

Appendix 4D

(Rule 4.2A.3)

BWX Limited

ABN 13 163 488 631

For the half-year ended:

31 December 2020

Previous corresponding period:

31 December 2019

Results for announcement to the market

	2020 \$'000	2019 \$'000	Mvmt \$'000	Mvmt %
Revenue and Profit				
Revenue from ordinary activities	84,535	84,064	471	0.56%
Net profit from ordinary activities attributable to members	9,858	4,229	5,629	133.10%
Profit before depreciation, amortisation, finance costs, acquisition-related benefits/expenses	11,715	11,551	164	1.42%

Commentary on results for the period

Refer to the Directors' Report and the accompanying ASX announcement dated 26 February 2021 for commentary on the results.

Dividends

	Amount per security (cps)	Franked amount
Dividends paid		
2020 Final fully franked dividend – paid 8 October 2020	2.6	100%
Dividends declared		
2021 Interim fully franked dividend	1.0	100%
Record date for determining entitlements to the dividend		18 March 2021
Date dividend is payable		15 April 2021

The Company does not currently offer a dividend reinvestment plan.

Net tangible assets per ordinary share

	2020	2019
Net tangible assets per ordinary share	\$	\$
Net tangible assets (deficiency) per ordinary share	0.19	(0.14)

Information on Audit or Review

Independent Review by Auditor

This report is based on the consolidated financial statements which have been reviewed by PwC.



BWX Limited
ABN 13 163 488 631

Interim Financial Report
For the half-year ended 31 December 2020

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	19
Independent Auditor's Report	20
Corporate Directory	22

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 2020.

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

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 \$9.858 million (2019: \$4.229 million).

The profit of the Group before depreciation and amortisation, finance costs, acquisition-related benefits/expenses and income tax expense for the half-year amounted to \$11.715 million (2019: \$11.551 million).

The Group’s basic earnings per share is 7.2 cents. Its diluted earnings per share is 7.1 cents.

The net assets of the Group are \$337.206 million as at 31 December 2020 (30 June 2020: \$298.765 million).

Brand Health and Distribution

Revenue for Sukin continued to improve compared to prior corresponding period, with consumer uptake across all channels remaining strong and new distribution achieved. Sukin continues to grow compared to the same period of last year by 12%. This growth is driven mainly by increased distribution and new product launches as well as the ongoing benefit of price increases taken during end H2 FY20.

Andalou Naturals market share remains strong and is the number one skincare brand in the natural channel within the US and number seven natural skincare brand in Australian Pharmacy. Revenue during the year is down compared to last year by 18%, mainly due to lower foot traffic caused by the pandemic. However, with increased distribution in Australia and with e-commerce growth continuing to outpace retail sales growth, this has softened the COVID-19 impact to overall sales.

Mineral Fusion is still the number one cosmetics brand in the natural channel within the US. Revenue during the year is slightly down compared to last year by 5%. Revenue improvement is expected by the introduction of Virtual Try-On, removal of testers and a significant ecommerce growth agenda supported by new products and more focused marketing activities.

The digital retailer business Nourished Life represents a leading brand for deep consumer insights on natural and beauty regimes. Revenue has increased by 18% compared to prior corresponding period. A key driver in this growth has been the continuing investment into user experience on the Nourished Life platform.

Across all brands, markets and channels, there has been a shift in consumer spending and shopping behaviours due to COVID-19. Focused efforts on e-commerce on our brand.com sites have seen revenue increase 260% and across our e-commerce partners an increase of 21%. Rollout of THG partnership websites through future periods will support this ongoing channel shift in consumer spending.

Coronavirus (COVID-19) impact

The Group has not been significantly affected by the Coronavirus (COVID-19) pandemic which started impacting businesses in March 2020 and continues to date. BWX implemented the following actions to manage risk and liquidity resulting from COVID-19:

- work with key retail partners to ensure supply of products;
- increasing manufacturing output of items in demand;
- heightened focus on direct-to-consumer business model to meet demand during retail lockdowns; and
- transitioned all employees to working from home including implementing a range of protocols to minimise business interruption and monitor the well-being of employees.

Asset valuations have been reviewed for the economic impact of COVID-19. Based on information available at the reporting date, the directors consider that no impairment of asset valuations is required. See notes 6 and 7 for further information outlining the estimates and assumptions used in the impairment assessment.

Subsequent changes in economic conditions could result in materially different outcomes compared to the accounting estimates used in preparation of these financial statements. Disclosure around management judgements and the uncertainty in estimation arising from COVID-19 are outlined in note 3.

Dividends paid or recommended

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

	cents per ordinary share	\$'000
31 December 2020		
2020 Final fully franked dividend – paid 8 October 2020	2.6	3,628
31 December 2019		
2019 Final fully franked dividend – paid 25 October 2019	2.7	3,355

On 26 February 2021, the Directors determined to pay a fully franked dividend of 1.0 cents per share to holders of ordinary shares in respect of the half-year ended 31 December 2020, to be paid to shareholders on 15 April 2021. The dividend has not been included as a liability in these consolidated financial statements. The record date for determining entitlements to the dividend is 18 March 2021. The total estimated dividend to be paid is \$1.395 million.

Events subsequent to the reporting date

Strategic Partnership

On 25 February 2020, BWX signed agreements with Chemist Warehouse Group for the provision of strategic brand services in exchange for the issue of 3,362,724 shares based on an issue price of \$3.97 in 5 tranches, with the last one being 31 December 2023.

Other than as noted above, there were no other matters that have arisen in the interval between the end of the reporting period and the date of this report of a material or 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 2020 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

As lead auditor for the review of BWX Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of BWX Limited and the entities it controlled during the period.

Nadia Carlin

Nadia Carlin
Partner
PricewaterhouseCoopers

Melbourne
26 February 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2020

	Note	Half-year ended 31 December 2020 \$'000	Half-year ended 31 December 2019 \$'000
Sales revenue		84,535	84,064
Cost of sales		(37,989)	(37,264)
Gross profit		46,546	46,800
Other income		999	547
Corporate and administrative expenses		(6,966)	(11,293)
Marketing, selling and distribution expenses		(27,335)	(23,032)
Research and development and quality control expenses		(1,529)	(1,471)
Depreciation and amortisation		(3,562)	(2,905)
Finance expenses		(1,437)	(2,670)
Acquisition-related benefits / (expenses)	5	5,800	(139)
Profit before tax		12,516	5,837
Income tax expense		(2,658)	(1,608)
Profit after tax		9,858	4,229
Other comprehensive (loss)/ income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of overseas subsidiaries		(19,618)	113
Total items that may be reclassified subsequently to profit or loss		(19,618)	113
Total comprehensive (loss) / income for the period		(9,760)	4,342
Total comprehensive (loss) / income attributable to owners of the Company			
		(9,760)	4,342
Earnings per share (EPS)			
Basic EPS (cents)	10	7.2	3.4
Diluted EPS (cents)	10	7.1	3.4

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 2020

	Note	December 2020 \$'000	As restated June 2020 \$'000
Current assets			
Cash and cash equivalents		77,731	28,639
Trade and other receivables		29,023	39,882
Inventories	6	38,904	36,766
Prepayments		5,947	3,582
Total current assets		151,606	108,870
Non-current assets			
Plant and equipment		8,171	5,724
Right-of-use assets		10,217	12,638
Intangible assets and goodwill	4	296,842	319,225
Deferred tax assets		3,576	3,531
Total non-current assets		318,806	341,118
Total assets		470,411	449,988
Current liabilities			
Trade and other payables		31,997	31,653
Deferred income		-	1,902
Financial liabilities		33,790	34,556
Lease liabilities		1,512	3,133
Current tax liabilities		1,053	1,686
Employee benefits		1,813	1,721
Total current liabilities		70,165	74,650
Non-current liabilities			
Financial liabilities		24,905	35,777
Lease liabilities		10,768	11,645
Employee benefits		234	214
Deferred tax liabilities	4	27,133	28,937
Total non-current liabilities		63,040	76,573
Total liabilities		133,205	151,223
Net assets		337,206	298,765
Equity			
Contributed equity	8	289,227	237,721
Reserves		607	19,901
Retained earnings	9	47,373	41,143
Total equity		337,206	298,765

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 2020

	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2019	235,870	17,552	30,932	284,354
Profit for the year	-	-	4,229	4,229
<i>Other comprehensive income for the year</i>				
Exchange difference on translation of overseas subsidiaries	-	113	-	113
Total other comprehensive income	-	113	-	113
Total comprehensive income	-	113	4,229	4,342
Transactions with owners of the Company				
Share based payments	-	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)
Total transaction with owners	1,787	(1,131)	(2,623)	(1,967)
Balance at 31 December 2019	237,657	16,534	32,538	286,729
Balance at 1 July 2020	237,721	19,901	41,143	298,765
Profit for the year	-	-	9,858	9,858
<i>Other comprehensive income for the year</i>				
Exchange differences on translation of overseas subsidiaries	-	(19,618)	-	(19,618)
Total other comprehensive income	-	(19,618)	-	(19,618)
Total comprehensive income	-	(19,618)	9,858	(9,760)
Transactions with owners of the Company				
Shares issued, net of costs	50,591	-	-	50,591
Share based payments	-	575	-	575
Performance rights exercised	251	(251)	-	-
Transactions with employee loan plan shareholders	644	-	-	644
Dividends paid	20	-	(3,628)	(3,608)
Total transaction with owners	51,506	323	(3,628)	48,201
Balance at 31 December 2020	289,227	607	47,373	337,206

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 2020

	Notes	Half-year ended 31 December 2020 \$'000	Half-year ended 31 December 2019 \$'000
Cash flows from operating activities			
Cash receipts from customers		93,452	89,102
Cash paid to suppliers and employees		(78,749)	(78,243)
Payments for transaction costs		-	(139)
Income taxes paid		(3,877)	(536)
Interest paid		(1,010)	(1,836)
Net cash flows from operating activities		9,816	8,348
Cash flows from investing activities			
Acquisition of plant and equipment		(3,220)	(1,109)
Acquisition of intangible assets		(1,018)	(1,028)
Deferred Payments relating to acquisitions		(741)	-
Net cash flows used in investing activities		(4,979)	(2,137)
Cash flows from financing activities			
Proceeds from issue of share capital	8	52,643	1,065
Transaction costs for issue of shares	8	(1,409)	-
Dividends paid	9	(3,608)	(3,355)
(Repayments of) / proceeds from borrowings		(750)	284
Repayment of lease liabilities		(1,850)	(2,224)
Net cash flows / (used in) from financing activities		45,026	(4,230)
Net increase in cash and cash equivalents		49,863	1,981
Effect of exchange rate changes on cash held		(771)	70
Cash and cash equivalents at beginning		28,639	11,967
Cash and cash equivalents at end		77,731	14,018

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 2020

Note 1: Reporting Entity

This half-year financial report of BWX Limited as at and for the half-year ended 31 December 2020 comprises the Company and its subsidiaries. BWX Limited is a listed public company domiciled in Australia. The Company's registered office is at 2 Darby Way, Dandenong South, 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 2020 and any public announcements made by BWX Limited during the half-year reporting period ended 31 December 2020 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 2020 is available on the Company's website 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 26 February 2021.

(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 2020, 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-related benefits/expenses. 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) New or amended accounting standards and interpretations adopted

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

(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 2020.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2020

Note 3: Critical accounting judgements, estimates and assumptions

Coronavirus (COVID-19) impact

The accounting policies for critical accounting judgements, estimates and assumptions are consistent with the 2020 Annual Report, however, given the evolving nature of the current pandemic and resulting economic disruption, the Group has considered the impact of the pandemic and market volatility on estimation uncertainty.

Areas of uncertainty include the extent and duration of disruption based on consumer, business, and government actions and incentives, to contain the spread of COVID-19, and mitigate the economic downturn. Furthermore, actual economic conditions may vary from the estimates used. This could result in material differences between the accounting estimates applied and the actual results of the Group for future periods.

In preparing the financial statements, BWX re-assessed areas of judgement and identified that the estimates more exposed to uncertainty were those of expected credit loss (ECL) and inputs to assessing the carrying value of assets and liabilities. Using the Group's own direct experience and knowledge as well as forward looking information, obtained by reviewing external analyst reports and public forecasts, to identify potential impacts from COVID-19, the inputs to these estimates were stress-tested, with the carrying values re-evaluated.

The carrying values of goodwill, intangible assets, property, plant and equipment, right-of-use assets, and working capital for each cash generating unit (CGU) have been reassessed, and no CGU has been impaired as a result of stress-testing a range of reasonably expected outcomes.

Note 4: Restatement of comparatives

Over recent years, the IFRS Interpretations Committee has considered and issued pronouncements on the recording of deferred tax liabilities on indefinite lived intangibles and goodwill acquired in business combinations.

The group has restated each of its affected financial statement line items for the prior period, in accordance with AASB 108 "Accounting Policies, Changes in Accounting Estimates and Errors". The impact of the change is presented below.

	As previously reported		As restated
	June 2020	Adjustment	June 2020
	\$'000	\$'000	\$'000
Assets			
Intangible assets and goodwill	290,288	28,937	319,225
Total assets	421,051	28,937	449,988
Liabilities			
Deferred tax liabilities	-	28,937	28,937
Total liabilities	122,286	28,937	151,223
Total equity	298,765	-	298,765

The impact on the opening balance sheet of the preceding period is materially the same as above.

This restatement has no impact on the consolidated statement of profit or loss and other comprehensive income statement for the period ended 31 December 2020 and the year ended 30 June 2020.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2020

Note 5: Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (“CEO”) (the Chief Operating Decision Maker as defined under AASB 8) that are used to make strategic and operating decisions. The CEO is responsible for the allocation of resources to operating segments and assessing their performance. Operating segments are periodically reviewed by the CEO for adherence with AASB8 and any changes are disclosed accordingly.

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-related benefits/expenses.

Segment result	Half-year ended 31 December 2020		
	USA \$'000	Australia / International \$'000	Total \$'000
Revenue			
Revenue from operations	35,939	48,596	84,535
Inter-segment revenue	1,985	1,066	3,051
Total segment revenue	37,924	49,662	87,586
Inter-segment elimination	(1,985)	(1,066)	(3,051)
Total consolidated revenue	35,939	48,596	84,535
Result			
Profit before tax, depreciation, amortisation, finance costs, acquisition-related benefits/expenses	3,899	8,560	12,460
Depreciation and amortisation	(1,596)	(1,966)	(3,562)
Acquisition-related benefits/(expenses)	5,839	(39)	5,800
Segment result	8,142	6,556	14,698
Head office result			(745)
Profit before tax and finance expenses			13,953
Finance expenses			(1,437)
Profit before tax			12,516
Income tax expense			(2,658)
Net profit after tax			9,858

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2020

Note 5: Segment information (continued)

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

Geographical information

Non-current operating assets¹ per geographical region are presented as follows:

	As restated	
	31 December 2020 \$'000	30 June 2020 \$'000
Non-current operating assets¹		
Australia	124,901	124,013
United States	190,141	213,337
Other	188	237
	315,230	337,587

¹ Non-current assets exclude deferred tax assets.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2020

Note 5: Segment information (continued)

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

	Half-year ended 31 December 2020 \$'000	Half-year ended 31 December 2019 \$'000
Net sales revenue		
Australia	38,548	35,416
United States	32,330	33,888
Other	13,657	14,760
	84,535	84,064

Acquisition-Related Benefits/Expenses

On 15 July 2020, the Group signed an agreement with Mark Egide and Stacey Egide, under which no further payments were to be payable under the Egide Compensation Plan relating to the Andalous Naturals business, in consideration for payment of \$0.8 million (USD) and with no impact to the carrying value of Andalous Naturals. The Group subsequently released the accounting provision during the period ended 31 December 2020 and resulted in \$5.801 million in acquisition-related benefit (2020: acquisition-related cost of \$0.139 million) in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Note 6: Inventories

	2020 \$'000	2019 \$'000
Current		
Raw materials & packaging	13,710	13,887
Work in progress	(623)	(942)
Finished goods	25,817	23,821
	38,904	36,766

Carrying value of inventory

The Group assesses whether inventory is recorded at the lower of cost and net realisable value and ensures all obsolete or slow-moving stock is appropriately provided for or written off at each reporting date. These calculations involve estimates and assumptions around specific inventories and to the best of management's knowledge, inventories have been correctly and fairly recorded as at 31 December 2020.

Note 7: Intangible assets and goodwill

Impairment testing of indefinite-lived intangible assets

For impairment testing purposes, the Group identifies its cash generating units (CGUs) as the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets of groups of assets. For the purposes of impairment testing, goodwill and brands & trademarks have been allocated to the Group's CGUs as follows:

CGU	2020			2019 (As restated)		
	Formulations & Processes	Goodwill	Brands & Trademarks	Formulations & Processes	Goodwill	Brands & Trademarks
		\$	\$		\$	\$
USA	-	115,766	61,759	-	129,761	69,225
Australia/International	7,356	59,069	40,901	7,356	59,069	40,924
	7,356	174,835	102,660	7,356	188,830	110,149

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2020

Note 7: Intangible assets and goodwill (continued)

The recoverable amount of the CGU is determined based on value in use. Value in use is calculated using a discounted cash flow model covering a five-year period with an appropriate terminal growth rate at the end of that period for each CGU. The model is based upon an estimated future five-year cash flow forecast, incorporating a base year 1 budget year, a four-year forecast period, and a terminal value calculation in the fifth year, with the following key input assumptions:

The Group completes an annual impairment test in accordance with *AASB 136 – Impairment of assets*. Where the carrying amount of assets contained within the CGU exceeds its recoverable amount the assets contained within the CGU are considered impaired and written down to their recoverable amount. The Group considers its relationship between its market capitalisation and book value of equity, among other factors, when reviewing for indicators of impairment.

As at 31 December 2020, management has assessed the carrying value of assets for the Australia/International CGU and there were no indicators of impairment. Given the evolving nature of the current pandemic (Covid-19) and resulting economic disruption in the USA, the Group has considered the impact of the pandemic and market volatility as the main indicator of impairment for the USA CGU and hence conducted detailed impairment assessment as at 31 December 2020. The results of the impairment test for the USA CGU confirm that impairment charges were not required in the current period. The assumptions used in the modelling for the USA CGU are disclosed below. The operating expenses for the CGUs have also increased in line with growth rate over the forecast period.

Key assumptions	USA	
	31 December 2020	30 June 2020
	%	%
Growth rate over forecast period	16.0%	13.4%
Terminal value growth rate	2.0%	2.0%
Pre-tax discount rate	11.2%	12.2%

Recoverable amounts are calculated in line with each CGU's valuation methodology which is based on a value in use model. Impairment losses are recognised immediately in the income statement.

The key estimates and assumptions used to determine the recoverable amount of a CGU are based on management's current expectations after considering past experience and external information and are considered to be reasonably achievable.

The assumptions used by management for the USA CGU have been reviewed by an independent expert. The recoverable amount of the USA CGU would equal its carrying amount if the key assumptions were to change as follows;

- Growth rate over the forecast period decreased by 2.2% compared to the current modelling; and
- Pre-tax discount rate increased to 11.6% as compared to the current modelling

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2020

Note 8: Contributed Equity

	31 December 2020	30 June 2020
	\$'000	\$'000
Ordinary shares, fully paid	289,227	237,721

	31 December 2020		31 December 2019	
	Number	\$'000	Number	\$'000
Balance at 1 July	124,249,888	237,721	124,249,888	235,870
Shares issued through capital raising				
- 22 July 2020	11,764,716	40,000	-	-
- 13 August 2020	3,529,394	12,000	-	-
Share issue cost	-	(1,409)	-	-
Exercising of employee loan plan shares ¹	-	251	-	672
Transactions with employee loan plan shareholders ²	-	644	-	1,065
Distributions paid ³	-	20	-	50
Balance at 31 December	139,543,998	289,227	124,249,888	237,657

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 As per the employee loan plan agreement, distributions in cash are 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.

Note 9: Dividends

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

	cents per ordinary share	\$'000
31 December 2020		
2020 Final fully franked dividend – paid 8 October 2020	2.6	3,628
31 December 2019		
2019 Final fully franked dividend – paid 25 October 2019	2.7	3,355

On 26 February 2021, the Directors determined to pay a fully franked dividend of 1.0 cents per share to holders of ordinary shares in respect of the half-year ended 31 December 2020, to be paid to shareholders on 15 April 2021. The dividend has not been included as a liability in these consolidated financial statements. The record date for determining entitlements to the dividend is 18 March 2021. The total estimated dividend to be paid is \$1.395 million.

In accordance with the tax consolidation legislation, the Company as the head entity in the Group has also assumed the benefit of \$12,161,201 (30 June 2020: \$9,246,165) franking credits.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2020

Note 10: Earnings per Share

	Half-year ended 31 December 2020 Cents	Half-year ended 31 December 2019 Cents
Basic earnings per share	7.2	3.4
Diluted earnings per share	7.1	3.4

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 2020 \$'000	Half-year ended 31 December 2019 \$'000
Net profit used in calculating basic and diluted EPS	9,858	4,229

	2020 Number '000s	2019 Number '000s
Weighted average number of ordinary shares at 31 December used in the calculation of basic earnings per share	136,701	124,250
Add: effect of potential conversion to ordinary shares under options schemes	1,606	209
Weighted average number of ordinary shares at 31 December used in the calculation of diluted earnings per share	138,307	124,459

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 the Mineral Fusion and Andalou Naturals businesses and for breaches of an alleged joint venture between the Company and WCP. Post legal advice, the Board remains of the view that the claim has no merit and is unlikely to be substantiated.

Note 12: COVID- 19 Impact

The Group has not been significantly affected by the Coronavirus (COVID-19) pandemic which started impacting businesses in March 2020 and continues to date. BWX implemented the following actions to manage risk and liquidity resulting from COVID-19:

- work with key retail partners to ensure supply of products;
- increasing manufacturing output of items in demand;
- heightened focus on direct-to-consumer channel to meet demand during retail lockdowns; and
- transitioned all employees to working from home including implementing a range of protocols to minimise business interruption and monitor the well-being of employees.

Management continues to consider the potential implications of coronavirus, which may include disruptions to the supply chain, availability of employees and changes in customer demand. However, at this stage the financial impact of the virus is not able to be estimated due to the general level of uncertainty.

Notes to the Consolidated Financial Statements for the half-year ended 31 December 2020

Note 13: Subsequent Events

A fully franked dividend of 1.0 cents per fully paid ordinary share has been determined for the half-year ended 31 December 2020 – refer to Note 9.

Strategic Partnership

On 25 February 2020, BWX signed agreements with Chemist Warehouse Group for the provision of strategic brand services in exchange for the issue of 3,362,724 shares based on an issue price of \$3.97 in 5 tranches, with the last one being 31 December 2023.

Other than as noted above, there were no other matters or circumstances 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.

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 2020 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, 26 February 2021



Independent auditor's review report to the members of BWX Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of BWX Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes 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 accompanying half-year financial report of BWX Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
2. 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* (ASRE 2410). 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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.

Responsibility 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.

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Auditor's responsibility 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 2020 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*.

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.

A handwritten signature in black ink, appearing to read 'Nadia Carlin', written over a faint horizontal line.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Nadia Carlin'.

Nadia Carlin
Partner

Melbourne
26 February 2021

Corporate Directory

Directors (as at 31 December 2020)

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

Mr Alistair Grant

Principal Place of Business

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Auditors

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 2 Riverside Quay
 Southbank
 Melbourne VIC 3006
 Australia