

ASX Announcement

27 February 2022

BWX LIMITED – H1 FY23 FINANCIAL RESULTS

Melbourne, Australia – BWX Limited (ASX:BWV or “the Group”) today announced its first half results for the period ended 31 December 2022 (**1H23**). The Group recorded revenue of \$79.7m, which is a decline of 18.4% vs pcp, and an EBITDA loss of (\$29.7m) (H1FY22 \$5.4m profit). Additionally, the Group recorded significant one-off costs related to restructuring initiatives as well as non-cash impairments leading to a loss after tax of \$100.8m (H1FY22 \$5.4m loss).

Group Performance Overview

A\$m	1H23	1H22	change
Statutory Revenue	79.7	97.6	Down 18.4%
EBITDA	(29.7)	5.4	Down 650%
NPAT	(100.8)	(5.4)	Down 1,767%

FINANCIAL PERFORMANCE

The Group recorded sales results in 1HFY23 which were significantly below pcp. Revenues were adversely impacted by several factors, which included the following:

- Customer de-stocking in key channels reduced revenues and associated cash receipts within the Australian operations.
- Lower cash receipts and incumbent capital commitment outlays for the Clayton manufacturing facility.
- Inability to maintain inventory at optimum levels.
- Resulting out-of-stock issues in the Australia, International and Digital business units.

Gross margins were also adversely impacted by:

- Decreased marketing and promotional activity.
- Additional provisioning for slow moving inventory of \$4.5m.
- Clayton facility operating at below plan volumes, impacting cost recoveries with an adverse impact of \$1.5m.
- Sales mix issues due to customers being over stocked.

Operating expenses were impacted by:

- Increased restructuring initiatives.
- Additional doubtful debts expenses of \$2.5m due to processing delays and higher risk profiles within certain channels.

Pon-cash impairment charges were incurred of \$60.8m.

The cash constraints are anticipated to be addressed as the Group finalises its refinancing initiative during H2 FY23. The Board expects sales and gross profit margins to improve.

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As announced to the ASX this morning, Mr. Thinus Keeve was appointed Group CEO and Managing Director of BWV Limited, with Mr. Rory Gratton departing with immediate effect.

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Ms. Lisa Ronson joined the Board as independent non-executive director.

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The Group divested its investments in PS Health Pty Ltd trading as Goodness Me and the USA business in December 2022 and sold its investment in Naked Sundays Pty Ltd in February 2023.

The Group remains cash constrained ahead of an anticipated refinancing in H2FY23. The Group recorded operating cash outflows of \$31.7m in 1H23 and maintains cash and cash equivalents of \$14.4m. The Group is implementing an ongoing efficiency program.

Customer de-stocking and out of stock issues are forecast to ease during the second half but their impact is dependent on the timing of the Group's debt restructuring initiative.

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The Board is focused on restoring profitability to the Group during the second half. It anticipates that FY23 revenue will be in the range of \$150m to \$175m and H2 FY23 EBITDA will be in the range of \$5m to \$12m, excluding significant one-off items. The outlook considered the economic conditions affecting the broader economy including uncertainties affecting consumer spending trends and habits.

The key risks and sensitivities around the revised guidance include:

- Completion of the debt restructure in H2 FY23.
- Customer owned inventory normalising to levels aligned with consumer demand to provide more sustainable and regularised revenue and earnings in H2 FY23.
- Completion of group-wide organisational restructure.
- Normalisation of Clayton manufacturing to resolve out of stock issues being experienced.

-ENDS-



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Authorised for release by the Board Directors of BWV Limited

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