

## ASX Announcement

17 May 2021

### BWX ACQUIRES LEADING ONLINE RETAILER FLORA & FAUNA

#### Highlights

- BWX to acquire 100% of Flora & Fauna, a leading Australian curated online retail platform exclusively focused on vegan, ethical and sustainable products
- Consideration expected to be between \$27.9m to \$30.8m<sup>1</sup> payable on closing based on multiples of FY21 revenue performance of Flora & Fauna, representing a multiple of between 1.6x and 1.8x actual FY21 revenue
- Acquisition to be EPS accretive in FY22, and strongly EPS accretive by FY24 with the realisation of anticipated synergies
- Net sales for Flora & Fauna were \$12m in FY20 and are forecast to be in the range of between \$16.4m to \$17.1m for FY21<sup>2</sup>
- Flora & Fauna and Nourished Life to form a new direct-to-consumer business unit within the BWX Group
- The new business unit will provide an online retail powerhouse focused on a multi-category portfolio of better-for-you, healthy and sustainable products, 80% of which are not available in mainstream retail

Melbourne, Australia – BWX Limited (ASX:BWXL or “the Company”) has today announced an agreement to acquire 100% of the Good Collective Pty Ltd, trading as Flora & Fauna – a Certified B Corporation online retailer focused on vegan, ethical and sustainable products. Founded in 2014 and based in Sydney, Flora & Fauna is recognised by its 94,000 active consumers as a leading online vegan retailer, with 300 brands available across its multi-category offering that covers beauty, personal care, lifestyle, baby & kids, pet, food & health.

Flora & Fauna will operate alongside BWX’s pureplay e-commerce business, Nourished Life, forming a new business unit within the BWX Group. Founder and CEO of Flora & Fauna, Julie Mathers, and her entire team will be joining the BWX business. Julie’s full biography is appended.

Dave Fenlon said the acquisition is in line with BWX’s omni-channel retail strategy and expands BWX’s direct-to-consumer online offering.

*“We are thrilled to welcome the Flora & Fauna team to the BWX family, and alongside Nourished Life, create a best-in-class ethical online retail platform. Julie Mathers has built an incredible brand offering with her team and we are excited to work together in growing and leading the Natural wellness industry.”*

*With complementary categories and minimal consumer and SKU overlap, the two brands will benefit from a strategic approach to customer experience and promotions, as well as operational efficiencies.*

*We know that consumers are placing increasing value on sustainable lifestyle choices, as well as direct-to-consumer convenience. With these two fast growing online platforms, BWX*

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<sup>1</sup> Based on forecast revenue for the Financial Year ending 30 June 2021

<sup>2</sup> Flora & Fauna management forecasts for the Financial Year ending 30 June 2021

*intends to remain at the forefront of the global wellness revolution and is focused on continuing to evaluate opportunities to further enhance and grow its direct-to-consumer offering.”*

Flora & Fauna currently ranges 10,000 SKUs across 10 key categories from 300 domestic and international brands. With 94,000 active customer accounts, the platform enjoys a loyal following (repeat customers the majority of revenues) and over 300,000 unique monthly visitors. Flora & Fauna offsets all carbon emissions and in 2017 became one of the first Australian retailers to achieve Certified B Corporation status.

Flora & Fauna Founder and CEO, Julie Mathers, said it was important that future investors in the business were completely aligned with its purpose-driven values.

*“This is a really exciting step for Flora & Fauna and the wider industry. BWX offers Flora & Fauna the opportunity to grow even further as a business with strong alignment about having a positive impact on the planet, people and animals. I am a firm believer in giving customers the best experience while operating purposeful businesses that are built on nimble, innovative retailing and world-class customer metrics, and I look forward to continuing, and building on, this approach as part of the BWX team.”*

Flora & Fauna has a track record of strong sales growth, with FY20 revenue of \$12m, up from \$10m in FY19. Revenues for FY21 are forecast to be in the range of between \$16.4m to \$17.1m for FY21<sup>3</sup>.

Flora & Fauna employs a team of 47, which allows it to service consumers across Australia, New Zealand, as well as internationally.

### Transaction details

BWX has agreed to acquire Flora & Fauna for a consideration expected to be between \$27.9m to \$30.8m<sup>4</sup> payable on closing based on multiples of FY21 revenue performance of Flora & Fauna, representing a multiple of between 1.6x and 1.8x actual FY21 revenue.

The acquisition is unconditional, but BWX has a limited right to terminate should there be a material adverse change triggered if revenue or profitability drop below a pre-agreed floor before closing.

Acquisition to be EPS accretive in FY22, and strongly EPS accretive by FY24 with the realisation of anticipated synergies.

The acquisition will be fully funded through a debt facility provided by the Company's lender.

The acquisition is anticipated to complete in July 2021.

Flora and Fauna was advised by Deloitte and Hamilton Locke. BWX was advised by KPMG and Maddocks.

### Investor call details

An investor call is taking place at 9.30am AEST on 17 May 2021. Participants can register for the teleconference details by clicking the link below.

Pre-registration Link: <https://s1.c-conf.com/diamondpass/10014080-ns784d.html>

ENDS

<sup>3</sup> Flora & Fauna management forecasts for the Financial Year ending 30 June 2021

<sup>4</sup> Based on forecast revenue for the Financial Year ending 30 June 2021

**Authorised for release by:**

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**Appendix: biography of Julie Mathers, CEO & Founder, Flora & Fauna**

Julie Mathers is the CEO and Founder of Flora & Fauna, Australia's largest eco store and proudly a values-driven platform for purpose.

Julie founded Flora & Fauna in 2014 with a clear vision to be the most responsible retailer possible with the best customer service. Today, Flora & Fauna is a B Corp Certified business; 100% carbon offset; and has saved over 30 tonnes of plastic from hitting landfill by shipping orders plastic-free.

Prior to founding Flora & Fauna, Julie gained experience working in the UK, Europe, and Asia, but has been based in Australia for the last twelve years. She has worked in consulting, private equity and with many retailers, with roles including the General Manager of Online Retail at Apparel Group and Head of Sales and Marketing for Coles.com.au, among other senior leadership roles in Woolworths, Javelin Group and Baugur Group. Julie has a strong personal desire to create change for the better and frequently mentors and speaks about responsible retailing and small business.

**Awards and accolades:**

- Julie Mathers named Number 1 in the Top 50 People in Australian eCommerce (2021, 2019)
- Julie Mathers named Businessperson of the Year, Gala Awards (2018)
- Flora & Fauna awarded Most Sustainable Retailer, Power Retail Awards (2021, 2020)
- Flora & Fauna awarded Best Small Online Retailer, ORIA's (2018)
- Flora & Fauna awarded Best Small & Succeeding Retailer NSW, Telstra Business Awards (2018)