-	370,370	2.95	709,764
2019 Grant - 3 years	6/12/2019	6/12/2022	-	898,443	-	-	898,443	2.99	1,743,997
			-	<b>1,268,813</b>	-	-	<b>1,268,813</b>		<b>2,453,761</b>
			-	<b>1,480,453</b>	-	-	<b>1,480,453</b>		<b>3,393,443</b>

1 General LTI Plan relating to CEO was approved at the Annual General Meeting 21 November 2019. Rights were also issued to key management personnel with the same terms on 6 December 2019.

2 Fair value has been calculated using a 65% assumption on meeting continuous employment requirement from grant date to vesting date

The total expense recognised from granting of rights during the period is \$0.273 mil. The total fair value is expensed over the holding period.

## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

### Note 8: Dividends

The following dividends have been paid to shareholders during the half-year ended:

	cents per ordinary share	\$'000
<b>31 December 2019</b>		
2019 Final fully franked dividend – paid 25 October 2019	2.7	3,355
<b>31 December 2018</b>		
2018 Final fully franked dividend – paid 12 October 2018	4.2	5,204

On 21 February 2020, the Directors determined to pay a fully franked dividend of 1.3 cents per share to holders of ordinary shares in respect of the half-year ended 31 December 2019, to be paid to shareholders on 9 April 2020. The dividend has not been included as a liability in these consolidated financial statements. The record date for determining entitlements to the dividend is 12 March 2020. The total estimated dividend to be paid is \$1.586 million.

In accordance with the tax consolidation legislation, the Company as the head entity in the Group has also assumed the benefit of \$10,110,614 (30 June 2019: \$11,452,758) franking credits.

### Note 9: Earnings per Share

	Half-year ended 31 December 2019 Cents	Half-year ended 31 December 2018 Cents
Basic earnings per share	3.4	2.1
Diluted earnings per share	3.4	2.1

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share has been based on the above, with adjustment for the effects of all dilutive potential ordinary shares.

	Half-year ended 31 December 2019 \$'000	Half-year ended 31 December 2018 \$'000
Net profit used in calculating basic and diluted EPS	4,229	2,602

	2019 Number '000s	2018 Number '000s
<b>Weighted average number of ordinary shares at 31 December used in the calculation of basic earnings per share</b>	<b>124,250</b>	<b>123,813</b>
Add: effect of potential conversion to ordinary shares under options schemes	209	182
<b>Weighted average number of ordinary shares at 31 December used in the calculation of diluted earnings per share</b>	<b>124,459</b>	<b>123,995</b>

### Note 10: Subsequent Events

A fully franked dividend of 1.3 cents per fully paid ordinary share has been determined for the half-year ended 31 December 2019 – refer to Note 8.

There has not been any other matter or circumstance occurring subsequent to the end of the reporting period that has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## Notes to the Consolidated Financial Statements for the half-year ended 31 December 2019

### **Note 11: Contingent Liabilities**

As announced to the ASX on 10 July 2018, Waterloo Capital Partners LLC (WCP) has filed proceedings against the Company in relation to a success fee stemming from the acquisitions of Minerals Fusion and Andalou Naturals businesses and the May 2018 indicative proposal. Post legal advice, the Board remains of the view that the claim is unsubstantiated with no remit and the Company will defend the legal proceedings.

## Directors' Declaration

In the opinion of the directors of BWV Limited (the Company):

- (a) the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



David Fenlon  
Group CEO and Managing Director

Melbourne, 21 February 2020

## BWX Limited

### Independent auditor's review report to members

## Report on the Review of the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of BWX Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 BWX Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

### Responsibilities of the Directors 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. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 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*.

As the auditor of BWX Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

#### ACCOUNTANTS & ADVISORS

Level 20, 181 William Street  
Melbourne VIC 3000

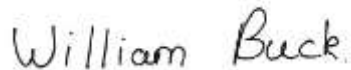
Telephone: +61 3 9824 8555

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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.

### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**William Buck Audit (Vic) Pty Ltd**

ABN 59 116 151 136



**A. A. Finnis**

Director

Melbourne, 21 February 2020

## Corporate Directory

### Directors (as at 31 December 2019)

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Mr Ian Campbell	Non-Executive Chairman
Mr Denis Shelley	Non-Executive Director
Mr David Fenlon	Chief Executive Officer
Ms Fiona Bennett	Non-Executive Director
Ms Jodie Leonard	Non-Executive Director
Mr Rodney Walker	Non-Executive Director

### Company Secretary

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Mr Alistair Grant (appointed 30 September 2019)

### Principal Place of Business

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2 Darby Way  
 Dandenong South VIC 3175  
 Australia  
 Website: [www.bwxltd.com](http://www.bwxltd.com)  
 Tel: +61 3 8785 6300

### Registered Office

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c/- Minter Ellison  
 Level 23 Rialto Towers  
 525 Collins Street  
 Melbourne VIC 3000  
 Australia

### Share Registry Details

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Link Market Services Limited  
 Tower 4  
 727 Collins Street  
 Melbourne VIC 3008  
 Australia  
 Tel (within Australia): 1300 554 474  
 Tel (international): +61 1300 554 474  
 Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
 Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### Solicitors

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Minter Ellison  
 Level 23 Rialto Towers  
 525 Collins Street  
 Melbourne VIC 3000  
 Australia

### Auditors

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William Buck  
 Level 20  
 181 William Street  
 Melbourne VIC 3000  
 Australia