

5 October 2021

ASX Market Announcement Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

2021 Annual Report

Attached for release is the BWX Limited Annual Report for the year ended 30 June 2021.

This announcement was authorised for release by the Board of Directors of BWX Limited

Yours sincerely

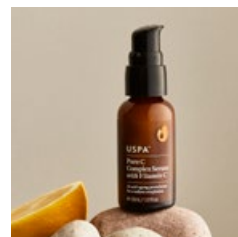
Alistair Grant
Company Secretary and Chief Legal Officer
BWX Limited



Natural beauty and wellness for the world

BWX LIMITED 2021 ANNUAL REPORT

BWX LIMITED
ABN 13 163 448 631



SUKIN
SKINCARE

ANDALOU
NATURALS

MINERAL
FUSION

NOURISHED
LIFE

USPA
SKINCARE



Our Story

Our goal is to inspire the advancement of plant and mineral based green science, without causing unnecessary harm to the planet.

BWX is a leading wellness business – a House of Natural Brands at the forefront of the global natural beauty movement. We exist to accelerate the natural revolution, with our vision to create amazing products and experiences that make people feel better about themselves and their natural choices.

BWX



OUR BRANDS



SUKIN

It's what we leave out that makes us special. Sukin defines natural.



ANDALOU NATURALS

Natural Beauty Precisely. Using the power of Fruit Stem Cell Science®, our signature innovation in every product.

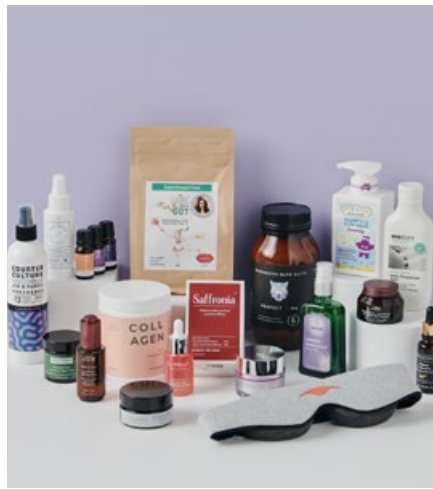
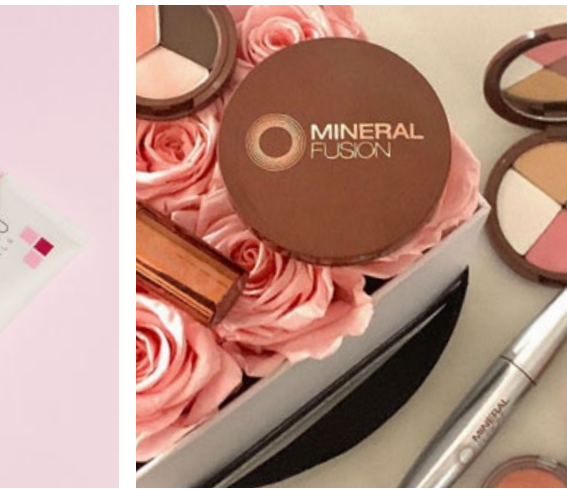
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Our five market-leading brands span six personal care categories, led from our two global offices in Melbourne, Australia and California, USA. Our leading natural brands are sold throughout Australia, USA, Canada, and the UK, and we're strategically expanding into a curated list of priority international markets, including China.

We build meaningful, authentic brands anchored in efficacious natural ingredients, which are advocated by our consumers. Our people are our greatest asset, experts in their fields committed to transforming decades of ingrained beauty industry norms.

We make choices that enhance our environmental sustainability, partnering with industry bodies and giving back to causes relating to the environment, social responsibility and projects that empower women. We believe everything we need to nourish our bodies can be found in nature and that natural brands must be the future.



MINERAL FUSION

Multi-purpose natural cosmetics that leave your skin in a better condition.



NOURISHED LIFE

E-commerce site making clean living inspired, convenient and accessible.



USPA

An Australian Sensory Experience. Born with the desire to create a holistic spa experience.

2021 Highlights

BWX is capturing more share of the growing Natural skincare consumer market through disciplined brand investment and channel expansion while continuing to pursue operational efficiencies.

NET REVENUE

\$194.3m

Adjusted for constant currency and equity-linked strategic partnership with Chemist Warehouse, revenue increased by 8.6% to \$203.9m¹.

SUKIN

No.1

No.1 Natural Skincare Brand
and No.6 Total Skincare Brand
in Australian Grocery².



Despite the significant economic challenges presented by the global COVID-19 pandemic, BWX was able to respond, adapt and ultimately deliver a strong financial performance in line with expectations set twelve months ago.

NET PROFIT AFTER TAX

\$23.7m

FULLY FRANKED FINAL DIVIDEND

3.1c

per share³.

01
 OUR
 STORY

02
 SUSTAINABILITY
 REPORT

EBITDA⁴

\$34.5m

Achieved a +11.5% growth in EBITDA and delivered increased sales and profit despite persistent global volatility.

AUSTRALIA + INTERNATIONAL SEGMENT REVENUE⁵

\$118.4m

Adjusted for constant currency and equity-linked strategic partnership with Chemist Warehouse, revenue increased by 12.5% to \$118.8m.

03
 DIRECTORS'
 REPORT

04
 REMUNERATION
 REPORT

USA SEGMENT REVENUE⁶

\$75.9m

Adjusted for constant currency, revenue increased by 3.7% to \$85.1m.

1. Constant currency excludes FX impact from USD. This is a non-IFRS measure, and excludes \$0.2m Share-Based payment expense relating to the equity-linked strategic partnership with Chemist Warehouse.

2. Data sourced from IRI Market Edge MAT to 27/06/2021 based on data definitions provided by Sukin Australia

3. On 27 August 2021, BWX declared its intention to raise approximately \$100.0m from an Institutional Placement and Share Purchase Plan. Assuming that these shares are issued prior to the record date, and on the assumption that the full amount is raised, BWX anticipates that it would pay a fully-franked final dividend of 3.1 cents per share.

4. EBITDA is a non-IFRS measure that excludes a net \$5.9m benefit comprising of \$6.9m of Acquisition Related Benefits, \$0.2m Share-Based payment relating to the equity-linked strategic partnership with Chemist Warehouse, and \$0.8m impact of IFRIC agenda decision on configuration and customisation costs in cloud computing arrangements.

5. Constant currency excludes FX impacts. This is a non-IFRS measure, and excludes \$0.2m Share-Based payment expense relating to the equity-linked strategic partnership with Chemist Warehouse.

6. Constant currency excludes FX impact from USD. This is a non-IFRS measure.

05
 FINANCIAL
 STATEMENTS

06
 SHAREHOLDER
 INFORMATION

Chairman's Letter

BWX

Dear Shareholders

I am pleased to present the BWX Annual Report for the 2021 Financial Year (FY21).

During FY21, BWX continued to operate amid the COVID-19 global pandemic, which included various government-imposed lockdowns and travel restrictions. I am very proud of the manner in which the entire team have worked to sustain your company's performance through the myriad of social, health and economic challenges and deliver another solid financial result in line with expectations. BWX is one of the few companies that kept specific guidance in the market during FY20 and FY21, which is a true testament to the underlying strength of this business.

FY21 also marked the first full year of execution under our Three-Year Strategic Roadmap which provides the framework from which to scale BWX's operations through to FY23 in support of our core purpose to create natural beauty and wellness for the world.

The year started with a major development to this plan, when we announced plans to construct a new best-in-class operations facility and support office in Clayton, Victoria. This new facility presents a transformational growth opportunity for BWX with the potential to assist to deliver incremental growth on the existing Three-Year Strategic Roadmap. It will deliver a step change in BWX's operational and financial performance while future-proofing our capacity to grow over the longer term, unlocking significant earnings growth, efficiencies, scale and margin accretion. Almost \$34 million is being invested in this facility, thanks to the overwhelming shareholder support for the equity raising conducted at the start of FY21. At the time of writing, I am pleased to say the facility is on track.

Governance, Leadership and Capability

Under the leadership of Dave Fenlon, Group CEO and Managing Director, the Board has never been more confident in the management team's ability to navigate through the current environment and position the business to leverage the broader global retail recovery. In FY21, BWX has continued to sustain growth and create shareholder value.

Sustainability goals are important to BWX and, most critically, to our consumers who make a conscious choice to buy BWX brands because of their cruelty-free, toxin-free and naturally derived formulations. The Board and management is increasingly focused on reducing waste, emissions, and positively impacting our people and communities.

To this end, an ESG-focused subcommittee was established by the Board in FY21 with the responsibility for assisting the Board to identify and address the environmental, social and governance (ESG) and sustainability risks of the Company and ensure that the ESG and sustainability goals meet stakeholder requirements, and overseeing the significant resources being put towards measuring and tracking BWX's performance. I encourage you to read our comprehensive Sustainability Report embedded within this Annual Report.

The search for a new independent Non-Executive Director is underway following the resignation of Ms. Jodie Leonard in April 2021. I sincerely thank Jodie for giving more than two years of service and commitment to BWX in her role as an independent Director, People & Culture Committee Chair, and as a member of the Audit & Risk Committee. The Board is focused on strengthening the mix of skills and experience to support BWX's long term sustainable growth.

BWX is one of the few companies that kept specific guidance in the market during FY20 and FY21 which is a true testament to the underlying strength of this business.

FY21 Highlights

BWX was able to deliver 8.6% revenue growth (on a constant currency basis) and 11.5% EBITDA growth in line with the guidance provided to market 12 months ago, despite the ongoing challenges presented by COVID-19. The Board is very pleased by this performance, particularly against a backdrop of continued COVID-19 disruptions. This included, during the first half of FY21, a second wave of the virus in Victoria, where BWX is headquartered, and a 112-day enforced lockdown. The State also endured a further 14-day lockdown before FY21 ended.

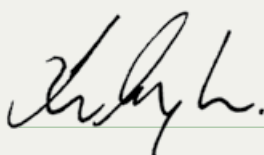
During FY21, BWX announced a series of key strategic retail partnerships, each supportive of our global growth ambitions and underscored by our vision to lead the global wellness revolution. These included The Hut Group (Europe and Asia); Chemist Warehouse Group (Australia, New Zealand, Ireland); Walmart (Canada); and Woolworths (Australia). Each strategic partnership materially enhances BWX's ability to grow our points of distribution and connect with more consumers as the Natural category expands.

BWX was well supported by our existing e-commerce and direct-to-consumer businesses which ensured we could be accessible to consumers everywhere. The completion of our acquisition of Flora & Fauna – a leading and exclusively online eco-retailer – is a further sign of our strong conviction in the growth of online shopping and will bolster our capabilities in the channel.

Flora & Fauna is a fast-growing consumer-centric business that generated \$12 million of net sales in FY20 and met its revenue forecast for FY21 with \$16.4m, which was in line with expectations.

This level of operational activity in an environment where economic challenges have been many, is truly impressive. BWX is positioned to emerge with a larger addressable market, improved manufacturing capability, and operational excellence as we drive sustainable growth and shareholder value into the future.

On behalf of the Board, our thanks extend to the entire BWX team for their perseverance throughout this past year and of course to our shareholders for their ongoing faith in our strategy.



Ian Campbell
Chairman



CEO's Letter

BWX

Dear Shareholders,

Another year of solid progress for BWX, made more remarkable by the unpredictable external environment in which we continue to find ourselves.

BWX is proud to be a marketer, developer, producer and manufacturer of a range of beauty and wellness products for the world. Our business does indeed benefit from non-discretionary attributes and a growing demand profile for natural beauty and wellness products, which is supplemented by our entire team's ability to pivot and adapt to the external challenges while keeping on the front foot with emerging opportunities.

The financial year commenced with a transformational growth opportunity for BWX. As more companies look to future-proof their business models and secure supply, BWX remained ahead of the curve with our development plans for a new operations facility and support office.

The new facility will unlock efficiencies, and provide greater flexibility and scalability to support our future growth while also de-risking our supply chain and sustaining our competitive advantage. It will transform BWX's production capability to a highly automated manufacturing plant fit to execute our next phase of growth.

This facility will provide the ability to unlock significant incremental EBITDA growth over and above the current Three Year Strategic Plan from FY23. Importantly, it will provide up-skilling opportunities for our capable operations team and significantly enhance the ways in which we serve our retail partners, customers, and consumers all over the world. It will also allow for greater product innovation and employee collaboration, and focus on the wellbeing of employees. Critically, it also equips our team to better meet and achieve our sustainability goals.

We have made substantial progress on our Sustainability Framework goals as outlined in our FY20 report. BWX is committed to market-wide ESG disclosure standards, and we have identified areas where we can make impactful and measurable changes to our business and its footprint. Disclosure on our progress and plans is set out in the dedicated Sustainability section of this Annual Report, which I encourage you to digest in full. There is commitment across all levels of the organisation to address sustainability concerns.

While we pursue this investment in operations and our future, rest assured we remain as committed as ever to growing our House of Natural Brands and connecting to more customers in key markets, consistent with the prioritisation strategy we have set ourselves.

In North America, where our bricks and mortar retail partners were more adversely impacted by the pandemic in FY21, our brands focussed on sales through online channels; brand.com sites; retailer.com; and marketplaces like Amazon, while supporting customer-centric solutions such as "click-and-collect" to offset reduced foot traffic. Our innovation was on full display with "virtual-try on" software for Mineral Fusion replacing the removal of make-up testers in-store. We also launched Sukin in Walmart Canada. We have a clear, executable plan for the next 12 months to maximise growth through distribution gains.

In Europe, we are progressing toward the A\$30-\$50m revenue targets through planned retailer rollouts, as well as the unlocking of our strategic partnership with The Hut Group, which rolled out the first two websites in 2H FY21. A total of 28 sites are in the pipeline, as The Hut Group bolsters BWX's branded websites with tailored, localised digital capabilities, and a full-service supply chain. This will enable our brands to connect better (and directly) with more consumers, building meaningful scale across Europe and Asia.

In our home market of Australia, we launched Sukin into the country's largest retailer, Woolworths Group, adding 50,000 new points of distribution. We also established our first equity-linked strategic alliance with Chemist Warehouse – Australia's largest and most recognised pharmacy retailer. This makes BWX a platinum supplier to Chemist Warehouse in what is a clear endorsement of the Natural category and its growth potential.

BWX remains committed to maintaining a wide presence for our brands across all channels, including online shopping.

It also catapults our brands to even more consumers, both instore and online, at a time when there is a renewed consciousness about sustainable health and lifestyle choices.

BWX remains committed to maintaining a wide presence for our brands across all channels, including online shopping, which is growing at 9% (CAGR 2020-2024).

On 1 July 2021, we acquired 100% of Flora & Fauna, one of Australia's largest and leading eco platforms, which was founded in 2014, with a highly curated online retail offering of vegan, ethical and sustainable products. We are even more thrilled to be welcoming award-winning retail executive Julie Mathers as Managing Director – Flora & Fauna and Nourished Life, and her entire team, to the BWX family.

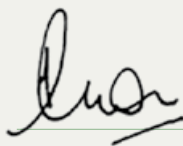
Together with Nourished Life, we have established an online powerhouse focused on a multi-category portfolio of better-for-you, healthy and sustainable products, 80% of which are not available in-store. This dual brand offering across Nourished Life and Flora & Fauna will provide differentiation to the portfolio, while enabling cross-selling opportunities for BWX brands, exclusive brands, and private-label offerings.

Investing in our direct-to-consumer business is a threefold strategy. It provides insight to the wants and needs of our core target market: the natural shopper. This then supports BWX to engage and educate our retail partners across the world on the benefits of natural, and the consumers we can bring to their channel.

And of course, the data we extrapolate supports the innovation funnel helping us determine what is a trend and what is a fad.

BWX's increasingly strong brand health – underscored by global distribution gains, innovation, targeted marketing investment, and operational efficiencies – means our Company is well situated to continue taking advantage of the structural industry tailwinds supporting the natural, health and wellness categories.

In FY21, our highly capable team have navigated the business through a series of challenging contexts across each of our global markets, however BWX continues its journey in FY22 in alignment with our Three-Year Strategic Plan and guided by our four Strategic Pillars to create enduring value for our shareholders.



Dave Fenlon
Group Chief Executive Officer
and Managing Director





"I GREW UP IN A MIDDLE CLASS FAMILY IN SRI LANKA AND OBTAINED MY FIRST JOB AS A PRODUCTION ASSISTANT IN THE TEXTILES INDUSTRY. I QUICKLY PROGRESSED IN MY CAREER, BUT I KNEW I WANTED AN ACADEMIC QUALIFICATION TO CONTINUE PROGRESSING. IN 2010, MY WIFE AND I MIGRATED TO AUSTRALIA (OR AS I CALL IT, "THE LAND OF OPPORTUNITIES") SO I COULD STUDY. IN 2014, I COMPLETED A BACHELOR OF BUSINESS AND ACCOUNTING AND WAS SOON GIVEN THE OPPORTUNITY TO JOIN BWV AS A CASUAL IN OPERATIONS. BEFORE LONG I WAS OFFERED A FULL TIME ROLE, HOWEVER I DIDN'T HAVE AN AUSTRALIAN CITIZENSHIP, SO BWV SPONSORED AND SUPPORTED ME IN APPLYING FOR PERMANENT RESIDENCY. IN THE LAST SEVEN YEARS I'VE PROGRESSED TO SUPPLY CHAIN MANAGER, MY WIFE AND I WELCOMED TWO BEAUTIFUL CHILDREN, AND DESPITE SOME HICCUPS ALONG THE WAY, I'M EXCITED TO SAY WE FINALLY HAD OUR PERMANENT RESIDENCY GRANTED THIS YEAR."

BUDDIKA PERERA SUPPLY CHAIN MANAGER



"I FIRST JOINED BWX IN 2018 AS A SALES & MARKETING INTERN FOR 12 MONTHS DURING MY PLACEMENT YEAR AT UNIVERSITY. I FINISHED MY INTERNSHIP IN 2019 AND RETURNED TO BWX A YEAR LATER, HAVING FINISHED MY DEGREE IN RETAIL, MARKETING AND MANAGEMENT, RE-JOINING THE TEAM AS MARKETING COORDINATOR FOR THE UK. I LOVE BEING PART OF THE BWX TEAM AND WORKING FOR A COMPANY THAT SHARES MY PASSION FOR NATURAL AND WELLNESS AND HOLDS VALUES SIMILAR TO WHAT I LIVE BY. I HAVE MOST APPRECIATED BEING PART OF THE JOURNEY RAISING SUKIN'S BRAND AWARENESS IN EUROPE AND HEARING AMAZING FEEDBACK WHEN SOMEONE NEW DISCOVERS THE BRAND. I'M VERY GRATEFUL TO BWX FOR THE OPPORTUNITIES AND SUPPORT OVER THE LAST FEW YEARS AND I'M VERY EXCITED TO CONTINUE TO BRING OUR VISION TO LIFE."

AMANDA GREENWOOD EU MARKETING COORDINATOR



Sukin

Sukin is a leading natural skincare brand. The philosophy of Sukin is that everything needed to nourish our bodies can be found in nature. Launching in 2007, it was one of the first skincare brands to say 'no' to ingredients and processes that may cause harm to people, animals or the environment.

Sukin says "no" to a long list of synthetic chemicals, is certified 100% cruelty free and committed to creating products free from all animal testing. Sukin is 100% vegan and does not use animal products of any kind.

Carbon neutral since 2008 and with biodegradable, grey-water safe formulas, Sukin is committed to thinking and acting sustainably.



To provide consumers with products that reflect its philosophy, Sukin has developed the expertise to create and deliver efficacious skincare and haircare products from natural or naturally derived ingredients.

In March 2021, Sukin introduced its Brightening Range. Formulated with native Australian Kakadu Plum, a rich source of Vitamin C, for more luminous skin, this range include products for day and night skincare routines to give a dewy summer glow.



Sukin says 'no' to a long list of synthetic chemicals, is certified 100% cruelty free and committed to creating products free from all animal testing.





Andalou Naturals

Created in California in 2010, the Andalou Naturals skincare brand was founded from a passion of pushing the boundaries of beauty and science.

The Andalou Naturals range of natural skin, hair and body care products are powered by the fusion of nature and science with innovative technology setting it apart from other natural beauty brands. PhytoCellTec® Fruit Stem Cell Science is the signature innovation that unlocks the power of regenerative fruit stem cells, combined with powerful, naturally derived active ingredients to provide targeted skincare solutions.



Andalou Naturals products are formulated to provide a unique and joyful experience with bold colours, rich textures and exotic fragrances, whilst delivering targeted results.



With a philosophy that beauty and skincare regimes shouldn't be boring, Andalou Naturals products are formulated to provide a unique and joyful experience with bold colours, rich textures and exotic fragrances, whilst delivering targeted results. The formulas are non-GMO, gluten-free and vegetarian with a large vegan offering. Andalou Naturals is 100% cruelty free and will never test on animals.

In January 2021, Andalou launched its Age-Defying Rejuvenating Skincare Line, featuring Bakuchiol, a natural alternative to Retinol. This range provides an excellent option for people looking for a natural anti-ageing solution.





Mineral Fusion

Since 2007, Mineral Fusion has proudly offered a smarter makeup that instantly improves complexions while nourishing the skin, while being appropriate for even the most sensitive skin types. Beyond mineral cosmetics, Mineral Fusion offers a wide range of nail polish, hair care, body care, and skin care products, each formulated to deliver the uniquely beneficial power of minerals.

The goal of Mineral Fusion is to protect and nourish skin and hair. All products are formulated with carefully selected natural ingredients, are hypoallergenic, artificial colour free, gluten free, synthetic fragrance free and cruelty free – Mineral Fusion never conducts animal testing.



All Mineral Fusion products are a fusion of beauty and skin care, formulated with lightweight minerals, skin-nourishing botanicals, age-defying antioxidants, and rich mineral pigments.

Mineral Fusion is proudly certified by the Environmental Working Group (EWG), a non-profit, non-partisan organisation dedicated to protecting human health and the environment while promoting safe and effective products for all. Mineral Fusion is a key supporter of EWG's mission of educating and empowering consumers to make better choices for their health.



Mineral Fusion offers a wide range of nail polish, hair care, body care, and skin care products, each formulated to deliver the uniquely beneficial power of minerals.





Nourished Life

Nourished Life is an Australian leading direct-to-consumer e-commerce platform focussing on better-for-you and sustainable products.

The mission of Nourished Life is pure and simple - to make clean living as inspired, convenient and accessible as possible.

Nourished Life does the investigation work on behalf of our consumers by checking the labels so consumers don't have to.

Nourished Life is meticulous when it comes to the quality and integrity of both products and brand partners, and has curated a broad range of natural alternatives that don't compromise on efficacy, safety or ethics.

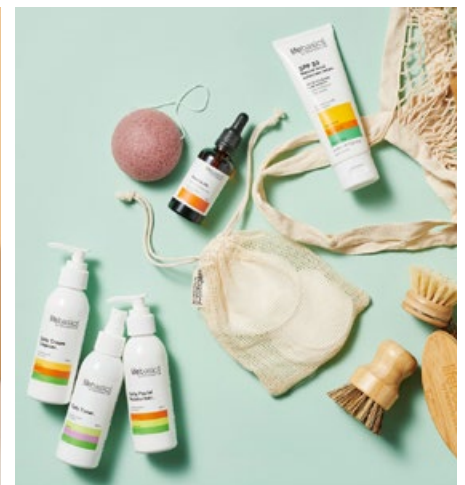
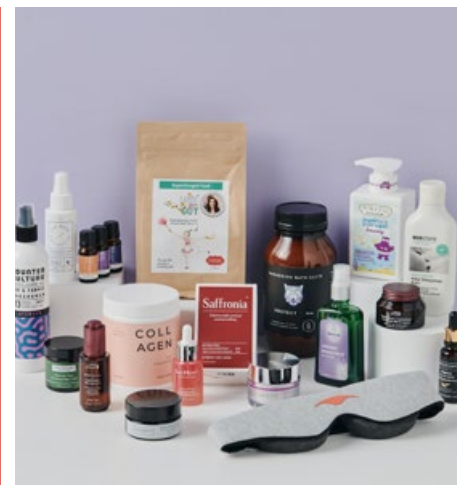


With over 6,500 products on offer – including Life Basics by Nourished Life, Sukin, Andalou Naturals, and Mineral Fusion – Nourished Life is proud to host a diverse range of products across beauty, health, wellbeing, home and lifestyle categories aligned with our sustainable, eco-friendly and cruelty-free ethos.

Nourished Life operates in Australia, with the capability to ship products internationally. From April 2021, Nourished Life decided to offset all carbon emissions from deliveries of parcels from warehouse to customers with 50 tonnes of carbon emissions offset. This program will continue in FY22.



The mission of Nourished Life is pure and simple - to make clean living as inspired, convenient and accessible as possible.



BWX Tomorrow

BWX Tomorrow, our dedicated investment arm, is gaining momentum with strategic investments in four early-stage companies.



vitale

GOODNESSME.



Peta Shulman
 Founder of
 GoodnessMe

Vitable

A fast-growing personalised vitamin subscription business.

GoodnessMe Box

A growing subscription-as-a-service business that aligns with “good for you” growth platform, that draws on our experience with the Nourished Life ecosystem.

Naked Sundays

A natural SPF range.

New Start-Up Brand

We made a co-investment to launch a number of natural, premium skincare products with a new start-up brand.

Through BWX Tomorrow, we are creating an ecosystem for natural beauty and wellness consumers while empowering Australian innovation.

We will continue to consider more investments in the next 12 months which tap into both online and offline channels, and markets where personalised, premium beauty and wellness are fast-growing segments.

NAKED
 SUNDAYS

New Start-Up Brand
 Coming Soon!



New Operations Facility

A world class operations facility that will modernise our manufacturing capability and support BWX's growth long into the future.

BWX



Ground Breaking Ceremony



Our new Operations Facility has a capital investment of approximately \$33.7 million and the expected payback is within 4 years. Attractive return profile is underpinned by expected:

- Capacity of well over 100m units per year allowing for more efficient innovation cycles through investment in R&D, laboratory/innovation facilities and a pilot plant to bring our innovation to market faster; and

- Marked improvements to productivity and efficiency (supported by four high speed production lines), reduction in per unit costs and reduction in material waste by ~10%, helping to support enhanced sustainability goals.

The site in Clayton is strategically located between major trade and distribution arteries while remaining close to our existing base ensuring minimal change for our people.



Strategy & Operations

BWX is now a platinum supplier to Chemist Warehouse, Australia's largest pharmacy retailer, that will see the range of Sukin, Andalou Naturals and Mineral Fusion products stocked online and in-store across the Group's network.

BWX

FY21 marks the first full year operating under BWX's Three Year Strategic Roadmap (Plan). Approved by the Board in February 2020, the Plan provides important structure and clarity around BWX's mission to be a leading global natural beauty company, and how BWX will drive this forward until the end of FY23. It mapped out the core strengths and opportunities for BWX and its brands and provides key financial and operational metrics to measure the Group's progress in executing the plan. The Plan has been critical to commence the transformation from a regionally focused set of brands and businesses to a global house of natural brands with significant cross-functional support to drive the Group's results. Steps were also taken to refocus the international strategy of the business, focussing on core markets with key identified features and growth opportunities, moving from an opportunistic to a strategic sales model.

The Company took key steps towards achieving the Plan throughout FY21. In July 2020, the Company raised \$52m by way of a capital raising to fund the construction of a new operations facility in Clayton, Victoria. This new operations facility will unlock significant EBITDA growth, including achieving a four-year payback period, and incremental earning expected from July 2022 onwards. It will provide enhanced operational and financial performance in future years, driven by production efficiencies, enhanced scale and margins, as well as greater control over end-to-end supply chain, ensuring continuity of supply. The new operations facility is expected to be EPS accretive in FY23 and onwards.

In November 2020, BWX announced a strategic partnership with The Hut Group, a global technology platform specialising in taking brands direct to consumers, to grow BWX brands in key engine markets in Europe and Asia. Initially launching two websites in the second half of FY21, a total of 28 sites are in the pipeline.

At the interim financial result announcement in February 2021, BWX also launched a number of strategic initiatives including the signing of an equity-linked strategic alliance with Chemist Warehouse Group. BWX is now a platinum supplier to Chemist Warehouse, Australia's largest pharmacy retailer, that will see the range of Sukin, Andalou Naturals and Mineral Fusion products stocked online and in-store across the Group's network reaching Australia, New Zealand and Ireland. BWX also announced a new retail partnership with Walmart Canada and partnered with Australia's largest retailer Woolworths Group which saw Sukin products stocked across the supermarket's 930-strong national network of stores.

Direct-to-consumer penetration is also a key priority for BWX, and on 14 May 2021, the Company announced that it had acquired 100% of the shares in The Good Collective Pty Ltd, trading as Flora & Fauna. Flora & Fauna is a leading Australian curated online retail platform exclusively focused on vegan, ethical and sustainable products. Flora & Fauna and Nourished Life will form a direct-to-consumer business unit within the Group to provide an online retail powerhouse focussed on a multi-category portfolio of better-for-you, healthy and sustainable products. The acquisition will be EPS accretive in FY22 and strongly EPS accretive in FY24 with the realisation of anticipated synergies.

BWX continues to deliver its measurable improvement program via investments in the ERP system; strategic procurement initiatives; and efficient manufacturing and diverse supply chains. The Group continues to deliver a cost-out program and is well positioned to adjust variable spend to reflect the operating environment. This work continues with the identification of further improvements in global sourcing initiatives; and ongoing SKU rationalisation.





Jane from Dandenong South Facility



North America Operations Team

BWX continues to deliver its measurable improvement program via investments in the ERP system; strategic procurement initiatives; and efficient manufacturing and diverse supply chains.



Dandenong South Facility



Go Global

BWX is a global business with more than 300 dedicated staff spread across four offices globally. This is how we will continue to support new and existing customers and achieve further growth for the business.

RETAIL MARKETS

BWX

- NETHERLANDS
- CANADA
- UK
- GERMANY
- IRELAND
- USA

- MEXICO
- UAE
- SOUTH KOREA
- CHINA
- VIETNAM
- TAIWAN
- HONG KONG
- JAPAN
- SPAIN

- INDIA
- INDONESIA
- MALAYSIA
- PHILIPPINES
- SINGAPORE

- SOUTH AFRICA
- AUSTRALIA
- NEW ZEALAND

GLOBAL OFFICES

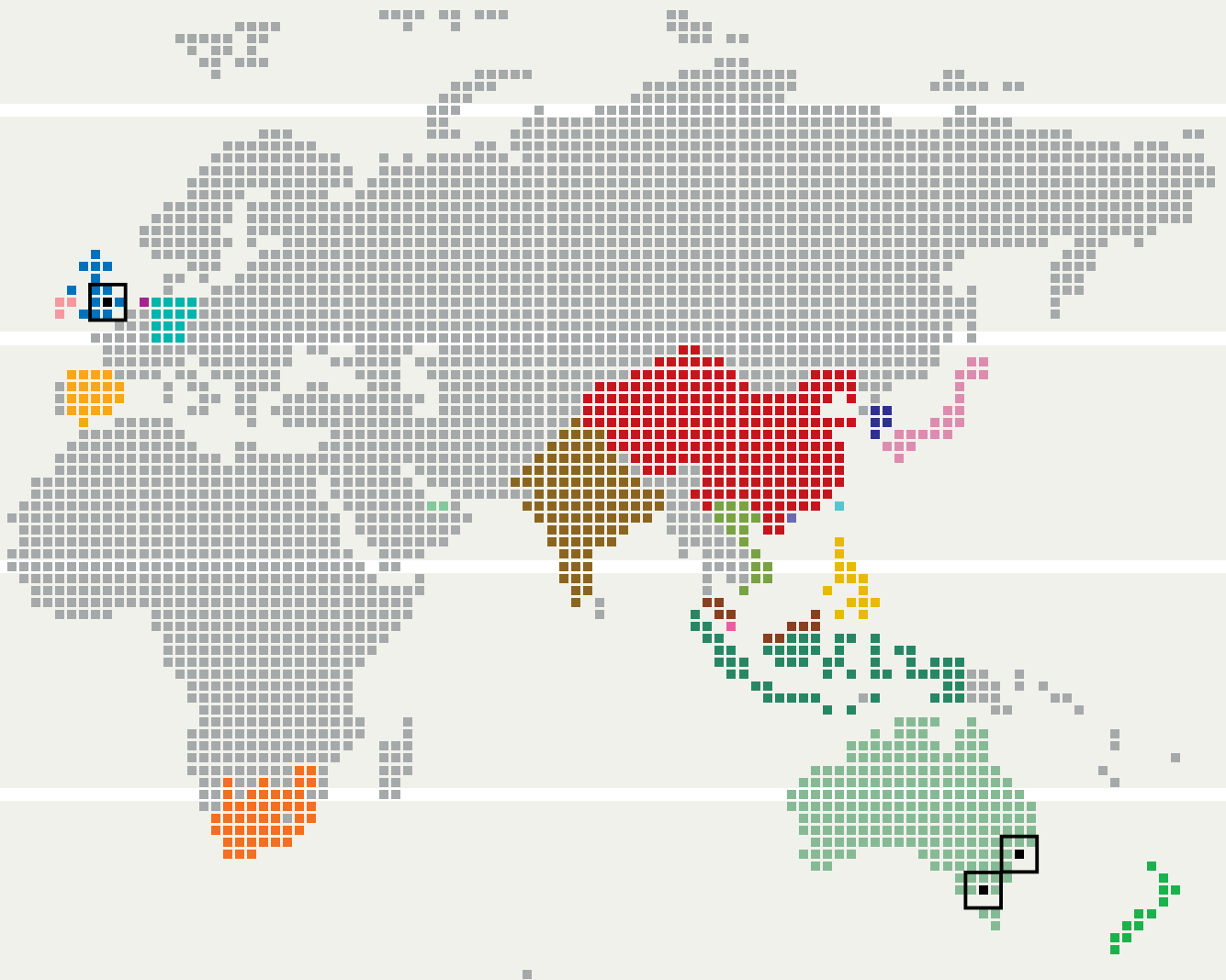
USA
BWX USA Headquarters
Petaluma, California

The second BWX Strategic Pillar is about leveraging the megatrends driving the movement of natural beauty into the global mass market, diversifying and sustaining the revenue base. In FY20, BWX undertook a market prioritisation process to redefine key markets and to exit unprofitable markets.

The priority markets include select Asia-Pacific markets (Australia, New Zealand, China), North America (USA, Canada) and international markets (Germany, UK).

This pillar also encapsulates the plan to become a \$50m supermarket skincare business in Australia and a \$100m conventional and mass skincare business in the USA.

This plan is progressing well, supported by strengthened retail relationships, channel expansion and increased points of distribution. Sukin and Mineral Fusion are collectively sold via one-thousand USA doors, with increased online ranging across Amazon, Sprouts, Ulta.com, Thrive Market and Target.com.



UNITED KINGDOM
BWX EU Headquarters
Leicestershire, UK

AUSTRALIA
Melbourne:
BWX Australian Headquarters
and Manufacturing Facility
Sydney:
Nourished Life



"AFTER 20 YEARS OF EXPERIENCE IN PERSONAL CARE, I JOINED BWX AND MADE AN INSTANT CONNECTION WITH THE BUSINESS AND THE NORTH AMERICAN OPERATIONS MANAGEMENT. I BEGAN AT THE BEGINNING OF 2020 AS SENIOR SUPPLIER MANAGER AND TRANSITIONED TO THE ROLE OF DIRECTOR OF OPERATIONS AFTER A YEAR. I'M VERY PROUD OF MY TEAM, A GROUP MADE UP OF INCREDIBLE WOMEN WHO OVERSEE ALL AREAS OF OUR OPERATIONS TEAM, INCLUDING DISTRIBUTION, SUPPLY PLANNING, INVENTORY, AND QUALITY. OUR TEAM IS INCREDIBLY HARD WORKING AND ON TOP OF THAT, WE ENJOY EACH OTHER'S COMPANY AND ALWAYS CELEBRATE OUR PERSONAL AND TEAM ACCOMPLISHMENTS TOGETHER."

GRETA GILLMORE DIRECTOR, OPERATION



"I HAVE BEEN WITH BWX FOR ALMOST 2 YEARS AND LOVE BEING PART OF OUR US OPERATIONS TEAM. IN THE LAST COUPLE OF YEARS, WE'VE CREATED AN AMAZING TEAM CULTURE THAT FEELS LIKE FAMILY. WE'RE KNOWN FOR BEING COMPASSIONATE, SUPPORTIVE AND ALWAYS HAVING FUN ALONG THE WAY. I'M PASSIONATE ABOUT CELEBRATING THE WINS AS A TEAM AND LOOKING OUT FOR ONE ANOTHER. I JOINED BWX BECAUSE IT'S IMPORTANT TO ME TO WORK FOR A COMPANY THAT ALIGNS WITH MY PERSONAL VALUES. DESPITE THE CHALLENGES OVER THE PAST YEAR, BWX REMAINED FOCUSED ON ENSURING PEOPLE ARE TREATED FAIRLY AND WITH RESPECT. DURING THE HEIGHT OF THE PANDEMIC AND OUR PEAK SEASON, NEVER ONCE DID OUR LEADERSHIP TEAM PUT BUSINESS OVER THE SAFETY OF OUR PEOPLE. BWX NOT ONLY CARES ABOUT THE QUALITY OF OUR PRODUCTS AND DOING THE RIGHT THING, THEY ALSO TRULY CARE ABOUT THE PEOPLE THAT MAKE IT HAPPEN."

ALICE BURNETT DIRECTOR, DISTRIBUTION

Sustainability Report

BWX



Dear Shareholder,

As a purposeful leader in natural beauty and wellness for the world, it is incumbent on BWX to represent and uphold the highest standards of sustainability, inclusivity and responsibility. Sustainability is at the heart of our strategy, governance and performance, with the BWX Sustainability Framework - which aligns our performance to the United Nation Sustainable Development Goals - and our four Strategic Pillars guiding how our initiatives are to be articulated, developed and executed between 2020 to 2030. Our sustainability strategy includes making positive strides to increase packaging recyclability, resource recovery and becoming carbon-neutral at both a brand level (by the end of FY23) and an operations level (by 2030). We have the ambition to be a leader in sustainability.

We're also proud of our actions to ensure the wellbeing and safety of all our employees. In addition to exceeding our FY21 targets on safety, we focused on the mental wellbeing of our employees during the global COVID-19 pandemic. In April we were proud to be awarded first place in the Australian Financial Review Best Places to Work Awards for the Manufacturing and Consumer Goods category.

The Board and Management are committed to maintaining the highest standards of corporate governance - actively managing risks and opportunities to deliver long-term sustainable performance and value creation for all stakeholders. In April 2021, we established an ESG and Sustainability Committee to support the Board in identifying, managing and addressing environmental, social, governance and sustainability risks and opportunities. We want to take more responsibility for our actions and through our increasingly transparent disclosures we aim to make it easier for you - our shareholders, and other stakeholders - to hold us accountable. For the FY21 reporting period, we engaged external advisors to benchmark our progress against the Global Reporting Initiative. We also support the Task Force on Climate-Related Financial Disclosures and are taking the necessary action to build a sustainable financial system through climate-related disclosures.

We will continue our mission to deeply embed sustainability into our strategy, our business practices and our mindset, and we are wholeheartedly committed to engaging our partners, customers and employees in delivering natural and ethical products and taking more responsibility for a more sustainable and inclusive future for all.

Dave Fenlon
Group CEO and Managing Director
BWX Limited

BWX aims to establish natural beauty as the only choice for people wanting to live a healthy and balanced life. Underpinning this vision is the commitment to long-term, sustainable business practices.

BWX aims to inspire the advancement of plant and mineral based science without causing unnecessary harm to the planet and implicit in our consumer's desire for natural products, deliver a business which is sustainable and has a positive impact to our people, our community, and the environment.

BWX SUSTAINABILITY FRAMEWORK

Risk	Description of sustainable development goal	BWX Impact
Supply Chain Risk	Implementation of sustainable consumption and production to achieve sustainable management and efficient use of natural resources by 2030.	Ensure supply chain adequately addresses: • issues of managing natural resources; • opportunities to reduce use of limited resources; and • the recapture of resources or incorporate recycled materials. Mitigate risks of modern slavery
Workforce Risks	Ensure healthy lives and promote well-being for all at all ages.	Take measures to ensure safety and wellbeing in the BWX workforce.
	Achieve gender equality and empower all women and girls.	Continue to create a workforce that engenders diversity and participation at all levels of the Company.
Customer and Consumer Risks	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	Continue to create products that are relevant to our customer and consumers that: • meet requirements for safe, effective and natural products; • provide information needed to make healthy choices; & • ensure that BWX acts responsibly, ethically and lawfully in providing its product portfolio.
Environmental Risks	Take urgent action to combat climate change and its impacts.	Review the extent to which BWX's operations contribute to climate change and the concrete steps which BWX can take to reduce its carbon emissions.

SUSTAINABLE
DEVELOPMENT
GOALS



Sustainability Report

Environment



Artist's Impression

SECTION 1: ENVIRONMENT

Our Commitment

BWX is committed to providing reliable climate-related financial information to stakeholders and has signed up as a supporter of the Taskforce on Climate-Related Financial Disclosures. BWX is working towards incorporating climate-related risks and opportunities into risk management and strategic planning processes.

BWX was founded on a commitment to the environment. This remains the foundation of our business today and will continue to be so into the future. We understand that we must meet our corporate objectives whilst at the same time minimising our environmental impact. The BWX Sustainability Framework aligns with the United Nations Sustainable Development Goals (UN SDGs) 12: Responsible Consumption and Production, and 13: Climate Action in relation to its environmental concerns.

The Board has oversight and ultimate responsibility for environmental issues, receiving regular updates and as important matters arise.

The ESG and Sustainability Committee assists the Board to identify and address environmental, social, governance (ESG) and sustainability risks, ensures that the ESG and sustainability goals address stakeholder requirements, and oversees the resources put towards meeting ESG and sustainability goals. Environmental issues are considered in our risk management framework, and reviewed as part of our Materiality Assessment.

To assess, manage and monitor our environmental impact, BWX conducts an annual greenhouse gas (GHG) inventory of our Australian and US operations, as well as calculating our water footprint and tracking our waste in our packaging materials. This supports BWX in setting its environmental targets, highlight opportunities for improvement and enables us to improve our positive environmental impact. In reviewing the potential environmental impacts of our business activities, BWX considers that it does not present any material risk to local flora and fauna or domestic water supplies resulting from our production and transport activities.

Regardless, BWX considers environmental protection to be important to our mission and values and this continues to be a cornerstone of BWX.

New Operations Facility

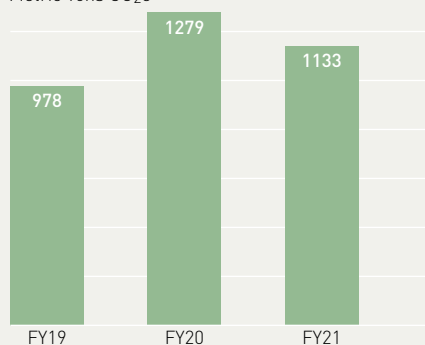
In July 2020, BWX announced plans to construct a new Australian operations facility in Clayton Victoria. This new facility will extend BWX's core capability within a modern and scalable manufacturing hub that is expected to deliver:

- production efficiencies to further scale current and future volumes, and enhance margins;
- improved quality and consistency of product through modern compounding facilities supported by a dedicated innovation and R&D laboratory;
- risk mitigation and enhanced control over end-to-end supply chain; and
- enhanced commitment to sustainability, including reducing our carbon and waste footprint to identify opportunities for sustainable growth.

We have designed our new manufacturing facility to obtain Five-Star Green Certification.

Gross Global Scope 2 Emissions

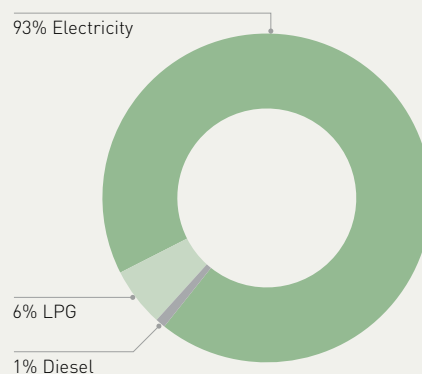
Metric Tons CO₂e



FY21 Gross Global Energy Consumption

Global GHG Emissions	tCO ₂ e
Total Scope 2 Emissions	1133
Electricity	1133
Total Scope 1 Emissions	80
Diesel	14
LPG	66
Total (Scope 1 & 2) Emissions	1213

Global Energy Usage by Source



Energy & Emissions

We understand the importance of tracking and understanding our GHG emissions. We are continuing to improve our inventory process and innovate new ways to reduce our carbon impact.

Calculating our Inventory

In FY21, BWX completed a GHG emissions inventory for our Australian and US sites, for which we have operational control. The inventory includes our Scope 1 emissions which are the direct GHG emissions from sources that we have control of such as fuel combustion in boilers and generators, and our Scope 2 (location based) emissions which are our indirect emissions reflecting the average emissions intensity of energy that we source from the grid.

We calculated the Scope 1 - Diesel and liquefied petroleum gas (LPG) - and Scope 2 (location-based) emissions for our operations in Australia and the USA. We are currently in the process of reviewing our emissions calculation methodology to improve the accuracy of our GHG emissions reporting. As part of this process, we aim to include Scope 2 market-based and relevant Scope 3 emissions in future reports.

BWX Facilities included in GHG Inventory

	Location
Scope 1 Emissions	
Dandenong South	Australia
Petaluma	USA
Scope 2 Emissions	
Dandenong South	Australia
Petaluma	USA
Excluded Facilities	
Manly Office	Australia
Leicestershire	UK

BWX calculated its emissions by extracting data from utility invoices and transactional records, and emissions factors were provided by our local utilities providers. Calculating our operational emissions is important to support future benchmarking and target setting and to accurately purchase carbon offsets for our Sukin brand.

BWX's Gross Global Emissions Direct and Indirect emissions for the reporting period was 1,293tCO₂e. Our Australian operations make up the majority of our emissions, representing 86.08% of total emissions.

Emissions Intensity

BWX calculated the emissions intensity associated with manufacturing Sukin for the first time in FY21. We used our FY19 to FY21 Scope 2 location-based data associated with the production of a single unit of Sukin as key inputs. Efficiency initiatives and manufacturing scale may have contributed to the intensity diminishing over this time period.

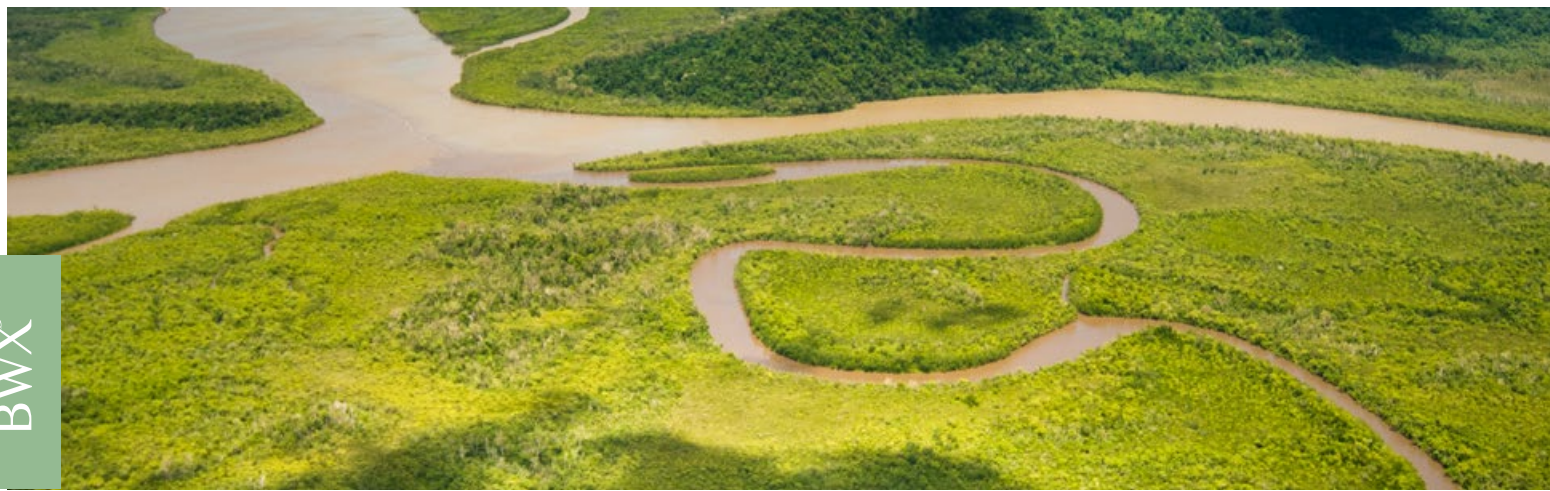
Sukin Scope 2 Emissions Intensity

Reporting Year	tCO ₂ e per Unit Produced
FY21	0.0000482
FY20	0.0000544
FY19	0.0000738



Sustainability Report

Our new operations facility has been designed to support production efficiencies, such as automated tank cleaning which will reduce the amount of water consumed in the cleaning process.



Carbon Neutrality

We recognise the science and potential externalities associated with global climate change. We consider that becoming carbon neutral for all brands and operations is a vital part of our sustainability strategy.

Sukin has been carbon neutral since its inception in 2008. In 2020, we committed to achieving carbon neutrality for all Australian brands by mid-2024, and by 2030 for all operations globally.



In FY21, we engaged external providers to assist with creating a roadmap towards carbon neutrality with oversight from the ESG and Sustainability Committee. Our carbon neutral program consists of tracking and auditing carbon emissions (Scope 1, 2 and 3) involved with the supply of raw materials, manufacturing and shipping of products, as well as ancillary activities involved in the brand (for example, marketing and travel). We offset the emissions by purchasing and retiring carbon credits.

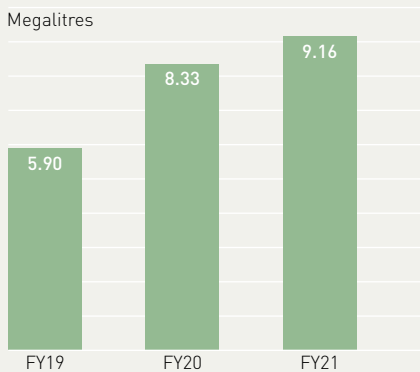
We calculated the carbon emissions attributable to each delivery of products from our Nourished Life warehouse to customers and from 1 April 2021, we commenced a program of offsetting all carbon emissions for all customer deliveries. We offset 50 tonnes of greenhouse gas emissions from Nourished Life deliveries from 1 April 2021 to 30 June 2021, and will continue the program in FY22 and beyond.

For Sukin, we purchase carbon credits through Greening Australia which allows the social enterprise arm of Greening Australia, Biodiverse Carbon Conservation, to invest in a wide range of global projects to create clean energy, such as wind generators and solar farms in developing countries. The carbon offsets purchased through our partnerships for Sukin to date are set out below:

Sukin Carbon Offsets	Metric Tonnes
FY21	21,391
FY20	21,252
FY19	10,451
FY18	12,126

Our purchased Sukin carbon-offsets were calculated based on our current GHG emissions calculation methodology, which takes into account relevant Scope 3 emissions. As we review and improve our GHG emissions calculation methodology, we will be able to disclose consolidated GHG emissions across the BWX Group for future reporting years.

Gross Global Water Withdrawal



Water

The efficient and sustainable management of water resources is important to us at BWX, and the careful use of natural resources is central to BWX's values and our business operations. Our Operations department has oversight of water-related issues and works to ensure that we meet best practice standards.

Water Footprint and Water Efficiency

In FY21, BWX recorded 9.16 megalitres of water withdrawal. This incorporates water consumption from our Australian corporate office, manufacturing facility and Nourished Life warehouse, as well as our United States corporate office and warehouse. Most of BWX's water consumption derives from on-site activities, including manufacturing of our products, washing equipment and machinery, and employee utilisation of toilets and taps. We use UV systems to treat our water and ensure it is high quality for our products.

The majority of water used for BWX's Australian operations comes from urban water supply in Melbourne, Victoria. BWX has a trade waste agreement with South East Water which is consistently adhered so as to ensure responsible water management. BWX works with South East Water to make certain that the water leaving our facilities meets the pH values and temperatures required by South East Water, before being sent to be treated for recycling and reuse at its facilities. To reduce our operational impact on water resources, we have recently moved from low-pressure washing of equipment to a more water efficient high-pressure washing system at our manufacturing facility. Water efficiency will be further improved following the opening of our new manufacturing facility later in 2021.

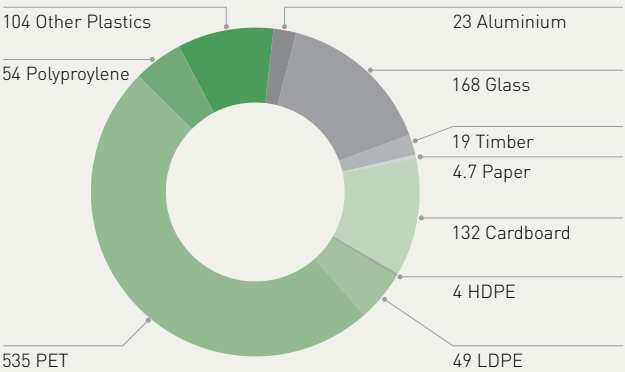
The water footprint in our US operations represents a very small percentage of our overall water use and is considered immaterial (less than 5%). As we expand and improve our tracking and monitoring capabilities, we intend to include water withdrawal in our third-party manufacturing as part of our annual water data collection processes.

Waste & Packaging

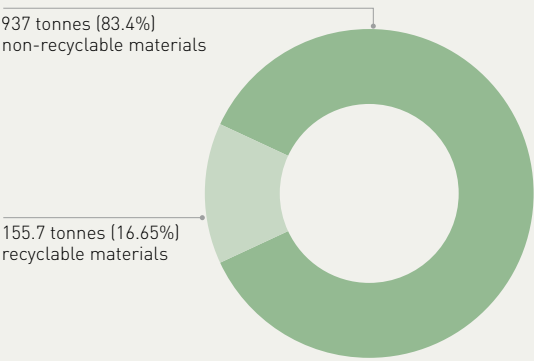
Responsibly managing waste and packaging is a priority for BWX. We endeavour to use resources sustainably and minimise environmental impact. In FY21 we have strengthened our commitment to sustainable packaging, which is overseen by our ESG and Sustainability Committee and delivered by our R&D department. Our central packaging goal is that no packaging will be sent to landfill by 2025.

Sustainability Report

Australian Product Portfolio Packaging Material
March 2020 - March 2021 (tonnes)



Recyclable Materials used in Australian Product Portfolio Packaging Material Breakdown
March 2020 - March 2021 (tonnes)



Waste and Packaging at new Operations Facility

Waste from Australian operations will be reduced by 10% in 2023 after our new operations facility is operational. A waste management program will be in place to reduce general waste; recycle packaging, soft plastics, cardboard, e-waste, food, and chemicals; and recover wood and metal.

The Australian Packaging Covenant

We are a member of the Australian Packaging Covenant (APCO), and have adopted measurable goals to reduce consumer packaging materials; improve the recycled content of our packaging materials; and reduce and recover waste in our supply chain for our Australian product portfolio. Currently, 32 of our 42 product categories have recyclable packaging. We are working to improve this number along with having packaging be made from renewable and compostable.

For 2021, BWX achieved Level 4 (Leading) for the core criteria of the APCO Annual Report.

Our new APCO Action Plan Targets are focused on improving the recyclability of our packaging, and reducing the amount of waste going to landfill for our Australian product portfolio materials.

Our APCO Action Plan Targets (from March 2021 to March 2022) include measures to review existing packaging to improve recyclability, reusability or recoverability. To improve on-pack labelling for disposal or recovery; and to improve waste recovery. In connection with our APCO Action Plan, we declared the materials used in packaging from March 2020 to March 2021 for our Australian product portfolio in the table above.

Australian Product Portfolio Packaging Materials March 2020 to March 2021

Between March 2020 and March 2021, 29 tonnes of on-site solid waste were either reused or recycled and we expect that the level of waste reduction will improve in our new manufacturing facility.

In March 2021, Sukin launched its first trial product refill station in partnership with Coles Moonee Ponds, Victoria. The new refill station provides customers with an alternate eco-friendly way to purchase Sukin products. This step was made to encourage Australians to think more consciously about how they purchase their beauty products.



Packaging Sustainability Project

In 2021, with oversight from the Board and guidance from the ESG and Sustainability Committee, we finalised our sustainability targets and initiatives for packaging sustainability for all products in our portfolio over and above our APCO Action Plan Targets. Our key targets are:

- 100% recycled content in PET, bottles, cartons, and shippers by 2023;
- 50% average recycled content across all packaging by 2025,
- 100% recyclable / reusable / refillable / compostable packaging by 2025,
- All products to have disposal / recovery information included, and
- Engage with industry partners to create closed-loop initiatives.

We look forward to updating stakeholders in future reports on our progress against these targets.

Customer Engagement

Waste is a key point of focus for BWX. We recognise engaging consumers on waste and packaging is necessary for us to meet our commitments and lower our impact. This involves ensuring ongoing improvements in waste-recovery, reuse, recycling, and composting through our APCO Action Plan targets and external partnerships. As of 2021, 100% of newly developed products include the Australasian Recycling Label logos, which helps consumers understand how to correctly recycle our packaging. We have partnered with REDCycle since 2019 for soft plastic recycling, and our Nourished Life/Terracycle Zero Waste Box provides customers with alternatives to traditional disposal of beauty product packaging.

Compliance

Our operations are subject to environmental laws and regulations, and we maintain environmental licenses and registrations in compliance with applicable regulatory requirements. These environmental laws and regulations control the use of land, the erection of buildings and structures on land, the emission of substances to water, land and atmosphere, the emission of noise and odours, the treatment and disposal of waste, and the investigation and remediation of soil and ground water contamination.

We have procedures in place designed to ensure compliance with all applicable environmental regulatory requirements. BWX ensures, as a priority, that it is compliant with all local, state and federal laws that we are subject to. Any incidents of non-compliance are reviewed by the Audit and Risk Committee and Head of Operations where further action will be deliberated on a case-to-case basis. During the reporting period, there were no incidents of non-compliance that resulted in regulatory or legal action or fines and penalties.

Sustainability Report

The core promise of BWX is that it provides natural beauty products from ingredients that are found in nature or are naturally derived.

Product Responsibility

At BWX we strive to exemplify responsible production for all of our products. The core promise of BWX is that it provides natural beauty products from ingredients that are found in nature or are naturally derived. Further, our strategic pillar Go Global, Go Mainstream, includes ensuring our products remain relevant, sustainable, and important to our customers.

BWX's brands offer consumers the opportunity to use products that don't rely on synthetic chemicals or animal testing, and that are vegan and avoid animal by-products. Amongst the elements of BWX's ingredient policy are the following:

- Sourced from nature or naturally derived where possible (with reference to ISO 16128 or internal standards)
- No animal testing / cruelty-free
- Non-GMO
- Roundtable on Sustainable Palm Oil (RSPO) certified or RPSO Mass Balance
- Ingredients are verified, when possible, through an external body to effectively support claims
- When there is not a natural equivalent, or the safety of consumers or the performance of the product may be compromised with a natural ingredient, we select natural substitute ingredients. These are "green processed" or "green chemistry" ingredients and are less harmful to the environment
- Education (internally and externally) around our ingredient selection to communicate to retailers and consumers
- Greywater safe and biodegradable which minimises harm on waterways and the environment

Additionally, BWX ensures no product involvement across all BWX brands in:

- Alcoholic beverages
- Oil sands
- Arctic drilling
- Genetically modified plants & seeds
- Pesticides
- Adult entertainment
- Gambling
- Tobacco
- Controversial weapons
- Thermal coal





In FY21, Sukin launched the #10WashChallenge to help convert consumers from synthetic to natural haircare products. By challenging consumers to see the result of plant-based cleansers across ten washes, Sukin helped to overcome consumer hesitancy around natural haircare products. This was a highly successful campaign.



Sustainability Report

Social



SECTION 2: SOCIAL

Our Commitment

An inclusive, equitable and fair workplace, and a diverse workforce, are critical to the Company's long-term success. Our Sustainability Framework aligns with UN SDG 3: Good Health and Wellbeing; and 5: Gender Equality.

BWX customers, consumers and the society in which we operate are critical stakeholders. We must also recognise and support the communities in which we operate. Our Sustainability Framework aligns with UN SDG 17: Partnerships for the Goals.

Workforce

BWX is committed to attracting and retaining talented individuals whilst providing a work environment that fosters diversity, productivity, creativity and inclusiveness. Consistent with Company values, BWX provides an inclusive, equitable and fair workplace and believes that employing a diverse workforce is critical to our long-term success.

In April 2021 BWX was placed first in the Australian Financial Review 'Best Places to Work' Awards in the Manufacturing and Consumer Goods category. This prestigious award recognises organisations that are pioneering new ways of working and pushing the boundaries for workplace policies and practices which are underpinned by rigorous scientifically proven methodologies.

COVID-19 Health and Wellbeing Focus

During the global COVID-19 pandemic, BWX established a COVID-19 response team tasked with ensuring the safety and wellbeing of our employees across the entire Group. BWX invested in initiatives to improve employee engagement and retention and focused on ensuring everyone was connected and supported through frequent communications, online trivia and bingo, care packs, resilience training, mental health webinars and wellness days.

For those essential workers involved in the distribution and manufacturing of products, we put in place careful protocols to look after the health of our staff, including car-park briefings to allow for social distancing. In August 2020, we provided a one-off payment of \$1,750 and a gift to the value of \$250 to those staff to acknowledge their efforts and contribution throughout the global COVID-19 pandemic.

BWX will continue to trial ways to offer flexible work arrangements as appropriate, recognising the need for continued agility and to help employees feel connected and supported.

Leadership, People and Culture

We recognise our most important assets are our people and we encourage them to realise their potential in an environment that values diversity, productivity, creativity and inclusiveness. In FY21, we demonstrated this by recruiting talented individuals across all age ranges, and 63% of new hires globally were female.

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Sustainability Report

BWX achieved an LTIFR of 3.0 for the Group against a target of <8.73, 81% better than our target and an outstanding result.

Duncan Munro, Group Operations Director

FY21 Safety Statistics

Region		Total Incidents	Near Misses	First Aid Injuries	Medical Treatment Injuries	Lost Time Injuries	Rolling LTIFR
Australia	FY21	89	73	14	0	2	4.4
	FY20	66	29	17	1	2	5.8
	FY19	54	10	19	4	4	6.2
USA	FY21	14	11	19	4	4	6.2
	FY20	8	1	0	2	3	23.4
	FY19	8	0	5	3	0	0
UK	FY21	0	0	0	0	0	0
	FY20	0	0	0	0	0	0
	FY19	0	0	0	0	0	0

Occupational Health and Safety

BWX continues its commitment to providing a safe and healthy workplace for its employees through the ongoing identification, reduction and elimination of safety hazards and risks. A key component of our human capital management strategy is to embed a culture of safety in the business and to reduce or eliminate safety hazards and risks. Safety incidents impact compensation insurance premiums for our workers, and therefore a well-executed safety strategy is not only integral to the wellness of our employees, but also to protecting investor capital.

A key focus for risk reduction during FY21 has been a focus on safety training, with the launch of the BeXtra Safe program designed to promote safe behaviour and encourage safety reporting in a positive way. This program was supported by the development of eight internal safety training videos, covering Working Safely in the Supply Chain, Working Safely in Production and Working Safely for BWX (General Safety Induction).

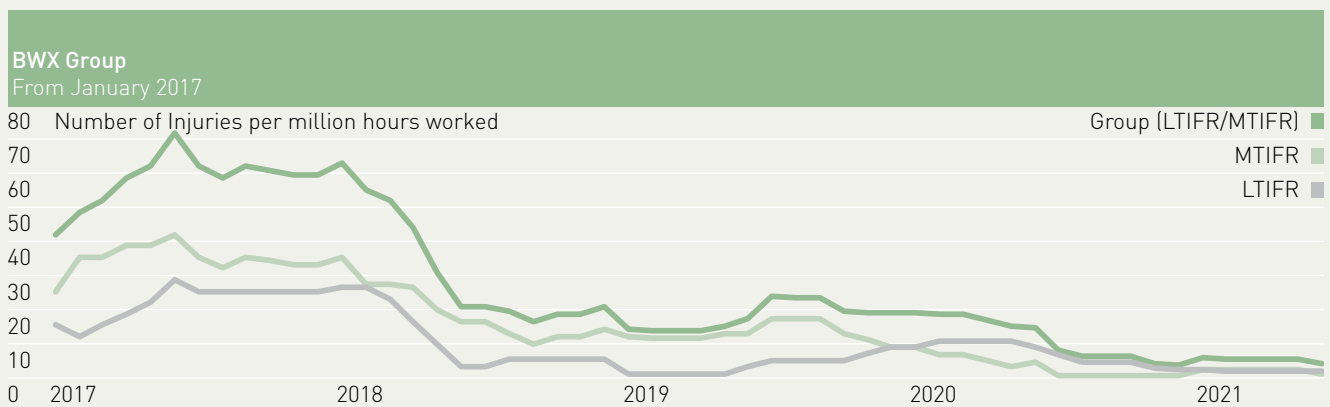
As a result of this focus and other activities listed below, incident and near miss reporting increased and BWX achieved a Lost Time Injury Frequency Ratio (LTIFR) of 3.0 for the Group against a target of <8.73, 81% better than our target and an outstanding result. This includes the US team who reached achieved an LTI-free year.

Other key safety program highlights during the year include the Australian operations facility passing the ISO 45001:2018 OHS Management System Standard Stage 1 Certification Audit, as audited by SAI Global and the full certification audit in June 2021, with no non-conformances.



OHS
ISO 45001
SAI GLOBAL

BWX Group Injury Frequency 2017 to 2021



The LTIFR (Long Term Injury Frequency Ratio) is the frequency of injuries involving one or more lost workdays per one million worked hours. The MTIFR (Medical Time Injury Frequency Ratio) is the frequency of injuries involving one or more Medical Treatment injuries per one million worked hours. The Group figure is the combined LTIFR and MTIFR.

	LTIFR	TRIFR (LTI & MTI)
FY21	3.0	5.0
FY20	9.8	15.5
FY19	4.1	18.1
FY18	4.3	21.5
FY17	29.2	7.4

Workforce, Learning & Development

BWX maintains emphasis on the ongoing development and training of its workforce. FY21 saw a significant uplift in people development activities centered around the BWXperts plan, which we designed to provide a framework and consistency in learning and development across the Company. It included functional specific training opportunities and training for teams solving specific problems. Other training initiatives included mentorship, apprenticeships and internships, Lunch n Learn and study support. We invested in external speakers to provide components of the training. In total 3,456 hours of training were provided in FY21, an increase of 331% from FY20. Training was delivered to 919 participants, an increase of 464% from FY20.

The goals of BWXperts are to provide our people with a range of personal and professional development opportunities, build skills in key areas, and to improve employee engagement. The plan's success is measured via retention rates, % of internal successors, employee engagement scores and number of internal promotions.

Sustainability Report

Workplace Diversity

Workplace gender diversity is endorsed and overseen by the Board. Consistent with the recommendations of the ASX Corporate Governance Council, the Board has set annual measurable gender diversity targets and BWV reports its progress against these targets.

In FY21, the Board set diversity targets for the Company. Performance against these targets is set out below:

	Financial Year	Target %	Number of Men	Number of Women	Women %
Non-Executive Directors	FY21	≥ 40% female	3	2	*40%
	FY20	≥ 40% female	3	2	40%
	FY19	≥ 40% female	3	2	40%
CEO, Senior Executives and Senior Management	FY21	≥ 40% female	31	32	51%
	FY20	≥ 40% female	26	36	58%
	FY19	≥ 40% female	19	23	55%
All Employees	FY21	≥ 40% female	95	203	68%
	FY20	≥ 40% female	95	215	69%
	FY19	≥ 40% female	76	182	74%

* Jodie Leonard, Independent Non-Executive Director, resigned from the BWV Board effective 30 April 2021 and until that date, the Board had achieved the target of 40% female representation in FY21. The Board has commenced the search for a new independent Non-Executive Director.

The Board has confirmed the following diversity targets for the Company for FY22.

FY22 Diversity Targets	Target Female Representation
Non-Executive Directors	≥40%
CEO, Senior Executives and Senior Management	≥50%
All Employees	≥50%

Parental Leave Statistics

	Financial Year	Men	Women	Australia	USA / Other
% of employees entitled to parental leave	FY21	65%	75%	72%	73%
	FY20	85%	78%	90%	62%
	FY19	92%	72%	82%	44%
Number of employees taking parental leave	FY21	4	10	6	8
	FY20	0	7	4	3
	FY19	0	14	9	5
Total number of employees returning after parental leave	FY21	4	7	*6	*5
	FY20	0	4	*4	*1
	FY19	0	8	*5	3
Retention rates of employees who took parental leave	FY21	100%	70%	*100%	*63%
	FY20	0%	100%	*100%	*100%
	FY19	0%	57%	*56%	60%

* Some individuals are still on leave

Additional Diversity Information

	Financial Year	Total Number	Australia	USA / Other
Female Employees	FY21	203	131	72
	FY20	219	140	79
	FY19	201	109	92
Employees under 30 years old	FY21	54	38	16
	FY20	65	40	25
	FY19	57	25	32
Employees between 30 years and 50 years old	FY21	170	118	52
	FY20	189	128	61
	FY19	165	97	68
Employees over 50 years old	FY21	58	40	18
	FY20	56	38	18
	FY19	63	42	21

Sustainability Report

Gender Disparity in Salary

	Gender Pay Gap in Australia FY21	Gender Pay Gap in Australia FY20	Gender Pay Gap in USA FY21	Gender Pay Gap in USA FY20
Board	0%	0%	NA	NA
Management	+4%	+11%	NA	0%
Category Two	+18%	+2%	+18%	-4%
Category Three A	-4%	-11%	-4%	-19%
Category Three B	-6%	+4%	-6%	0%
Category Four A	-17%	+3%	-17%	-6%
Category Four B	0%	-7%	0%	+14%
Category Five	-5%	+8%	-5%	-10%
Category 6	-17%	-6%	-17%	+7%

In FY20, BWX undertook a detailed analysis to confirm the status of any pay disparity and to identify opportunities to reduce the gender pay gap and ensure diversity across all categories. The analysis was repeated in FY21.

The table summarises the Gender Pay Gap analysis and was undertaken after reviewing job grades by location and like-for-like positions. Age and tenure were also analysed to determine if any trends were evident, however none were identified, although some job level categories can be further refined to provide a more accurate comparison on a like-for-like basis. The UK office is excluded as all employees are women. The Chair of the BWX Board, the CEO of the BWX Board, the Group Chief Operating Officer and Managing Director APAC and the Managing Director North America are also excluded because there is no similar position against which to compare.

In the table above, a positive percentage indicates that, for the particular job level, women are paid more than men. A negative percentage indicates that, for the particular job level, men are paid more than women. 0% indicates no disparity between women and men.

To improve diversity and to decrease the gender pay gap, the following activities were undertaken in FY21:

- Set targets related to Improving diversity in leadership roles
- Further enhanced parental leave policy to increase the period of paid leave for the primary carer, and also added 2 weeks paid leave for secondary carer
- Commitment to continue flexible and remote working post COVID with a 50/50 approach to time on site vs. at home
- Offered various development training to all employees, and ensured women were adequately represented in this training
- Actioned pay increases to remove gaps for like-for-like positions.

In May 2021, the Board confirmed the following goals related to improving gender pay equity and reducing bias, specifically:

- Reduce the gender pay gap by a minimum of 2 percentage points in FY22 with the aspirational goal of having no gap by 1 July 2025.
- A commitment to take further steps within the organisation to uncover and reduce bias in our employment related processes.

Customer and Consumer

Customers and consumers of BWX products are critical stakeholders. With the objective of establishing natural beauty as the only choice for people wanting to live a healthy and balanced life, BWX must create products relevant to customers and consumers that meet their requirements for safe, effective and natural products; provide them with the information they need to make healthy choices; and act responsibly, ethically and lawfully in providing its product portfolio.

To provide a consistent framework and coordination for our approach to public policy and regulation relating to our customers and consumers on a global basis, in FY21 we took the step of establishing a Global Regulatory Affairs capability that consolidates existing resources into one team.

We have an objective to become a certified B-Corporation, as this will demonstrate our commitment to environmental and social performance, and our aim to balance profit with purpose. We are firmly on our journey toward obtaining certification as a B Corporation. In FY21 we signed up for the B Corporation Impact Assessment and in early FY22 our business will undergo this rigorous accreditation process, meaning our performance is assessed and measured across key categories of governance, workers, customers, community, and the environment.

Product Focus

The brands of BWX provide core promises to customers and consumers around the use of natural ingredients, product safety and prohibition on animal testing. These commitments are balanced with a dedication to responsibly market products and provide accurate information to customers and consumers. The BWX business manages these responsibilities through its research and development team and quality teams, which are comprised of in-house experts on materials science, chemistry and safety subject matters. The Nourished Life team applies a proprietary assessment tool that ensures its online product offerings meet its promise of providing clean beauty and products for a healthy lifestyle to customers. The USA business works closely with key co-packers and third-party manufacturers to manage product ingredients, safety and efficacy. Our customer service teams engage in post-market surveillance by obtaining consumer complaints and feedback, which are fed back into the design process to support future product innovations.

With consideration for actively engaging with customers and consumers, the Sukin, Andalou Naturals and Mineral Fusion websites provide consumer information on wellness, health, beauty and lifestyle factors. In addition to providing such information, the Nourished Life brand also offers the "Talking Clean with Irene" podcast on a range of issues around living a natural and sustainable lifestyle and in FY21, was curated by the website's founder, Irene Falcone.

Marketing and Labelling

To ensure that BWX can meet its promise to customers, the following minimum standards for customer labelling and marketing are followed:

- The sourcing of direct product components is known
- All substances are reviewed to ensure they are not hazardous to the environment
- The country of origin is reviewed
- All formulations are assessed for safety prior to sale
- All suppliers are required to sign the BWX Code of Conduct
- All suppliers complete a pre-approval and self- assessment as part of the supplier approval program.

In addition, Sukin products undergo an Australian Packaging Covenant Organisation assessment to determine the recyclability of packaging at end-of-life.

There have been zero incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling; or in relation to marketing communications, including advertising, promotion, and sponsorship; within the reporting period.



Sustainability Report

The Sukin brand renewed its partnership with Greening Australia to support its Reef Aid Program in FY21 by providing an ongoing financial contribution.

Local Communities

BWX is focused on supporting the communities in which we operate. We are actively involved in giving back to causes relating to ESG responsibility and the empowerment of women. To empower employees to participate in community engagement activities, we adopted a Volunteer Leave Policy in FY20 that provides employees with two days of paid leave for the purpose of undertaking volunteer, charity or community work.

FY21 activities included:

- Bushfire Relief Volunteering at Foodbank (AU), Clean up Australia Day, Redwood Empire Food Bank (US), Australia Day Red Cross fundraising lunch
- Donated US\$10k to the National Association for the Advancement of Coloured People and the Okra Project
- Product donations to Western Health Foundation, Kornar Winmil Yunti Aboriginal Corporation, Pink Elephants Support Network, QENDO, Impact for Women, Family Planning Victoria and Northern Hospital.

Greening Australia

The Sukin brand renewed its partnership with Greening Australia to support its Reef Aid Program in FY21 by providing an ongoing financial contribution of \$120,000 and endorsing its goals to help stop sediment at its source to improve water quality and protect the lives of over 3,000 different types of coral and 1,700 species of fish that live in the reef. For further information about Reef Aid's Program, please see <https://www.greeningaustralia.org.au/programs/reef-aid/>

Vital Voices

Andalou Naturals partners with Vital Voices, an international non-profit organisation investing in women leaders who seek to improve their communities. Andalou Naturals supports an "Andoluminary Scholarship" valued at US\$25,000, to sponsor women to access the Vital Voices VV GROW Fellowship, a program to provide customised business skills training,

Leadership development, technical assistance, and access to networks for women owners of small and medium sized enterprises. Due to the global COVID-19 pandemic, the Andoluminary Scholarship was cancelled in 2020, but Andalou Naturals looks forward to renewing the partnership in FY22.

Dress for Success

In February 2020, Mineral Fusion announced an official partnership with Dress for Success, an international non-profit organisation empowering women to achieve economic independence by providing a network of support, professional attire, and the development tools needed to help women thrive in work and life. Due to the global COVID-19 pandemic, clothing donations were cancelled. To continue providing support for Dress for Success, Mineral Fusion conducted a "Giving Tuesday" program, for which 10% of all sales on Mineral Fusion.com were donated to Dress for Success. Mineral Fusion looks forward to renewing the partnership in FY22.



Sustainability Report

Governance

SECTION 3: GOVERNANCE

Our Commitment

The BWX Board and Management are committed to maintaining the highest standards of corporate governance, actively managing risks and opportunities to deliver long-term sustainable performance and value creation for all stakeholders.

Board Approach

In 2021, BWX created an ESG and Sustainability Committee to assist the Board with its ESG responsibilities. The Committee's charter sets out its role to assist the Board in identifying, assessing and addressing ESG and sustainability risks and opportunities, ensuring ESG and sustainability goals, initiatives and reporting meet stakeholder requirements and exceed shareholder expectations; and assessing proposed charitable giving and philanthropic ventures and advising the Board on their suitability.

The Committee works within the Company's risk framework to identify, manage, and report risks and opportunities through oversight of the BWX Sustainability Framework and the development and execution of the ESG and sustainability goals and initiatives of the Company.

The Board is responsible for the oversight of material business risks and this extends to the potential ESG impacts of BWX operations, with support from the ESG and Sustainability Committee, Audit and Risk Committee and the People and Culture Committee.

Management Approach

The Management Team recognises the importance of sustainability in delivering our mission to make natural beauty the only choice. Implicit in our consumers' desire for natural products, we must deliver a business which is sustainable and has a positive impact to our people, our community and the environment.

BWX's risk management framework considers the ESG-related aspects to its activities and focuses on enhancing sustainability performance and transparency over time. Responsibility for implementing sustainable practices and reporting to the BWX Board sits within each business unit and is coordinated by the Company Secretary. Key ESG performance indicators are embedded into Executive remuneration, with non-financial performance components of short-term incentives including a range of metrics to drive performance in the areas of leadership, people, diversity, health, safety and environment. Our ESG framework is supported by key corporate governance policies and charters found on our website.

GOVERNANCE FRAMEWORK



Sustainability Report

BWX has selected five of the UN SDGs that best reflect its underlying ESG risks and the areas in which it can make impactful and measurable changes to its business.

Sustainability Framework

In FY20, BWX established a Sustainability Framework to help identify our overarching commitment to sustainability and our stakeholders. The Sustainability Framework is intended to provide a pathway that ensures everything at a corporate level is critically assessed through a sustainability lens. It also drives the identification and setting of sustainability goals, which were first articulated in FY20 and the progress of which will be communicated in this report.

The Sustainability Framework is aligned with the UN SDGs. The United Nations created the UN SDGs as a blueprint to help achieve a sustainable future for all people. Each goal focusses on a different aspect of sustainability, such as alleviating poverty, gender equality, reducing consumption levels and climate action. BWX has selected five of the UN SDGs that best reflect its underlying ESG risks and the areas in which it can make impactful and measurable changes to its business. In aligning ESG risks and the Sustainability Framework with the UN SDGs, BWX will speak a common language with other companies that have adopted the UN SDGs; allow for greater consumer engagement; and demonstrate the importance of mitigating ESG risks and implementing sustainable business practices at BWX. ESG Impacts and UN SDGs

Having mapped BWX's material ESG topics, our key ESG exposures relate to Supply Chain, Workforce, Customer and Consumer, and Environment considerations. The corresponding UN SDGs which best encapsulate the concerns in those material ESG topic are outlined below and are relied upon to provide guidance on matters of materiality and relevant disclosures to be made.

Materiality Assessment

In order to assess material topics that are of importance to our stakeholders and have an impact on our businesses, we annually update our materiality analysis. In FY20 BWX undertook materiality assessments limited to people, contractors and entities directly controlled by BWX. In FY21 materiality assessments were extended to external stakeholders.

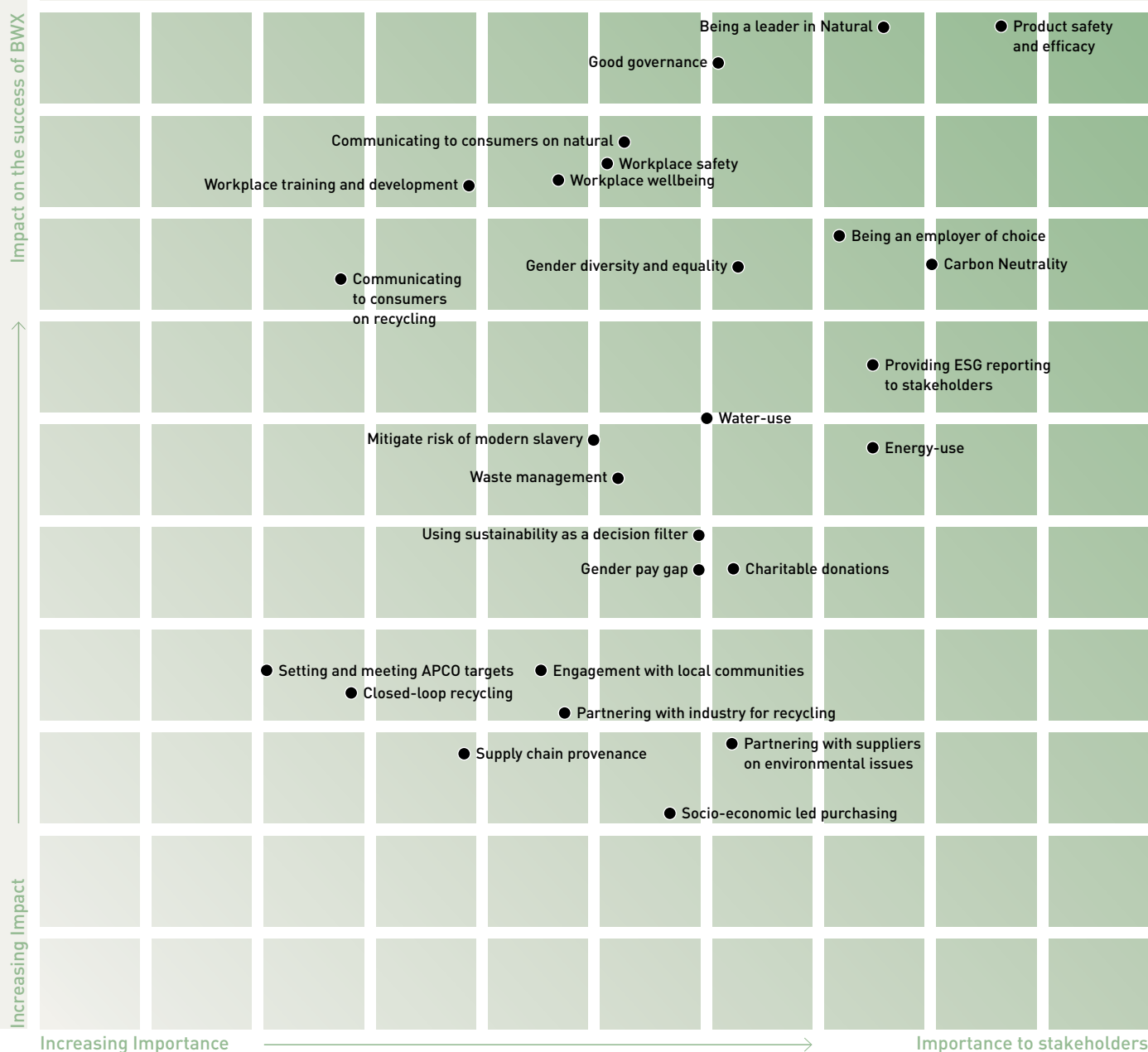
Our initial analysis was supported through desk research of peers and other organisations to develop a list of potential material topics. Direct feedback was obtained through stakeholder interviews, employee workshops and surveys. The results were validated at an Executive level and the resulting matrix was compared with the Corporate Risk Assessment to ensure all relevant topics were captured. Finally, the matrix was reviewed and approved by the ESG & Sustainability Committee.

Our FY21 update used our Sustainability Framework and Four Strategic Pillars as its point of departure. The only significant changes result from aligning our material topics with our strategic pillars.





MATERIALITY MATRIX



Sustainability Report

BWX STRATEGIC PILLAR

CORRESPONDING UN SDG

CHALLENGES AND OPPORTUNITIES

CONNECT TO CONSUMERS



- Deliver efficacious, natural or naturally derived beauty products
- Cruelty-free and vegan products
- Products and packaging to be produced using renewable or sustainable resources
- Carbon Neutral portfolio and operations

GO GLOBAL, GO MAINSTREAM



- Demonstrate better financial performance than a mainstream beauty business
- Mitigate risk of modern slavery in our supply chain
- Ensure workplace operates in a sustainable manner

INVEST IN OURSELVES



- Increase wellness and reduce harm to our people
- Workforce gender equality, diversity and inclusion
- Gender pay parity
- Employer-of-choice as measured by a high net engagement score

GET CLEAN & GET HEALTHY



- Governance meets all legal, ethical & social operating norms
- Ensure relevance to consumers, customers and the communities in which we operate
- Redefine the concept of "clean" natural beauty as differentiated from mainstream beauty
- Provide regular report to stakeholders on ESG and sustainability matters



Supply Chain

A Supplier Code of Conduct was approved by the BWX Board in FY20. It encompasses suppliers of all raw materials, and packaging, major service providers, and contract manufacturers. The Code sets out the minimum standards BWX expects of all participants in its supply chain and builds in an expectation that all participants will endorse the Code as a term of the agreement with BWX to supply goods or services; or provide evidence of the participants' own code which at least meets the standards in the Code. The Code also sets limits on sub-contracting by the supplier and, if permitted, the supplier must ensure that its sub-contractors adopt the same standards as set out in the Code. Non-compliance with the Code may result in the supply arrangement being terminated. We made our first report under the Australian Modern Slavery legislation in December 2020.

In FY21 the Supplier Code of Conduct was agreed to by 100% of all suppliers for raw materials, packaging, major services providers, and contract manufacturing across all our regions. The key geographical location of these suppliers include USA, Australia, and China. As a part of onboarding process, new suppliers are required to comply with the Supplier Code of Conduct.

To assist with the mitigation of the risk of modern slavery in its supply chain, BWX Group Procurement use a number of risk assessment tools. The model assesses current suppliers against a range of risk factors which are both industry and country-specific. This will inform Group Procurement which suppliers require further review and additional steps may be taken to assess the supplier for modern slavery risk including a physical inspection of the factory; ongoing and more frequent audit than other suppliers; receiving written confirmation from managers that the Code is implemented and followed, etc.

The Group intends to work directly with key suppliers to assist them in meeting the sustainability goals of the Group, including in relation to labour rights and environmental management.

Approach to Stakeholder Engagement

Our purpose can only be realised by working with our stakeholders. Communication channels are in place to enable us to listen to stakeholder concerns and continuously meet their expectations. These conversations shape how we define and execute our strategy, including risk management, materiality and new business opportunities.

Sustainability Report

In FY21, a cross-functional team worked on a project jointly with our label supplier to migrate polypropylene substrate labels for our 120ml glass jar products to paper based labels, without impacting consumer experience.



Employees

Our people are our most important asset and our more than 300 employees work at four sites in three countries. The wellbeing and safety of our people is our highest priority and we strive to provide an incident and injury free workplace for everyone, including our contractors. For information on how we engage our people, see 'Workforce'.

Customers

Our customers are key stakeholders and drive our business. We regularly survey our customers for feedback and we respond to their comments on our social media channels. We frame our social contributions, sponsorships and programs to ensure we make fitting contributions to the communities in which we conduct our business. For information on how we engage with our customers, see 'Customers'.

Suppliers

Our supply chain consists of 125 major suppliers who are important partners in achieving our purpose. These suppliers, no matter which country they operate in, are required to adhere to our Supplier Code of Conduct to guarantee our guiding principles and commitment to sustainability are reflected in their everyday behaviour. We continually looking for ways to work with our suppliers and improve the sustainability of packaging and practices, while making sure that the performance requirements are met. For more information on how we work with suppliers, refer to our case study above and see 'Supply Chain'.



Similarly, we have substituted the previous ABS lid for this glass jar with a polypropylene lid to make it recyclable. As a result, the entire glass jar packaging is 100% recyclable and we are preventing almost 200 tonnes of waste glass and plastic from entering landfill on an annual basis.



Society

We engage with society at multiple levels, from local community initiatives to collaborations with suppliers and distribution partners and philanthropic activities relating to the Sustainable Development Goals. For information on how we engage with society, see 'Local Communities'.

Investors

Capital plays a significant role in the success and prosperity of BWX. We maintain a constructive dialogue with institutional investors and proxy advisors via an Annual General Meeting. To comply with COVID-19 restrictions, the AGM was held by way of a virtual AGM, allowing shareholders to participate virtually and ask questions via a shareholder portal.

Each time we release our half-year and full-year results, we provide a web-cast which is open to all shareholders, analysts and other stakeholders. We have a program to regularly engage with analysts throughout the year, other than during blackout periods. The investor section of our website (www.bwxltd.com/investor-centre) also provides important information for current or prospective shareholders of the Company.

Collaborative Platforms and Initiatives

We collaborate with like-minded organisations including the Australian Packaging Covenant Organisation, B Corp and the Task force on Climate-Related Financial Disclosures. These collaborations are chosen to contribute to our purpose of leadership in natural beauty and wellness for the world, helping us to formulate new measurement and performance methods and to represent and uphold the highest standards of sustainability, inclusivity and responsibility.

Any philanthropic initiatives we undertake have been chosen to amplify our advocacy efforts on topics relating to our Four Strategic Pillars. For information on our work with local communities see 'Greening Australia', 'Vital Voices' and 'Dress for Success'.

Sustainability Report

GRI Content Index

The index below outlines the extent to which BWX has met referenced GRI Standards for Environmental and General Disclosures throughout this report.

GRI Standard	GRI Number	Disclosure	Alignment	Page Number/s and/or URLs	Comments
GENERAL DISCLOSURES					
GRI 102: General Disclosures 2016	102-1	Name of the organization	Yes	Page 1	
	102-2	Activities, brands, products and services	Yes	Pages 13-20	
	102-3	Location of headquarters	Yes	Page 148	
	102-4	Location of operations	Yes	Pages 25-26	
	102-5	Ownership and legal form	Yes	Pages 146-147	
	102-6	Markets served	Yes	Pages 25-26	
	102-7	Scale of the organization	Yes	Pages 43-44	
	102-8	Information on employees and other workers	Partially	Pages 39-45	
	102-9	Supply chain	Partially	Pages 52-53 and 96	
	102-10	Significant changes to the organization and its supply chain	Partially	Pages 21-23 and 31	
	102-11	Precautionary Principle or approach	Yes	GRI index, page 31	BWX considers the Precautionary Principle when developing its ESG initiatives. BWX strives to implement goals, targets and initiatives into its operations that are in the best interest of our customers, the communities we serve and the environment.
	102-13	Membership of associations	Yes	Page 54	
	102-14	Statement from senior decision-maker	Yes	Page 29	
	102-16	Values, principles, standards, and norms of behavior	Partially	Page 75	
	102-18	Governance structure	Yes	Page 48	

GRI Content Index CONTINUED

GRI Standard	GRI Number	Disclosure	Alignment	Page Number/s and/or URLs	Comments
GENERAL DISCLOSURES CONTINUED					
GRI 102: General Disclosures 2016 CONTINUED	102-40	List of stakeholder groups	Yes	Page 49	
	102-41	Collective bargaining agreements	Yes	Page 40	
	102-43	Approach to stakeholder engagement	Yes	Page 49	
	102-44	Key topics and concerns raised	Partially	Page 49	
	102-45	Entities included in the consolidated financial statements	Yes	Page 129	
	102-46	Defining report content and topic Boundaries	Partially	Pages 50-54	
	102-47	List of material topics	Yes	Page 50	
	102-48	Restatements of information	Partially	Page 32	
	102-49	Changes in reporting	Yes	Pages 50-54	
	102-50	Reporting period	Yes	Page 29	
	102-51	Date of most recent report	Yes	Page 29	
	102-52	Reporting cycle	Yes	Page 29	
	102-53	Contact point for questions regarding the report	Yes		This Report references GRI Disclosures, as shown in the GRI Content Index below.
	102-54	Claims of reporting in accordance with the GRI Standards	Yes	Page 56	This Report references GRI Disclosures, as shown in the GRI Content Index below.
	102-55	GRI content index	Yes	Pages 55-58	
	102-56	External assurance	Yes	Page 92	

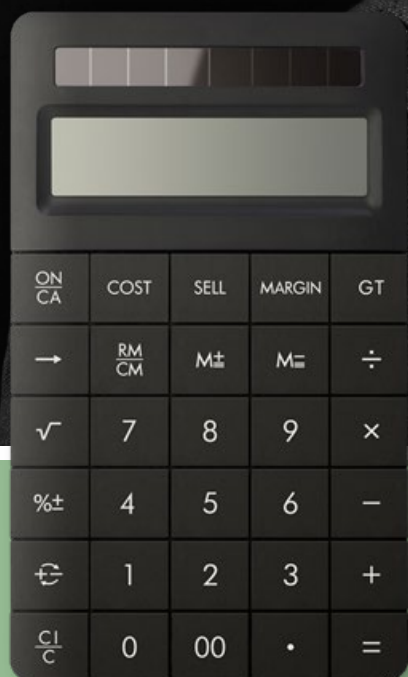
Sustainability Report

GRI Content Index CONTINUED

GRI Standard	GRI Number	Disclosure	Alignment	Page Number/s and/or URLs	Comments
ENERGY AND GREENHOUSE GAS MANAGEMENT					
GRI Standard: GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Partially	Page 31	
	103-2	The management approach and its components	Partially	Page 32	
	103-3	Evaluation of the management approach	Partially	Page 31	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Partially	Page 31	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Partially	Page 32	
	305-2	Energy indirect (Scope 2) GHG emissions	Partially	Page 32	
WATER MANAGEMENT					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Partially	Page 34	
	103-2	The management approach and its components	Partially	Pages 34-36	
	103-3	Evaluation of the management approach	Not met		
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Partially	Page 34	
	303-2	Management of water discharge-related impacts	Not met		
	303-3	Water withdrawal	Partially	Page 34	

GRI Content Index CONTINUED

GRI Standard	GRI Number	Disclosure	Alignment	Page Number/s and/or URLs	Comments
PACKAGING AND MATERIALS					
GRI 102: Management Approach 2016	103-1	Management of water discharge-related impacts	Not met		
GRI 103: Management Approach 2016	103-2	The management approach and its components	Partially	Page 35	
	103-3	Evaluation of the management approach	Partially	Page 35	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Yes	Page 35	
COMPLIANCE					
GRI 102: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Partially	Page 36	
GRI 103: Management Approach	103-2	The management approach and its components	Partially	Page 36	
	103-3	Evaluation of the management approach	Not met		
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Yes	Page 36	



"I JOINED BWV AS A FINANCIAL REPORTING ACCOUNTANT AND THREE YEARS LATER, I'M NOW THE GROUP FINANCIAL CONTROLLER. LAST YEAR, I WAS FORTUNATE TO HAVE THE OPPORTUNITY TO REPRESENT BWV IN THE GROWTH PROJECT'S 12 MONTH PROGRAM. THE GROWTH PROJECT IS A NON-PROFIT, INNOVATIVE PERSONAL DEVELOPMENT PROGRAM THAT PARTNERS BUSINESS LEADERS WITH SMALL SUCCESSFUL CHARITIES, WITH THE AIM OF SHARING KNOWLEDGE AND EXPERIENCES THAT HELP PARTICIPANTS MAXIMISE THEIR POSITIVE IMPACT ON THE WORLD. THE CHARITY I WAS PARTNERED WITH WAS PRIDE CUP, WHO ARE ON A MISSION TO CHALLENGE LGBTI+ DISCRIMINATION WITHIN SPORTING CLUBS. AFTER ABOUT 63 HOURS OF VOLUNTEER TIME WITH PRIDE CUP, MY PROGRAM WITH THE GROWTH PROJECT CAME TO AN END IN LATE 2020. THIS YEAR I RETURNED TO PRIDE CUP AS A VOLUNTEER, SERVING AS A MEMBER OF THEIR FINANCE & GOVERNANCE COMMITTEE."

COLIN LAI GROUP FINANCIAL CONTROLLER



"WE HAVE BEEN WITH BWX FOR 12 AND 14 YEARS RESPECTIVELY – OR A COMBINED 26 YEARS! IN OVER A DECADE WITH THE BUSINESS, WE'VE BEEN PART OF A HUGE AMOUNT OF GROWTH; FROM A SMALL, FAMILY RUN BUSINESS OF AROUND 20 (WHEN WE COULD ALL FIT ON ONE TABLE FOR THE CHRISTMAS PARTY), TO A LISTED COMPANY WITH OVER 300 PEOPLE GLOBALLY. WE'VE BOTH WORN A FEW DIFFERENT HATS OVER THE YEARS AND FOR THE LAST 5 YEARS HAVE BEEN LUCKY ENOUGH TO WORK TOGETHER IN THE PROCUREMENT TEAM. WE'VE LOVED WATCHING BWX GROW FROM A 3RD PARTY MANUFACTURER TO A GLOBAL COMPANY WITH OUR OWN BRANDS. WE'RE EXCITED TO NOW BE PART OF BWX'S NEXT CHAPTER AT OUR NEW FACILITY IN CLAYTON AND CAN'T WAIT TO SEE WHAT THE NEXT DECADE HOLDS!"

NICOLE OZENIR SENIOR PURCHASING OFFICER & SANDI FORAN PURCHASING MANAGER APAC

Board of Directors



IAN CAMPBELL

Chairman - BWX

Ian Campbell is a highly experienced company executive whose career started as a computer programmer and quickly moved into middle then senior management in a variety of operational roles in manufacturing and sales and marketing. Ian joined Olex Cables as Group General Manager and then as Managing Director of the Pacific Dunlop Cables Group until 1998. In 1998, Ian joined ASX-200 listed GUD Holdings Ltd as its Managing Director and CEO until his retirement in mid-2013. He has been a Non-Executive Director of Mirrabooka Investments Ltd since 2007 and was appointed as a Non-Executive Director of Energy Technologies Limited in December 2020. He was formerly a national councillor and Victorian Vice-President of the Australian Industry Group.

Ian joined the BWX Board in 2015 and was appointed Chairman in September 2018, and Chairman of the People & Culture Committee in July 2020.



DAVE FENLON

Group CEO and Managing Director

Dave Fenlon is a CEO with extensive experience across Europe and Oceania in private equity, public and privately held retail, supply and client facing businesses. Prior to joining BWX Limited as its Group CEO and Managing Director, Dave was Managing Director ANZ for Blackmores Group. He possesses exceptional leadership capabilities and change management skills with a strong emphasis on delivering strong operational results through superior financial and strategic capabilities with an emphasis on building strong organisational foundations.

Dave Fenlon joined the BWX Board in April 2018 and was appointed Group CEO and Managing Director on 1 July 2019.



FIONA BENNETT

Chair - Audit & Risk Committee and Independent Non-Executive Director

Fiona is a highly experienced Non-Executive Director and is currently a Director of Select Harvests Ltd and Chair of the Victorian Legal Services Board. She has previously held senior executive positions at BHP Limited and Coles Group Limited and has extensive experience in commercial and financial management, governance, risk management and audit. Fiona is a Fellow of the Institute of Chartered Accountants and the Australian Institute of Company Directors.

Fiona joined the BWX Board in December 2018 and was appointed Chair of the Audit and Risk Committee in March 2019.

DENIS SHELLEY

Independent Non-Executive Director

Denis Shelley is an experienced marketer, senior executive and CEO with more than 30 years' experience in leading multinational companies including a fourteen-year international CEO career with Sara Lee Corporation (1992-2006). Denis has broad experience with consumer brands and manufacturing, spanning pharmaceuticals, health and beauty, personal-care, intimate apparel, and household products. He has previously held roles such as Group Marketing Director Reckitt & Colman South Africa and President of Nutrimetics Australia. He holds a Bachelor of Psychology and a Bachelor of Education and is a qualified teacher.

Denis joined the BWX Board in April 2013, serving as Chairman until September 2018.



01
 OUR
 STORY

02
 SUSTAINABILITY
 REPORT

ROD WALKER

Independent Non-Executive Director

Rod Walker possesses over thirty-five years' experience in a variety of businesses, in Australia, USA and Canada. With extensive success as a CEO / Managing Director in the past 16 years, he has sat on over a dozen boards, predominantly as Chairman. He has led many companies through major acquisitions, mergers, record results and successful exits including three successful IPOs. Since 2006, Rod has coached and mentored CEOs and senior executives, while consulting to a range of businesses. Prior to 2005, he was Managing Director of the Freedom Group, leading the Group to record results and subsequently privatized the company.

Rod joined the BWX Board in October 2019 and was appointed as Chairman of the ESG and Sustainability Committee in April 2021.



03
 DIRECTORS'
 REPORT

04
 REMUNERATION
 REPORT

JODIE LEONARD

Former Independent Non-Executive Director

Jodie is an experienced Non-Executive Director, having served on the boards of BWX (until April 2021), Flexigroup Limited (until October 2020) and RACV Limited (until October 2020), and formerly a Director of Beyond Bank Australia, Kinetic Superannuation, Racing Victoria and Tourism North East. Jodie has over thirty years global experience in corporate strategy, marketing and digital disruption, working in ASX, NYSE and FTSE listed companies. Her experience spans industries including media, financial services, consumer goods, telecommunications, travel, tourism and professional services and brands including Unilever, Colgate Palmolive, General Electric and British Airways.

Jodie joined the BWX Board in December 2018 and was appointed Chair of the People and Culture Committee in March 2019, until July 2020. Jodie resigned from the BWX Board on 30 April 2021.



05
 FINANCIAL
 STATEMENTS

06
 SHAREHOLDER
 INFORMATION

Executive Team



DAVE FENLON

Group CEO and Managing Director

Dave Fenlon joined the BWX Board in April 2018 and was appointed Group CEO and Managing Director on 1 July 2019. For more information on Dave's biography, please refer to the prior page.



EFEE PEELL

Group Chief Financial Officer

Efee joined BWX in March 2020 and has over twenty years of commercial, strategic, and financial experience in retail, wholesale, pharmacy, and healthcare sectors, across publicly listed and privately held companies in Australia and across Asia Pacific. She was previously CFO of Independent & Assisted Living for Australian Unity and CFO at Rodd and Gunn. She was most recently Head of Commercial Retail for Priceline Pharmacy. Efee holds a Bachelor of Business majoring in Accounting, is a Certified Practicing Accountant (CPA) and a Graduate of the Australian Institute of Company Directors (GAICD).



RORY GRATION

Group Chief Operating Officer

Rory joined BWX in August 2018 and has over twenty five years' experience in the fast-moving consumer goods industry. Prior to joining BWX, he held several senior roles including Chief Commercial Officer at Monde Nissin; Managing Director Commercial at PZ Cussons; and senior managerial roles at both Campbell Arnott's and Coles Supermarkets. Rory is a Graduate of the Australian Institute of Company Directors, has a Diploma of Management from Deakin University and is an Alumni of Windsor Leadership.

INGRID ANDERSON

Chief People Officer

Ingrid joined BWX in November 2018. Prior to joining BWX, Ingrid held various senior HR roles across the retail, hospitality and entertainment industries with twelve years in international roles including three years as HR Director, Americas for Billabong. She has an MBA from Central Queensland University and a Bachelor of Humanities from Griffith University.



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ALISTAIR GRANT

Company Secretary and Chief Legal Counsel

Alistair joined BWX in September 2019. Prior to joining BWX, he held senior legal and governance roles, including Associate General Counsel and Company Secretary for Ansell Limited and General Counsel APAC for Spectrum Brands and has eighteen years of experience of legal and governance roles. He is an Australian Legal Practitioner, a Fellow of the Governance Institute and a Member of the Australian Institute of Company Directors. Alistair has a Master of Commercial Law from Melbourne University and a Bachelor of Arts and Law from Monash University.



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ALLISON SMITH

Former Chief Marketing and Innovation Officer

Allison joined BWX in September 2019. Previously, Allison was Executive General Manager - 3INA, a Spanish cosmetics retailer and responsible for the launching and developing the brand in India, South Africa and Australia; and General Manager of Merchandise for Australian Pharmaceutical Industries. Allison has twenty years' experience in the Health and Beauty retail and wholesale sector and thirteen years with PricewaterhouseCoopers as a management consultant. Allison is a member of the Institute of Chartered Accountants Australia & New Zealand and a Graduate of the Australian Institute of Company Directors. Allison resigned from BWX on 13 August 2021.



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Director's Report

The Directors present their report together with the consolidated financial statements of BWX Limited ("BWX" or the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 30 June 2021 ("FY21").

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Mr. Ian Campbell

Chairman and Independent Non-Executive Director
Chair of People & Culture Committee
Member of Audit & Risk Committee
FAICD

Mr. Ian Campbell joined the BWX Board in 2015 and was appointed Chairman in September 2018. In July 2020, he was appointed Chairman of the People and Culture Committee. Mr. Campbell is a highly experienced company executive whose career started as a computer programmer and quickly moved into middle then senior management in a variety of operational roles in manufacturing and sales and marketing.

Mr. Campbell joined Olex Cables as Group General Manager and then as Managing Director of the Pacific Dunlop Cables Group until 1998. In 1998, Mr. Campbell joined ASX-200 listed GUD Holdings Ltd as its Managing Director and CEO until his retirement in mid-2013.

Mr. Campbell has been a Non-Executive Director of Mirrabooka Investments Ltd since 2007. He was formerly a national councillor and Victorian Vice-President of the Australian Industry Group.

Mr. Campbell was appointed as a Non-Executive Director of Energy Technologies Limited in December 2020.

Mr. David Fenlon

Group CEO and Managing Director
B.Bus.

Mr. David Fenlon joined the BWX Board in April 2018 and was appointed Group CEO and Managing Director on 1 July 2019.

Mr. Fenlon has over 30 years of experience in the FMCG and consumer sectors, most recently serving as the Managing Director for Australia and New Zealand at Blackmores (ASX: BKL).

Prior to Blackmores, Mr. Fenlon has worked in several other retail brands both in Australia and offshore, with a strong focus on strategic planning and business transformation. Mr. Fenlon has held key positions in Tesco throughout Europe and Safeway in the UK. Mr. Fenlon was a member of the Board of Directors for the Special Olympics from May 2017 until June 2019, a Non-Executive Director for the PAS Group from June 2013 to June 2016 and is currently a Director for the Quest for Life Foundation.

Mr. Fenlon has had no other listed company directorships in the last three years.

Ms. Fiona Bennett

Independent Non-Executive Director
Chair of Audit & Risk Committee
Member of People & Culture Committee
Member of ESG & Sustainability Committee
BA(Hons), FCA, FAICD

Ms. Fiona Bennett joined the BWX Board in December 2018 and was appointed Chair of the Audit and Risk Committee in March 2019. She joined the People and Culture Committee in October 2019 and the ESG and Sustainability Committee in April 2021.

Ms. Bennett is an experienced Non-Executive Director. She is a director of Select Harvests Limited (since July 2017) and Chairman of the Victorian Legal Services Board.

Ms. Bennett is a Chartered Accountant with extensive experience in business and financial management, corporate governance, risk management and audit. She has previously held senior executive roles at BHP Limited and Coles Limited and has been Chief Financial Officer at several organisations in the health sector.

Ms. Bennett's former listed company directorship in the last three years was Hills Limited (retired March 2021).

Mr. Denis Shelley

Independent Non-Executive Director
Member of Audit & Risk Committee
Member of People & Culture Committee
BEd, BPsych

Mr. Denis Shelley joined the BWX Board in July 2013, serving as Chairman until September 2018. He joined the Audit & Risk Committee as a Committee member in May 2021. Mr. Shelley is an experienced marketer, senior executive and CEO with more than 30 years' experience across a number of leading multinational companies including Sterling Winthrop, Reckitt & Colman; and a 14-year international CEO career with Sara Lee Corporation (1992 to 2006).

Mr. Shelley has a broad industry background in FMCG, direct selling, intimate apparel and manufacturing operations. Mr. Shelley has experience in managing and building a broad range of consumer brands spanning pharmaceuticals, health and beauty, personal care, intimate apparel and household products. Positions held include various brand management and marketing director roles such as Group Marketing Director Reckitt & Colman South Africa, CEO Sara Lee South Africa, CEO Sara Lee Household and Body Care Australia and President of Nutrimetics Australia.

Additionally, Mr. Shelley held the position of Group Chairman of Sara Lee Australia (1996 to 2006) and as a result brings considerable corporate governance experience to BWX. He holds a Bachelor of Psychology and a Bachelor of Education and is a qualified teacher. Mr. Shelley has had no other listed company directorships in the last three years.

Mr. Rod Walker

Independent Non-Executive Director
Chair of ESG & Sustainability Committee
Member of People & Culture Committee
FAICD, FIML

Mr. Rod Walker joined the BWX Board on 1 October 2019 and was appointed as a member of the People and Culture Committee. He was appointed as Chair of the ESG and Sustainability Committee in April 2021. Mr. Walker has broad executive and board experience in a number of industry sectors including retail, employment, training and workforce solutions and technology.

He is currently Chairman of Carpet Court Australia and Medigalaxy Australia, and a Non-Executive Director of Tavas Holdings Limited. Past directorships have been Chairman of Godfrey's Ltd, Lakeba Group, The PAS Group, Witchery Fashions, Angus Knight Group and a Non-Executive Director of Rebel Sport. In the last three years, Mr. Walker has held listed company directorships on Mobecom Limited (resigned January 2020).

His areas of expertise are in mergers and acquisitions, brand development, organisational efficiency and private equity.

Ms. Jodie Leonard

Independent Non-Executive Director
Member of Audit & Risk Committee

Ms. Jodie Leonard joined the BWX Board in December 2018 and was appointed Chair of the People and Culture Committee in March 2019 until July 2020. Ms. Leonard resigned as a Director of BWX on 30 April 2021.

She was formally a Director of Flexigroup Limited (until October 2020), RACV Limited (until October 2020), Beyond Bank Australia, Kinetic Superannuation, Racing Victoria and Tourism North East.

Ms. Leonard has over 30 years of global experience in corporate strategy, marketing and digital disruption, including senior positions in strategic marketing and corporate strategy in ASX, NYSE and FTSE listed companies. Her experience spans a range of industries including media, financial services, consumer goods, telecommunications, travel, tourism and professional services and she has worked on world leading brands including Unilever, Colgate Palmolive, General Electric and British Airways.

Ms. Leonard has had no other listed company directorships in the last three years.

The above-named directors held office during the whole of the financial year and since the end of the financial year except for Jodie Leonard who resigned on 30 April 2021.

COMPANY SECRETARY

The Company Secretary of the Company at any time during or since the end of the financial year are:

Mr. Alistair Grant

Mr. Alistair Grant held the position of Company Secretary of BWX Limited at the end of the financial year. He joined the Company on 30 September 2019, having previously worked as General Counsel – Asia Pacific Region for Spectrum Brands and Company Secretary and Associate General Counsel for Ansell Limited.

Director's Report

BOARD AND COMMITTEE MEETING ATTENDANCE

The number of Directors' meeting (including meetings of Committees of Directors) and the number of meetings attended by the Directors of the Company during the financial year are:

Directors	Board of Directors Meetings		Audit & Risk Committee Meetings		People & Culture Committee Meetings		ESG & Sustainability Committee Meetings	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Mr. I Campbell	16	16	4	4	5	5	-	-
Ms. F Bennett	16	16	4	4	7	7	2	2
Mr. D Shelley	16	16	1	1	7	7	-	-
Mr. R Walker	16	16	-	-	7	7	2	2
Mr. D Fenlon	16	16	-	-	-	-	-	-
Ms. J Leonard	12	12	3	3	2	2	-	-

OPERATING AND FINANCIAL REVIEW

Principal Activities

BWX is a vertically integrated developer, manufacturer, distributor and marketer of branded skin and hair care products in the natural segment of the beauty and personal care market. The Group owns, manufactures and distributes under the Sukin, Mineral Fusion, Andalou Naturals, DermaSukin, Life Basics and USPA personal care brands, and sells products under these brands, as well as health, beauty and wellbeing products sourced from third-parties, via the Nourished Life e-commerce site. Effective on 1 July 2021, BWX acquired the Flora & Fauna e-commerce business, which also sells health, beauty and wellbeing products sourced from third-parties.

GROUP FINANCIAL PERFORMANCE

Group Performance

The Group's net profit after tax was \$23.7 million (2020: \$14.7 million). The Group's basic earnings per share was 17.1 cents (2020: 11.8 cents) and diluted earnings per share was 16.8 cents (2020: 11.8 cents). The net assets of the Group are \$358.8 million as at 30 June 2021 (2020: \$298.0 million).

The cash balance of \$70.5 million was \$41.9 million higher than prior year. Net cash conversion days were 194.6 days (2020: 188.7 days). The Group is currently operating comfortably within the Group's debt finance facility limits and associated banking covenants. Net Cash at \$7.3 million (including AASB 16 Leases, \$18.1 million excluding AASB 16 Leases) increased by \$39.5 million.

The capital expenditure for the year was \$17.3 million, a \$11.0 million increase on prior year relating to the capital expenditure for the new manufacturing facility.

The Group has declared a fully franked final dividend of 3.1 cents per share. On 27 August 2021, BWX declared its intention to raise approximately \$100.0m from an Institutional Placement and Share Purchase Plan. Assuming that these shares are issued prior to the record date, and on the assumption that the full amount is raised, BWX anticipates that it would pay a fully-franked final dividend of 3.1 cents per share.

Impact of COVID-19 on Group Performance

In FY21, the financial performance of BWX was impacted by the global COVID-19 pandemic and the Group adopted a number of proactive strategies to meet its FY21 market guidance.

As outlined in the 2020 Annual Report, from March 2020, the Group worked with its retail partners to ensure continuity of supply of products in demand and created hand sanitiser products to meet consumer demand. The Group made use of its e-commerce and direct-to-consumer businesses to meet the demand for products from consumers unable to access normal retail channels. The impact of lockdowns in Australia was mitigated by the fact that the major customers of the Group in the pharmacy and grocery channels remained trading throughout the period of lockdowns, albeit at lower levels than normal. In the United States, the Company adopted "virtual-try on" software for its cosmetic products to help offset the removal of cosmetic testers from key US retailers, and expanded its offerings into additional US retailers which offered customer-centric solutions such as "click-and-collect" to enable retail sales. The Group also implemented strict protocols on cashflow measures including ongoing review of supplier and customer payment terms, monitoring debtor days and staggering or delaying marketing spend and other investments.

As a manufacturer of essential sanitary and hygiene products, the Group and its manufacturing partners have continued to operate during the pandemic, albeit with appropriate social distancing and quarantine measures in place, to mitigate the risk of transmission of COVID-19. To alleviate further possible supply-chain impact, the Group has worked with its suppliers and manufacturing partners to ensure that manufacture of products would continue without interruption and to seek alternate sources of supply. The Group has secured sufficient raw materials and components and has diversified its supply chain to mitigate the risk of a supply interruption.

The Group believes that it has several key attributes that will assist it over the long-term. The Group has manufacturing capability in the same countries as key customers; the product portfolio includes hygiene items with non-discretionary attributes which have a solid ongoing demand profile; the Group is flexible enough to work with retail partners to ensure that the products remain in stock; and the Group has e-commerce and direct-to-consumer capability to continue to make sales.

As the Group focuses on natural products and has a resilient supply-chain, the Group is confident of its future outlook.

Dividends Paid or Recommended

The following dividends have been paid to shareholders during the financial year:

- In respect of the full financial year ended 30 June 2020, a final dividend of 2.6 cents per share franked to 100% at 30% corporate income tax rate was paid to the holder of fully paid ordinary shares on 8 October 2020.
- In respect of the interim financial year ended 31 December 2020, an interim dividend of 1.0 cents per share franked to 100% at 30% corporate income tax rate was paid to the holder of fully paid ordinary shares on 15 April 2021.

On 26 August 2021, the Directors determined to pay a fully franked final dividend of 3.1 cents per share to the holders of ordinary shares in respect of the financial year ended 30 June 2021, to be paid to shareholders on 29 October 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 6 October 2021. The total estimated dividend to be paid is \$3.5m.

On 27 August 2021, BWX declared its intention to raise approximately \$100.0m from an Institutional Placement and Share Purchase Plan. Assuming that these shares are issued prior to the record date, and on the assumption that the full amount is raised, BWX anticipates that it would pay a fully-franked final dividend of 3.1 cents per share.

Strategy, Operations and Leadership

FY21 marks the first full year operating under BWX's Three Year Strategic Roadmap (Plan). The Board approved the Plan in FY20. The Plan provides important structure and clarity around BWX's mission to be a leading global natural beauty company, and how BWX will drive this forward from its present financial year until 2023. It maps out the core strengths and opportunities for BWX and its brands and provides key financial and operational metrics to measure the Group's progress in executing the plan. The Plan has been critical to commence the transformation from a regionally focused set of brands and businesses to a global house of natural brands with significant cross-functional support to drive the Group's results. Steps were also taken to refocus the international strategy of the business, focussing on core markets with key identified features and growth opportunities, moving from an opportunistic to a strategic sales model.

The Company made key steps towards achieving the Plan throughout FY21. In July 2020, the Company raised \$52m by way of a capital raising to assist in funding the construction of a new operations facility in Clayton, Victoria. This new operations facility is expected to unlock significant EBITDA growth, has a four-year payback period, and incremental earnings are expected from July 2022 onwards. It will provide enhanced operational and financial performance in future years, driven by production efficiencies, enhanced scale and margins, as well as greater control over end-to-end supply chain, ensuring continuity of supply. The new operations facility is expected to be completed in December 2021 and to be EPS accretive in FY23 and onwards.

Director's Report

GROUP FINANCIAL PERFORMANCE CONTINUED

Strategy, Operations and Leadership CONTINUED

In November 2020, BWX announced a strategic partnership with The Hut Group, a global technology platform specialising in taking brands direct to consumers, to grow BWX brands in key engine markets in Europe and Asia. Initially targeting two priority markets, this will increase to fourteen markets in FY22.

At the interim financial result announcement in February 2021, BWX also launched a number of strategic initiatives including the signing of an equity-linked strategic alliance with Chemist Warehouse Group. BWX is now a platinum supplier to Chemist Warehouse, Australia's largest pharmacy retailer, that will see the range of Sukin, Andalou Naturals and Mineral Fusion products stocked online and in-store across the Group's network reaching Australia, New Zealand and Ireland. BWX also announced new retail partnerships with Walmart Canada, and Australia's largest retailer, Woolworths Group, which saw Sukin products stocked across the supermarket's 930-strong national network of stores.

Direct-to-consumer penetration is also a key priority for BWX, and on 14 May 2021, the Company announced that it had acquired 100% of the shares in The Good Collective Pty Ltd, trading as Flora & Fauna. Flora & Fauna is a leading Australian curated online retail platform exclusively focused on vegan, ethical and sustainable products. Flora & Fauna and Nourished Life will form a direct-to-consumer business unit within the Group to provide an online retail powerhouse focussed on a multi-category portfolio of better-for-you, healthy and sustainable products. The acquisition will be EPS accretive in FY22 and strongly EPS accretive in FY24 with the realisation of anticipated synergies. The acquisition closed on 1 July 2021.

BWX continues to deliver its measurable improvement program via investments in the ERP system; strategic procurement initiatives; and efficient manufacturing and diverse supply chains. The Group continues to deliver a cost-out program and is well positioned to adjust variable spend to reflect the operating environment, while not exceeding sales growth. This work continues with the identification of further improvements in global sourcing initiatives; and ongoing SKU rationalisation.

Material Risks of the Group

As outlined in the FY21 Corporate Governance Statement published on the Company website at www.bwxltd.com/investor-centre, the Group has adopted a Risk Management Policy which highlights the process to identify the risks relevant to the BWX Group's operations and the policies the BWX Group has enacted for the supervision and management of material business risks. In FY21, further enhancements were made to the Risk Management Framework and the Risk Appetite Statement.

The material risks which the Group has identified and put in place mitigation measures include:

Information Technology risks

The risk that the IT systems which support the operations of the Company are inadequate to meet its needs; that inadequate cyber-security measures are in place; that inadequate access controls may cause financial data to be altered or deleted; or that unauthorised third-parties may access the systems of the Company, causing business interruptions and financial and reputational losses. To mitigate the risk, the Company has dedicated IT staff who are responsible to monitor the Company's IT systems to ensure sufficient IT resilience; to maintain and test the IT disaster recovery plans; and to advise on the appropriateness of the IT architecture to support the Group. In FY20, the successful implementation of the ERP in the USA and improvements to the ERP in Australia has further mitigated the IT risks of the Company.

Business Continuity Risk

The risk that unexpected events cause the Company to cease to operate for periods of time, resulting in financial and reputational losses. To mitigate the risk, the Company focussed on revising and testing its Disaster Recovery Plans and reviewing its procedures and processes around crisis management.

Foreign Exchange and Commodity Prices

The key presentation currency of the Company is Australian dollars. However, a key part of its business is based in the United States and it purchases some raw materials and components in US dollars. The Company faces the risk that unexpected movements in foreign exchange markets or commodity prices may challenge the profitability of the business. To mitigate the risk, the Group Chief Financial Officer maintains an ongoing review of the foreign exchange positions of the Company in line with the Group Treasury Policy. Natural hedging is applied as first principle for each currency, which involves offsetting revenue with expenses in the same currency. Given that the Company both purchases raw materials and components and earns revenue in US dollars, there is a natural hedge which mitigates some of the foreign exchange risk. The Global Procurement Group also works with key suppliers to implement contracts and ensure that raw material and component price rises are limited to agreed intervals, which further mitigates the risk of unexpected commodity price rises. Furthermore, foreign currency hedges can be applied to reduce foreign exchange risks across the Group in a manner consistent with good corporate governance and the requirements of the Group Treasury Policy.

Compliance and Legislative Risks

The Company operates and sells its products in multiple countries. It faces the risk that it inadvertently breaches local requirements concerning product registrations or formulations; marketing and labelling requirements; transfer pricing and taxation requirements; and import and export requirements. The Company also faces the risk that contaminated products entering the market could injure its customers. Any breach of such requirements or incidents could result in financial and reputational losses to the Company and, at the extreme end, could cause the Company to cease to be able to trade in a market.

To mitigate the risk, the Company employs experts in finance, supply chain, tax, legal, regulatory and Research and Development (R&D) as well as engaging external experts to assist it to understand and comply with its compliance and legislative risks. The Company also has a dedicated R&D and Quality group which are responsible for the Company's quality management systems and maintaining post-market surveillance on the products of the Company and making constant improvements. Finally, the Company holds insurance to cover some of the financial risks of product contamination.

Other Operational Risks

The Company faces other operational risks, including the risk that its manufacturing and supply chain is concentrated at key points; that key customers could merge or cease to undertake their business; or that unexpected macroeconomic shocks could disrupt the business.

To mitigate these risks, the Company has focussed on the key concentration points of the business and reviewed arrangements to protect its supply chain and manufacturing by engaging with a greater diversity of suppliers. It has also sought to increase its overall spread of customers and outlets.

The Global Procurement Group has also been tasked to monitor and advise the Company on the risk of business interruption from unexpected macroeconomic shocks.

In FY21, to assist the Board to assess and manage its environment, social and governance (ESG) risks and oversee its sustainability initiatives, the Board resolved to form the ESG and Sustainability Committee (ESGS). The ESGS plays an important role to assist the Board in identifying, assessing and addressing the ESG and sustainability risks and opportunities of the Company, and ensuring that the ESG and sustainability goals, initiatives and reporting meets stakeholder requirements and exceeds shareholder expectations.

In addition to the enhancements to the Risk Management Policy detailed above, the BWX Group also enhanced its reporting to stakeholders on environment, social and governance risks which are detailed in the report on environmental, social and governance risks released in the Annual Report of the Company. For additional information about these environmental, social and governance risks, please refer to the Sustainability Report published in the FY21 Annual Report.

Outlook for FY22

The Group continues to closely monitor external conditions with BWX markets remaining at varying stages of recovery from the global pandemic. BWX is focused on continuing to execute against its strategic priorities to capture greater market share for our brands, while pursuing organic and inorganic growth opportunities.

This strategic outlook underpinned by strengthening brand equity and global distribution gains; a dedicated direct-to-consumer business unit to enhance focus; more targeted marketing investment; innovative new product development; and operational and manufacturing efficiencies.

Director's Report

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Information about the remuneration of key management personnel is set out in the Remuneration Report section of this Directors' Report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Changes in State of Affairs

During the year, the Group continued to progress the strategies that have been identified to accelerate growth and create increased shareholder value. The Operating and Financial Review provides additional information on the Group's growth strategies. Other than as set out in the Operating and Financial Review, no significant changes occurred in the state of affairs of the Group during the financial year.

Significant Events since Balance Date

On 1 July 2021, the Group completed the acquisition of 100% of the shares of The Good Collective Pty Ltd, trading as Flora & Fauna, such acquisition having been announced to the ASX on 17 May 2021. The estimated final consideration to be paid to the seller of The Good Collective Pty Ltd is \$27.9m, representing an estimated acquisition multiple of approximately 1.7x on actual FY21 revenue of The Good Collective Pty Ltd.

On 27 August 2021, BWX entered a binding agreement to acquire a 50.1 % controlling interest of the shares in Go-To Enterprise Holdings Pty Ltd (GoTo). Go-To owns and operates the business of designing, manufacturing and retailing natural skincare products under the brand names Go-To, Bro-To and Grow-To. In connection with the announcement of the acquisition of 50.1 % of the shares in Go-To, BWX announced that it intends to raise approximately \$100.0m in share capital through an institutional placement and a Share Purchase Plan, with an expected closing date in late September 2021.

Other than as noted above, in the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year.

Environmental Regulations

The Group's operations are subject to various environmental laws and regulations and where required the Group maintains environmental licences and registrations in compliance with applicable regulatory requirements. These environmental laws and regulations control the use of land, the erection of buildings and structures on land, the emission of substances to water, land and atmosphere, the emission of noise and odours, the treatment and disposal of waste, and the investigation and remediation of soil and ground water contamination. The Group has procedures in place designed to ensure compliance with all applicable environmental regulatory requirements.

The Board is not aware of any significant breaches during the year covered by this report.

Directors' Interests

The relevant interest of each Director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors to the ASX in accordance with s205G(1) of the Corporations Act 2001 as at the date of this report is as follows:

Directors	Ordinary Shares	Loan Plan Shares
Mr. I Campbell	483,486	*0
Ms. F Bennett	58,823	-
Mr. D Shelley	150,000	*0
Mr. R Walker	15,690	-
Mr. D Fenlon	**105,820	-
Ms. J Leonard	***67,092	-

* Mr. Campbell and Mr. Shelley each held 150,000 shares which were issued on 19 October 2015 under the BWX Employee Loan Plan. On 27 August 2020 and 1 September 2020 respectively, Mr. Campbell and Mr. Shelley repaid the loan securing the shares and the shares are now treated as Ordinary Shares for the purpose of this table.

** Mr. Fenlon was granted Sign-On Rights in connection with his appointment as Group CEO and Managing Director which was approved by shareholders at the 2019 AGM. The second tranche of his Sign-On Rights, 105,820 ordinary shares, vested and were assigned to Mr. Fenlon on 1 July 2021. Mr. Fenlon was also provided with 34,736 ordinary shares on 1 July 2021 after the deferred equity component of his FY20 STI award vested.

*** Ms. Leonard resigned as a director on 30 April 2021 and the amount noted reflects the Appendix 3Z dated 30 April 2021.

Shares Issued on Exercise of Options

As at 30 June 2021 and the date of this report, there are nil unissued shares under options.

Indemnification and Insurance of Directors and Officers

In accordance with the Constitution, except as may be prohibited by the Corporations Act 2001 every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred in their capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The Group has not entered into any agreements to indemnify its auditor PricewaterhouseCoopers for any liabilities to another person (other than the Company or a related body corporate) that may arise from its position as auditor.

During the year, the Company paid a premium in respect of a contract insuring its Directors and Officers against a liability of this nature. In accordance with normal commercial practices under the terms of the insurance contracts, the nature of the liabilities insured against and the amounts of premiums paid are confidential.

Auditor Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is set out on page 92.

Non-Audit Services

The Company's Audit and Risk Committee (ARC) is responsible for the oversight of audit independence.

Specifically, the ARC Charter ensures the independence of the auditor is maintained by:

- limiting the scope and nature of non-audit services that may be provided; and
- requiring that permitted non-audit services must be pre-approved by the Chairman of the ARC.

During the year PricewaterhouseCoopers, the Group's auditor, has performed certain other services in addition to the audit and review of the financial statements. The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by the ARC, is satisfied that the provision of those non-audit services during the year by the auditor was compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the ARC to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards. Details of the amounts paid to the auditor of the Group, PricewaterhouseCoopers, for audit and non-audit services provided during the year, are set out in Note 6.3.

Declaration under the Corporations Act

The CEO and CFO have given a declaration to the Board concerning the Group's financial statements under section 295A(2) of the Corporations Act 2001 and recommendation 4.2 of the ASX Corporate Governance Principles Recommendations, 4th Edition, in regards to the integrity of the financial statements.

Directors and Executive Officers' Remuneration Policy Details of the Group's Remuneration Policy in respect of the Directors and KMP are included in the Remuneration Report on pages 73 to 90. Details of the remuneration paid to each Non-Executive Director and disclosed executives are detailed in the Remuneration Report. The Remuneration Report is incorporated in and forms part of this Director's Report.

Corporate Governance

The Group and the Directors are committed to achieving and demonstrating the highest standards of corporate governance to protect and enhance shareholder interests. To that end, it has adopted and complies with ASX Corporate Governance Principles and Recommendations (4th Edition). In accordance with ASX Listing Rule 4.10.3, the Group has published its Corporate Governance Statement on its website rather than in its Annual Report. A copy of the statement along with any related disclosures is available at: <https://bwxltd.com/investor-centre/>

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.

Remuneration Report

Dear Shareholders

On behalf of the Board of Directors, I am pleased to share our FY21 Remuneration Report with you. The report outlines our FY21 performance outcomes for the CEO and KMP and remuneration paid to Directors of the Board. Despite the ongoing difficulties of the global COVID-19 pandemic, we are pleased to provide strong growth in FY21, and we believe that our remuneration practices have supported the management performance necessary in these complex times.

Board & Key Management Personnel

A number of changes were made to our Board and Executive Team in FY21. Ms. Jodie Leonard resigned from her role as Non-Executive Director, effective 30 April 2021. Mr. Micheal Lovsin also resigned from his role as Managing Director, North America, effective 4 December 2020.

Mr. Rory Gration's Group COO role was expanded to include responsibility for the Americas region and Ms. Efee Peell's Group CFO role was expanded to include responsibility for IT. Along with Group CEO, Mr. David Fenlon, Mr. Gration and Ms. Peell join our Chief Legal Counsel & Company Secretary and Chief People Officer to form a highly experienced executive team well positioned to drive global growth in the natural market and continue to build a world-leading natural products company.

FY21 Remuneration

In FY21, the P&C Committee undertook a review of BWX's remuneration policies and practices and subsequently refreshed the Group's executive Remuneration Policy. The Short-Term Incentive (STI) plan was also refreshed, and awards made to KMP under the Long-Term Incentive (LTI) Plan were adapted to provide for a one off stretch opportunity in return for superior financial performance and generation of significant shareholder value.

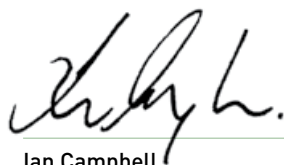
Fixed remuneration for KMP Mr. Rory Gration and Ms. Efee Peell increased to reflect their expanded responsibilities as outlined above. Mr. Rod Walker and I received Committee fees in connection with our appointments to Chair of the People & Culture Committee and Chair of the ESG & Sustainability Committee, respectively.

The STI Plan which comprises gateway hurdles, group financial and personal KPIs delivered 96% STI payment to KMP. Further, deferred STI awarded to KMP for FY20 performance vested on 1 July 2021.

No grants made under the LTI Plan vested in FY21. The legacy Employee Loan Plan remains on foot with only one KMP holding an award made under this plan and no ELP awards have been granted since 2018.

As evidenced this year, our Remuneration Framework is appropriately aligned with business performance outcomes and shareholder interests. We welcome your feedback on our FY21 Remuneration Report.

Yours faithfully,



Ian Campbell
Chair

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Remuneration Report

1. REMUNERATION STRATEGY AND KEY MANAGEMENT PERSONNEL IN FY21

Our remuneration strategy operates by linking achievement of the Group strategic priorities with market-based reward. The link between performance and reward ensures that we can deliver long-term value to shareholders while attracting, motivating and retaining talented people. The Committee and Board regularly review the remuneration strategy to ensure that it is targeted and relevant to meet market expectations and support the achievement of business objectives.

1.1 BWX Strategic Pillars

			
Connect to Consumers	Go Global, Go Mainstream	Invest in Ourselves	Get Clean and Get Healthy
With focused marketing investment, education, enhanced direct-to-consumer channels and an internal innovation platform for NPD growth.	With a balanced revenue spread in key markets, while leveraging macroeconomic tailwinds to support growth.	Through added capability and more sustainable group practices. Be the destination brand to work for and live our Company values of Wellness, Diversity, Bravery, Respect, and Innovation.	With the three-year strategy that is built from deep analytical insights and bottom-up operational plans.

1.2 Remuneration Principles

Our remuneration strategy and resulting remuneration policy, found at bwxltd.com, is underpinned by key remuneration principles.

			
Attract and Retain Talent	Strategy Alignment	Performance Focused	Fair and Equitable
Attract, motivate and retain top talent.	Support the execution of the business strategy including the three-year growth plan.	Align business performance with delivering sustainable shareholder returns.	Fairness, equity and consistency.

1.3 FY21 Remuneration Framework

Total Fixed Remuneration (TFR)	Short Term Incentive (STI)	Long Term Incentive (LTI)
TFR consists of Base Salary and Superannuation (Australian-based KMP) or 401K (USA -based KMP) and aims to attract, motivate and retain the best talent. TFR is set in relation to the external market and takes into account size and complexity of role along with individual responsibilities, experience and skills. TFR positioning is 50th to 75th percentile of the market comparator group, which is a select group of companies listed on the ASX. Further details are found in Section 3.1.3.	Annual Cash Payment. Aims to reward current year performance. KMP receive 25% of STI award as Rights deferred for one year (Deferred Equity). STI provides appropriate differentiation of pay for performance and is based on business and individual performance outcomes. Measured via performance against STI Scorecard with financial objectives (70%) and personal objectives (30%). Gateway conditions must be met before STI awards can be paid.	Performance Share Rights (Rights) vesting after three years. Aims to reward long-term sustainable performance. LTI supports alignment to long-term overall Group performance and aligns with shareholder value. Hurdles align with strategic business drivers and long-term shareholder value. LTI hurdles: • EPS growth – 50% • Relative TSR – 50%

Remuneration Report

1. REMUNERATION STRATEGY AND KEY MANAGEMENT PERSONNEL IN FY21 CONTINUED

1.5 Key Management Personnel

The Key Management Personnel (KMP) for the Group in FY21 comprised the Non-Executive Directors, Group CEO and Managing Director and the Executives listed below, who had authority for planning, directing and controlling the activities of the Group in FY21.

Non-Executive Directors		Time in role during FY21
Mr. I Campbell	Chair, Independent Non-Executive Director People & Culture Committee Chair	Full year (Chair) P&CC Chair (since 29 July 2020)
Ms. F Bennett	Audit & Risk Committee Chair, Independent Non-Executive Director	Full year
Mr. D Shelley	Independent Non-Executive Director	Full year
Mr. R Walker	ESG & Sustainability Committee Chair, Independent Non-Executive Director	Full year

Executives		Time in role during FY20
Mr. D Fenlon	Group CEO and Managing Director (Group CEO)	Full year
Ms. E Peell	Group Chief Financial Officer (Group CFO)	Full year
Mr. R Gration	Group Chief Operating Officer (Group COO)	Full year

Former KMP		Time in role during FY20
Ms. J Leonard	Independent Non-Executive Director	1 July 2020 to 30 April 2021
Mr. M Lovsin	Managing Director North America (MD North America)	1 July 2020 to 4 December 2020

2. FY21 REMUNERATION OUTCOMES

This section provides a summary of FY21 remuneration and performance outcomes and actual remuneration earned for our KMP. This includes STI outcomes and the link to performance.

2.1 Performance of Executives and Remuneration Received (Non-IFRS Disclosure)

The table below presents the remuneration paid to, or vested for, Executives in FY21.

Executive KMP	Total Fixed Remuneration	Relocation & Other Benefits	F21 Cash STI	F21 Equity-Based STI	Other Share Rights Vested ²
Mr. David Fenlon Group CEO	\$724,419	-	\$403,200	\$134,400	\$553,439
Ms. Efee Peell Group CFO	\$440,515	-	\$148,734	\$49,578	-
Mr. Rory Gration Group COO	\$502,593	-	\$172,500	\$57,500	-
Mr. Micheal Lovsin¹ MD North America	\$206,715	-	-	-	-

1. Ceased being a KMP on 4 December 2020. In this table, US dollar amounts were translated into Australian dollars at a rate of US\$1:A\$1.33

2. At the 2019 Annual General Meeting, Mr. David Fenlon was awarded 211,640 Rights, with vesting of 50% of the Rights subject to continued employment as at 1 July 2020 and with vesting of the balance of 50% of the Rights subject to continued employment as at 1 July 2021. This award, which was approved by shareholders at the 2019 Annual General Meeting, was made in connection with his appointment as Group CEO and Managing Director and is therefore a one-off grant. Upon vesting of Rights, Mr. Fenlon will be awarded fully-paid ordinary shares in the Company to which dividend and voting rights are applicable. The only restrictions on these shares after vesting are those applicable to all employees and outlined in the BWX Security Trading Policy. These have been valued at the share price at 1 July 2021.

Individual remuneration outcomes for the Group's KMP in accordance with the Accounting Standards are provided in Table 6.1 of this report.

2.2 Performance against FY21 STI Measures

The FY21 STI Framework comprises three Gateway Conditions as set out below and the table below summarises the condition and whether it was met.

Gateway Conditions	Was Gateway Met?
Group Net Profit After Tax (NPAT)	Yes
Compliance and Product Knowledge Training Completion	Yes
Culture – engagement score materially similar to FY20	Yes

As each of the Gateway Conditions were met for FY21, the Executives became eligible for the STI award. The table below outlines the extent to which the FY21 Corporate Metrics were met by using the following logos:

	A Green Circle to indicate achievement or outperformance of the metric
	An Orange Circle to indicate partial achievement
	A Red Circular to indicate no achievement

FY21 Corporate Metrics comprise 70% of the total award that can be achieved. To the extent that there is outperformance of the Group NPAT target, up to 150% of the weighting (60%) for this KPI only can be awarded as stretch performance.

Corporate Metrics (70%)

Group NPAT – weighting 60%	
Target	FY21 Outcome
Group NPAT target	
Group net cash flows from operating activities – weighting 5%	
Target	FY21 Outcome
Group net cash flows target	
International net revenue – weighting 5%	
Target	FY21 Outcome
International net revenue target	

Personal Objectives (30%)

The table below outlines the extent to which the FY21 Personal Objectives were met by using a green circle for achievement, an orange circle for partial achievement, or a red circle where not achieved. FY21 Personal Objectives comprise 30% of the total award that can be achieved, and stretch performance is not applicable.

Executives	FY21 Outcomes	Comment
David Fenlon (Group CEO)		Partially achieved personal objectives
Efee Peell (Group CFO)		Partially achieved personal objectives
Rory Gration (Group COO)		Partially achieved personal objectives
Micheal Lovsin (MD NA)		Micheal Lovsin ceased being a KMP on 4 December 2020, and was no longer eligible for FY21 STI.

Outcome of FY21 STI Awards

	Cash Awarded	Deferred Equity Awarded ¹	STI Awarded as % of Target
David Fenlon (Group CEO)	\$403,200	\$134,400	96%
Efee Peell (Group CFO)	\$148,734	\$49,578	95%
Rory Gration (Group COO)	\$172,500	\$57,500	96%
Micheal Lovsin (MD NA)	Micheal Lovsin ceased being a KMP on 4 December 2020 and was no longer eligible for FY21 STI.		

1. None of these awards have vested.

Remuneration Report

2. FY21 REMUNERATION OUTCOMES CONTINUED

2.3 Performance against FY21 LTI Measures

The FY21 BWX Equity Incentive Plan (LTI plan) was created to provide effective market-based long-term incentives. For more information about the FY21 LTI Plan, please refer to section 3.1.3. It is designed to better align Executive remuneration outcomes and shareholder interests and is made up of two financial metrics, EPS and relative TSR. Performance is over a three-year period ending 30 June 2023. As this period has not yet been completed, there is nothing further to report for FY21.

3. EXECUTIVE KMP REMUNERATION

3.1 Current Executive KMP Remuneration

This section describes the elements of the current remuneration framework of the Group.

3.1.1 Total Fixed Remuneration

Executive KMP total fixed remuneration is based on the incumbent's qualifications, skills and experience, performance in their role, business criticality and market demand. TFR is reviewed annually or upon promotion and positioning is benchmarked based on the 50th to 75th percentile of a market comparator group, made up of broadly comparable companies, as advised by external providers. This is considered to be a market competitive position in order to attract, engage and retain high quality talent.

Fixed remuneration for KMP Mr. Rory Gration and Ms. Efee Peell increased during the year to reflect their expanded responsibilities. Mr. Rory Gration's Group COO role was expanded to include responsibility for the Americas region. Ms. Efee Peell's Group CFO role was also expanded to include responsibility for Group IT.

Chair, Mr. Ian Campbell, was provided with a Committee Chair fee for taking on the role of People & Culture Committee Chair during the year. Non-Executive Director, Mr. Rod Walker was also provided with a Committee Chair for his role as Chair of the newly formed, ESG & Sustainability Committee.

3.1.2 FY21 STI Framework

The FY21 STI Framework rewards the achievement of the BWX strategic priorities based on delivery of key Group financial metrics and individual performance. Performance is measured over a twelve month period from 1 July 2020 until 30 June 2021. The grant date was 23 September 2020.

Gateway Conditions

For an award to be made, the Gateway Conditions must first be achieved. In FY21, these are:

- Group NPAT target;
- Compliance and Product Knowledge Training Completion target;
- Employee Engagement Score materially similar to FY20

NPAT was selected as a Gateway Condition as it ensures that shareholder value is connected to payment of STI. The other two metrics relate to employee engagement and workplace culture and ensure that we align Group values with financial targets.

Corporate Metrics (70%)

Provided that the Gateway Conditions are met, STI can be awarded based on the following Corporate Metrics being achieved during the FY21 year.

Group Performance Measure	Weighting
Group NPAT Target	60%
Group Net Cash Flows Target	5%
International Net Revenue Target	5%

Group financial performance measures were based on the delivery of key financial health and strategic measures. Group NPAT and Group Net Cash Flows from operating activities were chosen as Corporate Metrics as they measure the health of the business and deliver value to shareholders. Group Net Cash Flows from Operating Activities refers to the operating cash flow of the business excluding transaction costs, income taxes paid and interest paid. The International Net Revenue Target is defined as the revenue sourced from countries other than Australia, New Zealand, USA and Canada, and excluding sales from Nourished Life, as a % total net revenue. This is an important metric to ensure that the Group grows in additional markets to drive overall Group revenue and deliver value to shareholders.

To the extent that the Group NPAT KPI is outperformed, Executives have the opportunity to earn an additional stretch amount on this KPI of up to 150%.

Personal Objectives (30%)

Each Executive has at least three personal KPIs. The KPIs for the Executives are reviewed by the Committee and approved by the Board and must be relevant to the strategic goals of the Group.

Each Executive undergoes an individual performance evaluation against their personal goals. If the Executive does not receive an acceptable performance evaluation, the amount of STI paid will be reduced to zero, even if the Gateway Conditions are met and the Corporate Metrics are achieved.

The Committee is responsible for assessing the individual performance evaluations and recommending approval of the STI award to the Board. To assist this assessment, the Committee may review the audited Group financial statements.

How much can Executives earn?

Executives are eligible to be awarded based on a percentage of their Base Salary as set out in the table below. 25% of the award will be provided as Deferred Equity, in the form of Rights. The amount of Deferred Equity allocated to each participant will be 25% of the STI award divided by the ten (10) day volume weighted average price of a Group Share immediately after announcement of full-year results (i.e. at or around the time the Board confirms STI outcomes).

	Target	Stretch*
Group CEO	80%	104%
Group CFO	50%	65%
Group COO	50%	65%
MD NA	50%	65%

Figures are expressed as a percentage of Base Salary.

*Stretch figures are reflective of the multiplier for the outperformance of Group NPAT, which allows for 150% of the Target level performance to be achieved. To achieve the Stretch, the Gateway Hurdles must be met, all of the Group Performance Measures must be met, the Group NPAT Target must be exceeded; and the Executive must be awarded the satisfactory personal performance rating as determined by the Board.

Payment of STI and Governance Controls

STI is delivered in 75% cash, with 25% in Deferred Equity. The Deferred Equity cannot be exercised for a period of twelve months following grant and will vest into ordinary shares in the Company subject to the Executive's continued employment. If the Executive resigns during the STI deferral period for reasons other than termination for cause, they will receive a pro-rata portion of their Deferred Equity to their last day of employment. The pro-rata portion will, however, not vest for twelve months.

Relevant governance aspects including change of control, termination of employment, eligibility for dividend, voting rights and clawback/malus are included. In the event of serious misconduct or a material misstatement in the Group's financial statements, the Committee can cancel or defer performance-based remuneration. The Committee can also claw back remuneration via Deferred Equity if required.

Further details regarding these aspects of the plan can be found in section 4.5 ("Other Governance Requirements").

Remuneration Report

3. EXECUTIVE KMP REMUNERATION CONTINUED

3.1.3 FY21 LTI Framework

During FY20, the Board signed-off on the BWX Three-Year Strategic Roadmap (Strategic Roadmap) which maps out the core strengths and opportunities for BWX and its brands in support of its mission to be a leading global natural wellness company. The Strategic Roadmap aims to considerably scale BWX's operations to the end of the FY23 financial year over and above the previous strategy. The implementation period for the Strategic Roadmap aligns with the FY21 LTI Plan's three-year performance period.

To that end, the Board has approved a one-off Transformation Incentive Grant (TIG) for the FY21 LTI Plan in the form of Rights. The TIG has been designed to incentivise KMPs and senior executives to provide superior financial performance against companies in the S&P ASX Small Ordinaries Index over the performance period from 1 July 2020 until 30 June 2023. A limited stretch opportunity has been set which is linked to the additional outperformance of the achievement of key milestones in the Strategic Roadmap over the performance period.

The Board considers that achievement of the key financial milestones over the performance period would result in significantly enhanced financial outcomes and shareholder value and that this level of achievement warrants the additional limited stretch opportunity. The Board's intention is that the TIG only operates in relation to the FY21 LTI Plan.

The LTI plan is focused on longer-term performance to align with the delivery of value to shareholders. To be awarded under the LTI Plan, the Executives must achieve two key metrics which align with driving long-term shareholder value, and reflect the maturity of the business at the time of setting the objectives. Fair value at grant date is calculated by an independent expert using the Geometric Brownian Motion Model and the Binomial Option Pricing Model. The fair values at grant date were \$2.57 (for Target TSR), \$2.43 (for Target EPS), \$3.50 (for Stretch TSR) and \$2.43 (for Stretch EPS).

Performance Measures

Performance is measured over a 3-year performance period from 1 July 2020 to 30 June 2023 (Period).

The award is subject to two performance measures weighted equally: EPS Growth (EPS) & Relative Total Shareholder Return (RTSR).

1. RTSR

Broadly, Total Shareholder Return (TSR) calculates the return shareholders would earn if they held a notional number of Shares over a period of time and measures the growth in the Company's Share price together with the value of dividends during the relevant period, assuming that the dividends are re-invested into new Shares.

Relative TSR compares the TSR performance of the Shares of the Company against the TSR of the securities of a select group of companies listed on the ASX (Comparator Group) over the performance period, being 1 July 2020 to 30 June 2023 (Performance Period). The Comparator Group which the Board has chosen is the S&P ASX Small Ordinaries Index, being all of the companies from number 101 to 300 by market capitalisation (excluding BWX) on the ASX.

The Relative TSR hurdle is tested by measuring the degree to which the Company's TSR performance has outperformed the TSR of the Comparator Group against the pre-determined targets set by the Board over the Performance Period

2. EPS

Broadly, EPS measures the earnings generated by the Company attributable to each share in the Company. EPS will be calculated by dividing NPAT for the Performance Period by the weighted average number of ordinary shares outstanding during the period. NPAT may be adjusted for the after-tax effect of material infrequent items that the Board believes do not reflect ongoing operations of the Group, and amortisation of acquired intangible assets.

The EPS hurdle is tested by measuring the growth in the Company's EPS over the Performance Period against pre-determined targets set by the Board. The proportion of Rights that vest is outlined in the following vesting schedule.

Relative TSR Performance of the Company ranked against the Comparator Group

	Percentage vesting
Less than 60th percentile	Nil
Between 60th percentile and 90th percentile	Straight line pro-rata vesting between 0% and 150%
At or above 90th percentile	150%

Growth in Company's EPS

	Percentage Vesting
Below 10% EPS growth	Nil
Between 10% and 75% EPS growth	Straight-line pro-rata vesting between 0% and 100%
Between 75% and 100% EPS growth	Straight-line pro-rata vesting between 100% and 150%
At or above 100% EPS growth	150%

How much can Executives earn?

As noted above, the TIG offers a stretch opportunity in relation to the FY21 LTI plan only, as outlined in the 2020 AGM Notice of Meeting. The number of Rights allocated to an Executive are calculated by dividing the LTI Opportunity (see below) by the volume weighted average price of a Share for the 30 trading days ending 30 June in the relevant year.

The LTI Opportunity for each Executive is set out below:

	Threshold	Target	Stretch
Group CEO	0%	100%	150%
Group CFO	0%	50%	75%
Group COO	0%	70%	105%
MD NA	0%	40%	60%

Figures are expressed as a percentage of Base Salary.

Payment of LTI and Governance Controls

As this plan has a three-year performance period, whether the Executives will be awarded under this plan will not be measured until after 30 June 2023. At vesting date, there is nil exercise price, and the Rights automatically convert into ordinary shares with no expiry.

Relevant governance aspects include change of control, termination of employment, eligibility for dividend, voting rights and clawback/malus are included. In the event of serious misconduct or a material misstatement in the Group's financial statements, the Board can cancel or defer performance-based remuneration. The Board can also claw back remuneration via Deferred Equity if required.

Further details regarding these aspects of the plan can be found in section 4.5 ("Other Governance Requirements").

3.1.4 Remuneration Mix for FY21

The charts below illustrate the potential remuneration mix at target (TFR:STI:LTI) for the Executive KMPs. The remuneration mix is weighted towards variable remuneration to ensure that the Executives maintain a significant focus on achieving the Group's strategic objectives. Variable remuneration includes cash STI, STI delivered as deferred equity and LTI delivered in part as deferred equity.

	Total Fixed Remuneration	Target STI	Target LTI
CEO	36%	29%	35%
CFO	50%	25%	25%
Group COO	45%	23%	32%
MD NA	53%	26%	21%

3.1.5 Changes to FY22 Remuneration Framework

In FY22, the Group will change its STI framework as follows:

- Retain three Gateway Conditions. One condition will be meeting an NPAT hurdle, and the other two will relate to compliance with BWX's Code of Conduct and values, and compliance and product training.
- The Gateway Condition for NPAT will be measured at Group level, and, if not met, awards under the FY22 STI Plan will not be made. The Gateway Conditions other than NPAT will be assessed at an individual level – that is, individuals who have not satisfactorily met these Gateway Conditions will not be eligible for an FY22 STI award.
- If the Gateway Conditions are met, FY22 STI awards would be made based on a weighting of 70% Corporate Metrics and 30% Personal KPIs.
- The Corporate Metrics will be the same as FY21, and the Group NPAT metric will have a stretch opportunity for outperformance of the FY22 Group NPAT target.

In FY22, the LTI Plan will retain two performance measures weighted equally: Relative Total Shareholder Return and EPS Growth. However, the FY22 LTI Plan will not include a TIG, and the maximum opportunity to earn would be capped at 100%.

Remuneration Report

3. EXECUTIVE KMP REMUNERATION CONTINUED

3.2 Former Executive KMP Remuneration

This section describes the elements of the former remuneration framework of the Group that is no longer offered.

3.2.1 Legacy Employee Loan Plan (ELP)

In 2019, the Group ceased making offers under the ELP plan and will not make any further offers.

The goal of the ELP was to encourage financial performance of the Group and retention of Executives as well as providing rewards in lieu of cash remuneration for Executives and Non-Executive Directors during a period when the Group was growing and preserving cash. As this plan is no longer considered to adequately align incentives with shareholder value, offers under the plan ceased to be made in 2019. For those Executives and Non-Executive Directors who remain in the plan, it will continue to operate in run-off until the final repayment date of 15 June 2023 although no new offers or awards will be made.

Employee Loan Plan Awards

Executives and Non-Executive Directors (**Participants**) were formerly granted shares in the Company from FY16 to FY19 which were secured by non-recourse loans between the Participant and the Company. The shares were granted in several tranches each year with different vesting conditions. For accounting purposes this is treated as an option plan with the fair value of the options granted being recognised in expense over the service period.

The only unvested shares held by KMPs as at 30 June 2021 relate to a grant made in FY19 which had the following vesting conditions:

- (a) Tranche 1 - twelve months service
- (b) Tranche 2 - twenty-four months service
- (c) Tranche 3 - thirty-six months service
- (d) Tranche 4 - on the first occurrence if EBITDA increased by 25% or more in any financial year compared to EBITDA in FY18 and the Participant is still employed by the Group at that time
- (e) Tranche 5 - on the first occurrence if EBITDA increased by 50% or more in any financial year compared to EBITDA in FY18 and the Participant is still employed by the Group at that time.

The number of shares issued for each tranche was based on the spot price of the shares of the Company on the grant date. The spot price was used to determine the loan amount.

Once the tranche vests, as determined by the Group and approved by the Board, the Participant is provided twelve-months to repay the loan attached to the shares or to surrender the shares in satisfaction of the loan. The final date on which all loans must be repaid is 15 June 2023.

If the Participant ceases employment, the rights to any unvested shares are automatically forfeited and the shares are surrendered. In respect of any vested shares, the Participant is provided twelve-months to repay the loan attached to the shares or to surrender the shares.

While Participants are eligible for dividends and have voting rights attached to the shares, the shares are secured by a holding lock preventing the Participants from dealing with the shares until the loan is fully repaid.

Mr. Rory Gration was awarded 200,000 shares which are secured by a loan between Mr. Gration and the Company in FY19. Of those 200,000 shares, 33,333 vested in August 2019 and a further 33,333 vested in August 2020, with the balance remaining unvested. The final payment date for the vested shares is the earlier of the date which is twelve months from Mr. Gration's cessation of employment or 16 May 2023.

During FY21, two Non-Executive Directors held ELP shares which were fully vested. Ian Campbell and Denis Shelley each held 150,000 ELP shares and the loans which secured those ELP shares were satisfied in August 2020 and the shares are now treated as ordinary shares in the Company.

No awards under the ELP have been made to Non-Executive Directors since October 2015.

3.2.2 ELP Shares Vested During the Period

In the reporting period, the 24-month service condition of Tranche 2 ELP shares granted on 10 August 2018 were satisfied.

	Grant Date	Number Vested	Vesting Date	Fair value at grant date	Total value at vest date
Mr. R Gration	10 August 2018	33,333	10 August 2020	\$2.29	\$76,151

3.2.3 Movements in ELP Shares

The movements during the reporting period in the number of ELP shares in BWX Limited held directly, indirectly or beneficially by each KMP, including their related parties, are as follows:

	Opening Balance	Granted as Compensation	Forfeited	Vested and Exercised	Appointment /Cessation	Closing Balance	Vested and Exercisable at year end	Vested and Unexercisable at Year end
2021								
Mr. I Campbell	150,000	-	-	(150,000)	-	0	0	-
Mr. D Shelley	150,000	-	-	(150,000)	-	0	0	-
Mr. R. Gration	200,000	-	-	-	-	200,000	66,666	133,334

3.2.4 Loans to Executives and their Related Parties

There were no loans to the Executives during the financial year other than in connection with the ELP. There were no transactions with key management personnel, or their related parties during the financial year. The details of non-recourse loans provided to Executives under the ELP during the financial year ended 30 June 2021 are set out in the table below.

Name	Opening Balance	Advances during the year	Loan forgiveness during the year	Repayments during the year ¹	Closing Balance	Interest-fee value	High indebtedness
Mr. I Campbell	\$199,248	\$0	\$0	(\$199,248)	\$0	\$0	\$199,248
Mr. D Shelley	\$199,248	\$0	\$0	(\$199,248)	\$0	\$0	\$199,248
Mr. R Gration	\$976,183	\$0	\$0	(\$5,451)	\$970,732	\$970,732	\$976,183

Remuneration Report

4. REMUNERATION GOVERNANCE

4.1 Governance Framework

Ultimately, the Board is responsible for the Group's remuneration policies and practices. The role of the Committee is to assist the Board to ensure that appropriate and effective remuneration packages and policies are implemented to attract and retain high quality Executives and Non-Executives Directors and to motivate Executives to create value for shareholders. The Committee also monitors compliance with Board approved remuneration policies and practices and stays abreast of remuneration trends and the general external pay environment.

4.2 Remuneration Policy Documents

In FY20, the Committee reviewed and refreshed the Group's Remuneration Policy. This policy can be found at www.bwxltd.com/investor-centre/. The Committee also undertook a review of compliance with the ASX Corporate Governance Principles (4th Edition) and introduced the Director and Senior Executive Background Review Policy and the Non-Executive Director Induction and Professional Development Policy.

4.3 Remuneration Consultants

In accordance with section 206K of the Corporations Act 2001, the Committee has a process for engaging remuneration consultants. The Committee, on behalf of the Board, commissions and receives information, advice and recommendations directly from remuneration consultants, ensuring remuneration recommendations are free of undue influence by management. In consultation with external remuneration consultants, the Group aims to provide a market competitive remuneration framework that is complementary to the Group's reward strategy.

No remuneration recommendations were made in FY21.

4.4 Executive Contractual Arrangements

Details of contractual arrangements for KMPs are set out in the table below. Non-Executive Directors enter into a service agreement with the Group in the form of a letter of appointment, which summarises the Board policies and terms, including fees.

Contract Term	Group CEO	Group CFO	Group COO	MD NA
Contract type	Ongoing	Ongoing	Ongoing	Ongoing
Notice period	12 months	6 months	3 months (by the Executive) 6 months (by the Group)	The Executive is under at will employment in the United States. As such, there is no notice period. The Executive is entitled to three months severance in the event of termination without cause.

4.5 Other Governance Requirements

Governance Aspect	Requirement
Cessation of Employment	If an Executive resigns or is terminated prior to an STI or LTI award vesting, all of their Rights will be forfeited. If the Executive ceases employment during the STI deferral period for reasons other than for termination with cause, they will receive a pro-rata portion of their deferred STI equity to their last day of employment. The pro-rata portion will, however, not vest for twelve months. For the Sign-on Rights awarded to the Group CEO, where the Group CEO ceases employment due to a "fundamental change" (that is, he ceases to be the most senior executive in the Group) or there is a substantial diminution of his responsibilities or authorities in the Group, then all of the Group CEO's Sign-On Rights will vest immediately. If the Group CEO resigns prior to vesting of the award, the Sign on Rights are forfeited.
Change of Control	On a change of control (as defined in the Equity Incentive Plan Rules), subject to the Board's discretion to determine a different treatment should apply, the participant's unvested awards will vest based on the extent to which any applicable condition, other than service related conditions, have been satisfied. Where the condition includes a service related condition, the service related condition will be deemed to have been satisfied.
Eligibility for Dividends	Participants will not have dividend and voting right entitlements in respect of their Rights until Rights have vested and Shares have been allocated.
Hedging	Executives are prohibited from engaging in hedging instruments, dealing in derivatives or entering into arrangements which limit the economic risk related to BWX securities. The prohibition also includes taking out margin loans in connection with unvested securities issued pursuant to any BWX employee share plan or rights arising from any BWX long-term incentive plan.
Malus / Clawback	An Executive (including the CEO) should not receive performance-based remuneration if the Board considers that such remuneration would be an "inappropriate benefit". The awards are subject to a malus provision, such that that the Board is able to adjust any unpaid or unvested award (including reducing to zero) where it is appropriate to do so, due to fraud, misconduct or material misstatement. The awards are also subject to a clawback provision, whereby a participant of the plan must repay the net proceeds of a sale if any shares that have been allocated have been subsequently sold, if the Board determines it is appropriate to do so, due to fraud, misconduct or material misstatement.

Remuneration Report

5. NON-EXECUTIVE DIRECTOR REMUNERATION

5.1 Non-Executive Director Remuneration Policy and Structure

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of, the Non-Executive Directors. Non-Executive Directors' fees and payments are reviewed as required and benchmarked where appropriate by the Board.

Non-Executive Director fees are determined within a maximum Directors' fee pool limit approved by shareholders. The pool of \$650,000 is inclusive of superannuation and was determined at the Company's 2017 AGM. Total Board and Committee fees paid in FY21 was \$575,890.

Base Non-Executive Director fees are outlined in the following table:

Role	Annual Fee Structure ¹	
	FY20	FY21
Chairman	\$150,000	\$150,000
Non-Executive Director	\$90,000	\$90,000
Audit & Risk Committee Chair	\$15,000	\$15,000
People & Culture Committee Chair	\$15,000	\$15,000
ESG & Sustainability Committee Chair	Not applicable	\$15,000

1. Excludes superannuation.

In addition to the above fees, Non-Executive Directors also receive superannuation contributions. A Non-Executive Director is entitled to reimbursement for reasonable travel, accommodation, and other expenses in attending meetings and carrying out their duties.

6. KMP STATUTORY DISCLOSURES

6.1 KMP Remuneration

The following table shows details of the remuneration expense recognised for the Group's KMP for the current and previous financial year measured in accordance with the requirements of the accounting standards.

Year ended 30 June 2021	Salary and Fees \$	Non- Monetary Benefits \$	Retention Bonus \$	STI Bonus \$	Share- based Payments \$	Annual and Long Service Leave \$	Super- annuation \$	Term- ination Benefits \$	Total \$	Perfor- mance Related %
Non-Executive Directors										
Mr. I Campbell	161,252	0	0	0	0	0	15,319	0	176,571	0%
Ms. F Bennett	114,975	0	0	0	0	0	0	0	114,975	0%
Mr. D Shelley	90,000	0	0	0	0	0	8,550	0	98,550	0%
Mr. R Walker	92,500	0	0	0	0	0	8,788	0	101,288	0%
Ms. J Leonard	77,143	0	0	0	0	0	7,363	0	84,506	0%
Disclosed Executives										
Mr. D Fenlon	635,385	0	0	403,200	574,977	67,340	21,694	0	1,702,596	57%
Ms. E Peell	385,705	0	0	148,734	46,667	33,116	21,694	0	635,916	31%
Mr. R Gration	437,270	0	0	172,500	165,495	43,629	21,694	0	840,588	40%
Mr. M Lovsin	183,077	0	0	0	0	23,638	0	0	206,715	0%
Total Directors and other KMP remuneration										
	2,177,307	-	-	724,434	787,139	167,723	105,102	-	3,961,705	38%

In this table, US dollar amounts were translated into Australia dollars at a rate of US\$1:A\$1.33.

Year ended 30 June 2020	Salary and Fees \$	Non- Monetary Benefits \$	Retention Bonus \$	STI Bonus ¹ \$	Share- based Payments ¹ \$	Annual and Long Service Leave \$	Super- annuation \$	Term- ination Benefits \$	Total ¹ \$	Perfor- mance Related ¹ %
Non-Executive Directors										
Mr. I Campbell	150,000	-	-	-	-	-	14,250	-	164,250	-
Mr. D Shelley	90,000	-	-	-	-	-	8,550	-	98,550	-
Ms. J Leonard	117,898	-	-	-	-	-	11,200	-	129,098	-
Ms. F Bennett	117,898	-	-	-	-	-	11,200	-	129,098	-
Mr. R Walker	67,500	-	-	-	-	-	6,413	-	73,912	-
Disclosed Executives										
Mr. D Fenlon	635,385	65,210	-	414,750	925,196	64,615	21,003	-	2,126,159	63%
Ms. E Peell	109,573	-	-	29,787	2,987	423	5,251	-	148,021	22%
Mr. R Gration	395,288	-	-	166,641	134,550	46,888	21,003	-	764,370	39%
Mr. M Lovsin	200,614	86	-	63,828	16,502	-	-	-	281,029	29%
Mr. V Somani	287,436	-	-	-	-	142,500	21,003	105,767	556,706	-
Total Directors and other KMP remuneration										
	2,171,592	65,296	-	675,005	1,079,235	254,426	119,873	105,767	4,471,193	39%

In this table, US dollar amounts were translated into Australia dollars at a rate of US\$1:A\$1.33.

1. The FY20 comparative remuneration has been restated to correct the measurement of the fair value of share-based payment awards and the period over which both the short-term and long-term incentives were expensed; the presentation of the deferred element of the short-term incentive from STI bonus to share-based payments; and the recognition of Mr. R Gration's Employee Loan Plan. The net impact of these corrections to the FY20 remuneration is an increase of \$23,671.

Remuneration Report

6. KMP STATUTORY DISCLOSURES CONTINUED

6.2 Equity Instruments Held by Key Management Personnel

Ordinary Shares

The movement during the reporting period in the number of ordinary shares in BWX Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Opening Balance	Issued on Exercise of Options	Share Disposals	Appointment /Cessation ¹	Issue on Shareholder Entitlement Offer ²	Purchased On-Market	Closing Balance
2021							
Mr. I Campbell	378,486	150,000 ¹	(45,000)	-	-	-	483,486
Mr. D Shelley	544,372	150,000 ¹	(544,372)	-	-	-	150,000
Mr. D Fenlon	-	-	-	105,820 ²	-	-	105,820
Ms. J Leonard	50,000	-	-	(67,092)	17,092	-	-
Ms. F Bennett	50,000	-	-	-	8,823	-	58,823
Mr. R Walker	7,500	-	-	-	3,920	4,270	15,690
Ms. E Peell	-	-	-	-	-	-	-
Mr. R Gratton	-	-	-	-	-	-	-
Mr. M Lovsin	-	-	-	-	-	-	-

1. On 27 August 2020 and 1 September 2020 respectively, Mr. I Campbell and Mr. D Shelley repaid the loan securing the 150,000 ELP shares, at which point the shares became part of their holding of ordinary shares in the Company.

2. On 1 July 2021, the balance of Mr. D Fenlon's sign-on Shares, being 105,820 shares, vested. Additionally, he was granted 34,736 shares when the deferred equity component of his FY20 STI vested, giving him a total balance of 246,376 shares as at 1 July 2021. As this report notes shareholdings at 30 June 2021, these additional 140,556 are not recorded in the table above. Please see explanatory note earlier in the document.

6.3 Equity Instruments Held by Key Management Personnel

Long-Term Incentive Plan Rights.

	Opening Balance	Granted as Compensation	Forfeited	Vested	Appointment /Cessation	Closing Balance
2021						
Mr. D Fenlon	582,010	286,104	-	(105,820)	-	762,294
Ms. E Peell	9,769	85,320	-	-	-	95,089
Mr. R Gratton	119,048	137,091	-	-	-	256,139
Mr. M Lovsin	40,297	0	(40,297)	-	-	0

Deferred STI Rights.

	Opening Balance	Granted as Compensation	Forfeited	Vested	Appointment /Cessation	Closing Balance
2021						
Mr. D Fenlon	0	34,736	-	-	-	34,736
Ms. E Peell	0	2,495	-	-	-	2,495
Mr. R Gratton	0	13,957	-	-	-	13,957
Mr. M Lovsin	0	5,107	(2,896)	-	(2,211)	0

7. GLOSSARY

AGM	The annual general meeting of the Company.
BWX	BWX Limited is the Company in respect of which this Remuneration Report is being issued.
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation. It is a measure of the Group's overall financial performance.
EPS	Earnings Per Share. It is calculated by the profit of the Group divided by the number of shares in the Company.
Group Net Cash Flows from Operating Activities	It is a financial measure representing the difference between the inflows and outflows of cash in the Group from ongoing regular business activities in a given period.
Group NPAT	Means the NPAT earned by the BWX Group as a whole.
Group Shares	Shares in BWX, which is a listed company on the Australian Securities Exchange.
KPIs	Key Performance Indicators, or goals, which are to be performed by the Executives.
NPAT	Net Profit After Tax. It represents the profit which is available to be distributed to shareholders.
NPD	New Product Development.
Relative TSR	It measures the TSR of a company against a select comparator group.
TSR	Total Shareholder Return. It measures the return including capital gains and dividends that a shareholder would receive by holding shares in a company.
S&P/ASX Small Ordinaries Index	This index represents a hypothetical portfolio of all of the companies listed on the Australian Securities Exchange, starting with the 101st company by market capitalisation and ending with the 300th company by market capitalisation. It excludes all companies in the S&P/ASX100.

This is the end of the Remuneration Report

Financial Statements

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Auditor's Independence Declaration

As lead auditor for the audit of BWX Limited for the year ended 30 June 2021, 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Nadia Carlin
Partner
PricewaterhouseCoopers

Melbourne
27 August 2021

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Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Year Ended 30 June 2021 \$'000	Restated Year Ended 30 June 2020 \$'000*
for the year ended 30 June 2021	Note		
Sales revenue	2.1	194,080	187,688
Cost of sales		(79,037)	(78,839)
Gross profit		115,043	108,849
Other income	2.1	1,687	1,452
Corporate and administrative expenses	1.5	(21,521)	(26,888)
Marketing, selling and distribution expenses		(59,047)	(50,557)
Research and development and quality control expenses		(2,722)	(2,818)
Depreciation and amortisation	1.5	(7,053)	(6,115)
Finance expenses		(2,638)	(4,041)
Acquisition related benefit / expenses	2.3	6,922	(140)
Profit before tax		30,671	19,742
Income tax expense	3.6	(6,991)	(5,022)
Profit after tax		23,680	14,720
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of overseas subsidiaries		(14,652)	2,107
Other comprehensive income for the period		(14,652)	2,107
Total comprehensive income attributable to owners of the Company		9,028	16,827
Earnings per share (EPS)			
Basic EPS (cents)	4.1	17.1	11.8
Diluted EPS (cents)	4.1	16.8	11.8

*Refer to Note 1.5 for description and impact of restatement.

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 Restated	
		2021	2020
		\$'000	\$'000*
as at 30 June 2021	Note		
Current assets			
Cash at bank	4.5	70,497	28,639
Trade and other receivables	3.1	43,938	39,882
Inventories	3.2	43,980	36,766
Prepayments	1.4	3,012	1,681
Contract assets	2.1	843	-
Total current assets		162,270	106,968
Non-current assets			
Right of Use assets	3.3	9,003	12,638
Plant and equipment	3.4	19,864	5,724
Intangible assets and goodwill	1.4, 1.5, 3.5	300,148	318,143
Investment in associates	5.1	890	-
Contract asset	2.1	2,796	-
Other non-current assets		1,558	-
Total non-current assets		334,259	336,505
Total assets		496,529	443,473
Current liabilities			
Trade and other payables	1.4	43,880	29,751
Deferred income		-	1,902
Financial liabilities	3.7	10,826	19,556
Lease liabilities	3.3	2,666	3,133
Current tax liabilities		6,179	1,686
Employee benefits		2,050	1,721
Total current liabilities		65,601	57,749
Non-current liabilities			
Financial liabilities	3.7	41,664	50,777
Lease liabilities	3.3	8,158	11,645
Employee benefits		251	214
Deferred tax liabilities	1.4, 1.5, 3.6	22,012	25,081
Total non-current liabilities		72,085	87,717
Total liabilities		137,686	145,466
Net assets		358,843	298,007
Equity			
Contributed equity	4.3	293,893	237,721
Reserves	4.4	5,891	19,901
Retained earnings	1.5	59,059	40,385
Total equity		358,843	298,007

*Refer to Note 1.4 and 1.5 for description and impact of restatement.

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

Financial Statements

Consolidated Statement of Changes in Equity

	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
for the year ended 30 June 2021				
Balance at 1 July 2019 (as previously reported)	235,870	17,552	30,941	284,363
Accounting policy change - SaaS*	-	-	(306)	(306)
At July 2019 (as restated)*	235,870	17,552	30,635	284,057
Profit for the year*	-	-	14,720	14,720
Other comprehensive income for the year	-	2,107	-	2,107
Total comprehensive income	-	2,107	14,720	16,827
Transactions with owners of the Company				
Transactions with employee loan plan shareholders	1,065	-	-	1,065
Share based payments	-	958	-	958
Exercise of share plan rights	716	(716)	-	-
Dividends paid	70	-	(4,970)	(4,900)
Total transactions with owners	1,851	242	(4,970)	(2,877)
Balance at 30 June 2020 (as restated) *	237,721	19,901	40,385	298,007
Balance at 1 July 2020 (as restated) *	237,721	19,901	40,385	298,007
Profit for the year	-	-	23,680	23,680
Other comprehensive income for the year	-	(14,652)	-	(14,652)
Total comprehensive income	-	(14,652)	23,680	9,028
Transactions with owners of the Company				
Shares issued, net of costs	54,091	-	-	54,091
Share based payments	-	1,388	-	1,388
Exercise of share plan rights	276	(276)	-	-
CEO Sign-on rights vested	470	(470)	-	-
Transactions with employee loan plan shareholders	1,315	-	-	1,315
Dividends paid	20	-	(5,006)	(4,986)
Total transactions with owners	56,172	642	(5,006)	51,808
Balance at 30 June 2021	293,893	5,891	59,059	358,843

* Refer to Note 1.5 for description and impact of restatement.

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2021	Note	2021 \$'000	2020 \$'000*
Cash flows from operating activities			
Cash receipts from customers		189,054	189,677
Cash paid to suppliers and employees	1.5	(156,122)	(160,492)
Payments for restructuring / transaction costs		(526)	(140)
Income taxes received/(paid)		(4,289)	(692)
Other income received		-	1,901
Interest paid		(2,574)	(3,136)
Net cash flows from /(used in) operating activities	4.5	25,543	27,118
Cash flows from investing activities			
Acquisition of plant and equipment	3.4	(16,319)	(2,883)
Acquisition of intangible assets	1.5, 3.5	(1,023)	(3,389)
Deferred payment in relation to acquisition of business		(1,187)	(1,966)
Acquisition of other assets and investments		(1,664)	-
Loan to associates		(350)	-
Acquisition of associates		(890)	-
Net cash flows /(used in) investing activities		(21,433)	(8,238)
Cash flows from financing activities			
Proceeds from issue of share capital	4.3	53,315	1,065
Transaction costs for issue of shares	4.3	(1,409)	-
Dividends paid	4.2	(4,986)	(4,970)
Proceeds from / (repayments of) borrowings		(5,495)	5,098
Proceeds from / (repayments of) lease	3.3	(3,186)	(3,463)
Net cash flows from / (used in) financing activities		38,239	(2,270)
Net (decrease)/increase in cash and cash equivalents		42,349	16,610
Effect of exchange rate changes on cash held		(491)	62
Cash and cash equivalents at beginning		28,639	11,967
Cash and cash equivalents at end		70,497	28,639

*Refer to Note 1.5 for description and impact of restatement.

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

Financial Statements

Notes to the Financial Statements

1. BASIS OF PREPARATION

1.1 Basis of preparation

BWX Limited (the Company) is a Company domiciled in Australia. The Company's registered office is at 2 Darby Way, Dandenong South, Victoria, Australia. The consolidated financial statements of the Company for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the Group). The Group is primarily involved in the manufacture, wholesale, online and distribution sale, and development of natural body, hair and skin care products.

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

This financial report was authorised for issue by the Directors on 27 August 2021.

This financial report is presented in Australian dollars which is the Company's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

This full-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.

This financial report is prepared on the historical cost basis, except for deferred consideration payments that have been measured at fair value. Historical cost is generally based on the consideration given in exchange of assets.

1.2 Significant accounting policies

The following significant accounting policies have been adopted by the Group in the preparation and presentation of the consolidated financial report.

1.2.1 Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ends when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the business acquired and the equity instruments issued by the Group in exchange for control.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities are recognised and measured in accordance with AASB 112 'Income Taxes'.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is re-measured at subsequent reporting dates in accordance with AASB 9 Financial Instruments.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

1.2.2 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Financial Statements

Notes to the Financial Statements Continued

1.2.3 Foreign currency

Transactions in foreign currencies are initially recorded by the Group's subsidiaries at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or transaction of monetary items are recognised in profit or loss with the exception of monetary items that are designed as part of the hedge of the Group's net investment in a foreign operation. These are recognised in Other Comprehensive Income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to foreign currency exchange rate differences on those monetary items are also recorded in Other Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit or loss are also recognised in Other Comprehensive Income or profit or loss, respectively).

1.2.4 Finance costs

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs include:

- interest on bank overdrafts, short-term and long-term borrowings;
- interest on lease liabilities; and
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

1.2.5 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1.2.6 Other taxes

Revenues, expenses and assets are recognised net of the amount of Sales Tax, Goods and Services Tax ("GST") or Value Added Tax ("VAT") except:

- where the Sales Tax / GST / VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the Sales Tax / GST / VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of Sales Tax / GST / VAT included.

The net amount of Sales Tax / GST / VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the Sales Tax / GST / VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of Sales Tax / GST / VAT recoverable from, or payable to, the taxation authority.

1.2.7 Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

1.2.8 Employee entitlements

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

In some countries, the Group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

1.2.9 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. These standards and interpretations did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

1.3 Critical accounting judgements, estimates and assumptions

The estimates and judgements which involve a higher degree of complexity or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period are included in the following notes:

- Note 3.1 – Carrying value of receivables;
- Note 3.2 – Carrying value of inventory;
- Note 3.3 – Determination of lease term;
- Note 3.4 – Impairment of goodwill and other indefinite life intangibles;
- Note 6.1 – Employee benefits; and
- Note 6.5 – Coronavirus (COVID-19) impact.

Impairment and recoverable amounts of assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product, technology, economic, environmental and political environments and future expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. There was no impairment recognised during the year as a result of this.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates and underlying assumptions are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period and future periods if the revision affects both current and future periods.

Deferred consideration

Changes in the net present value of the deferred consideration are recognised in the profit or loss under 'finance expenses'. An adjustment was made to the deferred consideration in relation to the acquisition of Nourished Life and is further detailed in Note 2.3.

In subsequent reporting periods, the Group will further revise its estimate. The impact of the revision of the original estimates, if any, is recognised in profit or loss.

Financial Statements

Notes to the Financial Statements Continued

1.4 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 2020 \$'000	Adjustment \$'000	As Restated 2020 \$'000
Assets			
Intangible assets and goodwill	290,288	28,937	319,225
Total assets	415,618	28,937	444,555
Liabilities			
Deferred tax liabilities	(3,531)	28,937	25,406
Total liabilities	116,854	28,937	145,791
Total equity	298,764	-	298,764

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 30 June 2021 and the year ended 30 June 2020.

The balance sheet has also been restated to reflect the reclassification of \$1.9 million (2019: \$1.9 million) of prepayments to trade and other payables.

1.5 Change in accounting policy

The Group previously capitalised costs incurred in configuring or customising a supplier's application software in a cloud computing arrangement as intangible assets, as the Group considered that it would benefit from those costs to implement the cloud-based software over the life of the software. Following the IFRS Interpretations Committee (IFRIC) agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement in April 2021, the Group has reconsidered its accounting treatment and adopted the treatment set out in the IFRIC agenda decision, which is to recognise those costs as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Costs that do not result in intangible assets are expensed as incurred, unless they are paid to the supplier of the cloud-based software to significantly customise the cloud-based software for the Group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the cloud computing arrangement.

The change has been applied retrospectively and comparative information has been restated. As a result of the change in accounting policy the following impacts to the financial statements have been identified:

	As Previously Reported 2020 \$'000	Adjustment \$'000	As Restated 2020 \$'000
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets			
Intangible assets and goodwill	319,225	(1,082)	318,143
Total assets	444,555	(1,082)	443,473
Deferred tax liabilities	25,406	(325)	25,081
Total liabilities	145,791	(325)	145,466
Retained earnings - opening	30,941	(306)	30,635
Retained earnings - profit for the year	15,171	(451)	14,720
Total equity	298,764	(757)	298,007

	As Previously Reported 2020 \$'000	Adjustment \$'000	As Restated 2020 \$'000
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Corporate and administrative expenses	(26,021)	(867)	(26,888)
Depreciation and amortisation	(6,337)	222	(6,115)
Profit before tax	20,387	(645)	19,742
Income tax expense	(5,216)	194	(5,022)
Profit after tax	15,171	(451)	14,720
Total comprehensive income attributable to owners of the Company	17,278	(451)	16,827
Basic EPS	12.2		11.8
Diluted EPS	12.1		11.8

The current year impact of the change in accounting policy was a reduction of \$1.204 million to retained earnings.

	As Previously Reported 2020 \$'000	Adjustment \$'000	As Restated 2020 \$'000
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CONSOLIDATED CASH FLOW STATEMENT

Cash paid to suppliers and employees	(159,625)	(867)	(160,492)
Acquisition of intangible assets	(4,256)	867	(3,389)

Financial Statements

Notes to the Financial Statements Continued

2. GROUP PERFORMANCE

2.1 Sales revenue and other income

	Year ended 30 June 2021 \$'000	Year ended 30 June 2020 \$'000
Sale of goods	194,080	187,688
Other income		
Interest income	99	62
R&D grant income	1,136	1,045
Other income	452	345
	1,687	1,452
Total Revenue and other income	195,767	189,140

Chemist Warehouse Strategic Partnership

On 25 February 2021, BWX signed agreements with Chemist Warehouse Group for the provision of strategic brand services in exchange for the potential issue of shares to the value of \$13.350 million across 5 tranches, with the final tranche due to be issued on 31 December 2023. During the year, the Group issued the first tranche of 881,613 shares worth \$3.5 million.

The Group has recognised the payment as an asset which will be amortised against revenue over the contract period. All future tranches are subject to satisfaction of sales performance hurdles and will be recognised as reductions of revenue earned from sales over the relevant periods. As at 30 June 2021, the related asset of \$3.26 million was presented in the Consolidated Statement of Financial Position as Contract Assets (current: \$0.7 million and noncurrent: \$2.6 million) and the amortisation of \$0.24 million was recognised as reduction against Sales revenue for the current financial year.

Significant accounting policies

Revenue recognition

Revenue is recognised to the extent that the Group satisfies a performance obligation where control of the goods or services passes to the customer. Revenue is measured at the agreed price being the amount to which the entity expects to be entitled in exchange for goods. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The Group does not have any contracts where the period between the transfer of the promised product or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue from the sale of goods and disposal of other assets is recognised at a point in time when the Group has passed control of promised goods or assets to the customer. Control of the goods transfers to the customer at the point the goods are delivered to, or collected by, the customer. The Group recognises its revenue from contracts with customers for the transfer of goods at a point in time. Rebates and sale incentives is recognised using expected value method based on accumulated experience, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Interest income

Interest is recognised as it accrues using the effective interest method.

Research and development credits

Revenue from research and development credits are recognised where there is reasonable assurance that the credits will be received and all attached conditions will be complied with.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.2 Expenses

	Year ended 30 June 2021 \$'000	Year ended 30 June 2020 \$'000
<i>Employee benefits expenses (included in cost of sales and operating expenses):</i>		
Salaries and wages	28,996	27,500
Superannuation	2,055	1,679
Labour hire	3,434	2,035
Share-based expenses	1,388	958
Other employee expenses	4,815	7,742
	40,688	39,914

Paycheck Protection Program

In the previous financial year, BWX applied for and was successful in securing funds as part of the US Government's COVID-19 stimulus package – the Paycheck Protection Program (PPP). Under this program, funds of US\$1.3 million (AU\$1.9 million) were advanced as a loan which, if certain conditions are met, was to be forgiven in part or in full. BWX received full forgiveness of the monies received in the current financial year, meaning no amounts are required to be repaid. In accordance with AASB 120 Accounting for Government Grants and Disclosure of Government Assistance, the funds received are used to reduce expenses in the current financial year.

Financial Statements

Notes to the Financial Statements Continued

2.3 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 Operating Segments) 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 1.2 and each respective policy notes. The CEO assesses the performance of the operating segment based on a measure of profit before taxation, depreciation, amortisation, finance costs, and acquisition-related benefits/expenses.

	Year ended 30 June 2021		
	USA \$'000	Australia / International \$'000	Total \$'000
Segment result			
Revenue			
Revenue from operations	75,928	118,152	194,080
Inter-segment revenue	3,554	4,010	7,564
Total segment revenue	79,482	122,162	201,644
Inter-segment elimination	(3,554)	(4,010)	(7,564)
Total consolidated revenue	75,928	118,152	194,080
Result			
Profit before tax, depreciation, amortisation, finance costs, acquisition and restructuring related expenses	9,732	25,269	35,001
Depreciation and amortisation	(3,340)	(3,713)	(7,053)
Acquisition related benefit / (expenses)	7,127	(205)	6,922
Segment result	13,519	21,351	34,870
Head office result			(1,561)
Profit before tax and finance expenses			33,309
Finance expenses			(2,638)
Profit before tax			30,671
Income tax expense			(6,991)
Net profit after tax			23,680

Segment result	Year ended 30 June 2020 (restated)*		
	USA \$'000	Australia / International \$'000	Total \$'000
Revenue			
Revenue from operations	82,052	105,636	187,688
Inter-segment revenue	4,059	4,110	8,169
Total segment revenue	86,111	109,746	195,857
Inter-segment elimination	(4,059)	(4,110)	(8,169)
Total consolidated revenue	82,052	105,636	187,688
Result			
Profit before tax, depreciation, amortisation, finance costs, acquisition and restructuring related expenses	13,793	19,803	33,596
Depreciation and amortisation	(2,640)	(3,475)	(6,115)
Acquisition and restructuring expenses	-	(140)	(140)
Segment result	11,153	16,188	27,341
Head office result			(3,557)
Profit before tax and finance expenses			23,784
Finance expenses			(4,041)
Profit before tax			19,743
Income tax expense			(5,023)
Net profit after tax			14,720

*Refer to Note 1.5 for description and impact of restatement.

Significant customers

There were three customers (2020: three) who made up more than 10% of total Group revenue. The total revenues recognised in respect of these customers was \$67.289 million for the year ended 30 June 2021 (2020: \$65.946 million).

Geographical information

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

	2021 \$'000	2020 \$'000
Net sales revenue		
Australia	96,631	88,602
United States	63,348	71,294
Other	34,101	27,792
	194,080	187,688

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

	2021 \$'000	Restated* 2020 \$'000
Non-current operating assets¹		
Australia	135,349	124,013
USA	194,430	213,337
Other	158	237
	329,937	337,587

¹ Non-current assets exclude deferred tax assets.

*Refer to Note 1.4 for description and impact of restatement.

Financial Statements

Notes to the Financial Statements Continued

2.3 Segment information CONTINUED

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 Andalou Naturals business, in consideration for payment of \$0.8 million (USD) and with no impact to the carrying value of Andalou Naturals. The Group subsequently released the accounting provision during the period ended 30 June 2021 and resulted in \$7.127 million in acquisition-related benefit (2020: acquisition-related cost of \$0.139 million). In addition, deferred consideration relating to the Nourished Life business of \$0.620 million was released during the year.

3. ASSETS AND LIABILITIES

3.1 Trade and other receivables

	2021 \$'000	2020 \$'000
<i>Current</i>		
Trade debtors	45,306	39,233
Credit loss allowance	-	(24)
Provision for rebates and returns	(3,290)	(1,271)
	42,016	37,938
Other receivables	1,922	1,944
	43,938	39,882

Trade debtors

All trade debtors have been classified as current on the basis that the receivable will be collected over a period of less than 12 months. At 30 June 2021, the ageing analysis of trade debtors is as follows:

Year	Total \$'000	Current-30 days \$'000	31-60 days \$'000	61-90 days \$'000	+91 days \$'000
2021	45,306	35,812	4,356	2,884	2,254
2020	39,209	34,188	1,555	2,018	1,448

Fair value and credit risk

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables, is included in Note 4.6.

Significant accounting policies

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provisions for impairment, doubtful debts and rebates. Trade receivables are generally due for settlement within 60 days.

In accordance with AASB 9 Financial Instruments, the Group has applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Based on the payment profiles of sales over the past three years and historical credit losses experienced within this period, the Group concluded that the lifetime ECL would be negligible and therefore no loss allowance was required at 30 June 2021 (2020 - \$24,000). The amount of the impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income within other expenses.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables and subsequent recoveries of amounts previously written off are recognised within other expenses.

Critical accounting estimates*Carrying value of receivables*

The Group applies the AASB 9 Financial Instruments simplified approach to measuring expected credit losses which uses a lifetime expected loss for all trade receivables.

3.2 Inventories	2021 \$'000	2020 \$'000
<i>Current</i>		
Raw materials and work in progress	13,787	12,945
Finished goods	30,193	23,821
	43,980	36,766

Inventories are measured at the lower of cost and net realisable value. Inventories recognised as an expense during the year ended 30 June 2021 amounted to \$65.322 million (2020: \$63.927 million). These were included in cost of sales in the Consolidated Statement of Profit or Loss and other comprehensive income. The amount written down (net) during the year was \$0.64 million (2020: nil)

Significant accounting policies

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: standard cost basis;
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs except for the e-commerce business whose finished goods are valued based on weighted average cost; and
- Packaging: standard cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Stock will be assessed at six month intervals to identify items that have the potential to become obsolete. Appropriate provisions are made to provide for this potential obsolescence.

Critical accounting estimates*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 30 June 2021.

Financial Statements

Notes to the Financial Statements Continued

3.3 Leases

3.3.1 Right of use assets

	2021 \$'000	2020 \$'000
Non-Current		
Land and buildings – right of use	14,543	15,420
Less: Accumulated Amortisation	(5,582)	(2,952)
	8,961	12,468
Plant and equipment – right of use	299	299
Less: Accumulated Amortisation	(257)	(129)
	42	170
	9,003	12,638

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
2021:			
Opening carrying value	12,468	170	12,638
Modifications	47	-	47
Effect of movements in exchange rates	(740)	-	(740)
Amortisation	(2,814)	(128)	(2,942)
Closing carrying value	8,961	42	9,003
As at 30 June 2021			
Cost	14,542	300	14,842
Accumulated Amortisation	(5,581)	(258)	(5,839)
Carrying value	8,961	42	9,003

The consolidated entity leases land and buildings 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 lease are renegotiated. The consolidated entity also leases plant and equipment under agreements of between three to six years.

Significant accounting policies

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 amortised 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 amortisation 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.

3.3.2 Lease Liabilities

	2021 \$'000	2020 \$'000
<i>Current</i>		
Lease Liability	2,666	3,133
<i>Non-Current</i>		
Lease Liability	8,158	11,645
	10,824	14,778

Interest charged to the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021 amounted to \$0.59 million (2020: \$0.76 million). Expenses relating to short-term leases and low-value assets amounted to \$0.06 million (2020: \$0.05 million).

Total cash outflow from the lease liabilities amounted to \$3.8 million (2020: \$3.5 million).

Significant accounting policies**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.

Critical accounting estimates**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.

Financial Statements

Notes to the Financial Statements Continued

3.4 Plant and equipment

Reconciliation of carrying amount

	Office Equipment \$'000	Plant and Equipment \$'000	Leasehold Improvements \$'000		Total \$'000
2020:					
Opening carrying value	1,394	2,027	552	320	4,293
Additions	-	2,294	289	863	3,446
Disposal	(560)	-	-	-	(560)
Effect of movements in exchange rates	17	183	-	-	200
Depreciation	(92)	(1,437)	(126)	-	(1,655)
Closing carrying value	759	3,067	715	1,183	5,724
As at 30 June 2020					
Cost	2,091	7,089	1,530	1,183	11,893
Accumulated Depreciation	(1,332)	(4,022)	(815)	-	(6,169)
Carrying value	759	3,067	715	1,183	5,724
2021:					
Opening carrying value	759	3,067	715	1,183	5,724
Additions	135	2,287	7	13,890	16,319
Transfers	3	852	97	(952)	-
Effect of movements in exchange rates	(32)	(136)	-	(9)	(177)
Depreciation	(369)	(1,470)	(163)	-	(2,002)
Closing carrying value	496	4,600	656	14,112	19,864
As at 30 June 2021					
Cost	2,173	10,004	1,633	14,112	27,922
Accumulated Depreciation	(1,677)	(5,404)	(977)	-	(8,058)
Carrying value	496	4,600	656	14,112	19,864

Significant accounting policies

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on a reducing balance or straight-line basis based on the nature of the asset over the estimated useful life of the asset as follows:

Buildings	10 to 40 years
Office equipment	3 to 5 years
Plant and equipment	5-10 years
Motor vehicles	5 years
Leasehold improvements	3 to 10 years

The residual value, useful lives and depreciation methods are reviewed and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Impairment

The carrying amounts of the Group's plant and equipment and intangible assets, right-of-use assets (Note 3.3) and other than goodwill and intangible assets with an indefinite useful life (Note 3.5), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the profit or loss.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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Notes to the Financial Statements Continued

3.5 Intangible assets and goodwill

	Customer Relationships \$'000	Formulations & Processes \$'000	Brands & Trademarks \$'000	Goodwill \$'000	Other \$'000	Total \$'000
2020:						
Opening carrying value	7,486	7,356	109,438	157,648	3,291	285,219
Restatement ¹	-	-	-	28,937	[437]	28,500
	7,486	7,356	109,438	186,585	2,854	313,719
Additions ¹	-	-	-	-	3,389	3,389
Disposals	[797]	-	[667]	-	-	[1,464]
Effect of movements in exchange rates	-	-	1,377	2,246	-	3,623
Amortisation	[440]	-	-	-	[684]	[1,124]
Closing carrying value	6,249	7,356	110,148	188,831	5,559	318,143
As at 30 June 2020						
Cost	7,399	7,356	110,148	188,831	6,541	320,275
Accumulated amortisation	[1,150]	-	-	-	[982]	[2,132]
Carrying value	6,249	7,356	110,148	188,831	5,559	318,143
As at 30 June 2020 (as restated)						
2021:						
Opening carrying value	6,249	7,356	110,148	188,831	5,559	318,143
Additions	-	-	-	48	975	1,023
Effect of movements in exchange rates	-	-	[5,827]	[10,892]	[281]	[17,000]
Amortisation	[407]	-	-	-	[1,611]	[2,018]
Closing carrying value	5,842	7,356	104,321	177,987	4,642	300,148
As at 30 June 2021						
Cost	6,992	7,356	104,321	177,987	7,272	303,928
Accumulated amortisation	[1,150]	-	-	-	[2,630]	[3,780]
Carrying value	5,842	7,356	104,321	177,987	4,642	300,148

¹ Refer to Note 1.4 & 1.5

Significant accounting policies

Intangible assets

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. The Directors consider that intangible assets have indefinite useful lives because they expect that they will continue to generate cash inflows indefinitely.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income when the asset is derecognised.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Formulations & processes, brands & trademarks

Formulations & processes and brand & trademarks have been assessed to have indefinite useful lives. They operate in established markets and are expected to continue to complement BWX's strategic initiatives. On this basis, the Directors have determined that they have indefinite lives as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows.

Customer contracts and relationships

Customer contracts and relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being ten years.

Website and other intangible assets

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; and when the Group has sufficient resources and intent to complete the internal development and the related costs can be measured reliably. The software costs are amortised on a straight-line basis over the period of their expected benefit, being five years.

Computer software costs

Certain internal and external costs directly incurred in acquiring and developing software, are capitalised and amortised over the estimated life on a straight-line basis. The majority of software projects are amortised over three to five years. Software maintenance is expensed as incurred.

SaaS arrangements and service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are generally recognised as operating expenses when the services are received. Some of these costs incurred are for the development of software code that enhances, modifies or creates additional capability to existing on-premise systems and meets the recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis.

Intangible assets are carried at cost less accumulated amortisation and impairment losses. At the end of each reporting period, the Group assesses whether there is any indication that intangible assets may be impaired.

Impairment testing of indefinite-lived intangible assets

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.

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 has been allocated to the Group's CGUs as follows:

	2021			2020		
	Formulations & Processes	Goodwill	Brands & Trademarks	Formulations & Processes	Goodwill	Brands & Trademarks
CGU	\$	\$	\$	\$	\$	\$
USA	-	118,918	63,415	-	129,762	69,224
Australia/International	7,356	59,069	40,906	7,356	59,069	40,924
	7,356	177,987	104,321	7,356	188,831	110,148

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Notes to the Financial Statements Continued

3.5 Intangible assets and goodwill CONTINUED

The recoverable amount of the CGUs are determined based on a value in use model. Value in use for the USA CGU is calculated using a discounted cash flow model covering a five-year period (prior year four years) with an appropriate terminal growth rate at the end of that period. The Australian / International model is a value in use forecast for a three year period (prior year four years) and a terminal value calculation after the third year. Impairment losses are recognised immediately in the income statement.

As at 30 June 2021, management has assessed the carrying value of assets and performed an impairment test on each CGU. Based on the results of the tests impairment charges were not required in the current year. The assumptions used in this modelling are disclosed below.

AU CGU

	Australia/International	
	30 June 2021	30 June 2020
Key assumptions ¹	%	%
Average revenue growth over the forecast period	19.1	16.0
Terminal value growth rate	2.0	2.0
Pre-tax discount rate	12.7	11.4

1. FY21 model was prepared using a 3 year forecast period (FY20 4 years)

Australia/International CGU

The Directors and management have considered and assessed reasonably possible changes for key assumptions in relation to the Australia/International CGU and have not identified any instances that could cause the carrying amount to exceed its recoverable amount.

US CGU

	USA	
	30 June 2021	30 June 2020
Key assumptions ¹	%	%
Average annual revenue growth over the forecast period	16.6	13.4
Terminal value growth rate	2.0	2.0
Pre-tax discount rate	12.5	11.4

1. FY21 model was prepared using a 5 year forecast period (FY20 4 years).

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 estimates and judgments included in the calculations (including the five year projected period and terminal value) are based on historical experience and other factors, including management's and the Board's expectations of future events that are believed to be reasonable under the current circumstances. The Group has and continues to undertake a range of strategic initiatives to deliver the growth included in the five year model. As such this model includes higher growth rates in the early years from market initiatives previously announced and in progress, as well as margin uplift from the new manufacturing facility, channel mix and other factors. Growth rates in later years are based on industry growth forecasts. Programs not yet commenced or committed have not been included in future cash flows.

Sensitivities

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 0.6% compared to the current modelling;
- Pre-tax discount rate increased to 0.3% as compared to the current modelling;
- Terminal value growth rate decreased by 0.3% compared to the current modelling

Using the key assumptions in the previous section, the headroom for the US CGU is \$5.73 million. As noted in the expert's report, the USA CGU headroom is specifically highly sensitive to any movement in the forecast revenue growth rates. Notwithstanding this, there are also significant variable costs in the model which will be monitored to mitigate the impact of any revenue shortfall. The recoverable amount is also sensitive to key assumptions including the discount rate and long term growth rate. As a result the Group has conducted a range of sensitivities on the recoverable amount.

Significant accounting policies

Impairment of goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the estimation of future cash flows that are expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. There was no impairment recognised during the year as a result of this.

Critical accounting estimates

Impairment of goodwill and other indefinite life intangibles

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the estimation of future cash flows that are expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. Intangible assets with indefinite lives are tested annually at the cash generating unit (CGU) level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

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Notes to the Financial Statements Continued

3.6 Income taxes

Income tax recognised in profit or loss

	Year ended 30 June 2021 \$'000	(Restated) Year ended 30 June 2020 ² \$'000
Current tax expense in respect of the current period	9,298	5,289
Deferred tax (credit) / expense recognised in the current period	(2,307)	(267)
Total income tax expense recognised in the current period relating to continuing operations	6,991	5,022
Prima facie income tax expense attributable to profit from operations at the Australian tax rate of 30% (2020: 30%)	9,201	5,923
Non assessable write back of provision ¹	(1,931)	(439)
Non-deductible share-based payments expenses	507	286
Other non-deductible expenses	192	959
Overseas tax rate differential	(883)	(409)
	7,086	6,320
(Over) / under provision in prior period	(95)	(1,298)
Total income tax expense recognised in the current period	6,991	5,022

1. Relates to the write-back of acquisition-related benefits, see Note 2.3

2. Refer to Note 1.5 for description and impact of restatement.

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Deferred tax balances are presented in the consolidated statement of financial position as follows:

	2021 \$'000	(Restated) 2020* \$'000
Deferred tax assets	7,143	3,856
Deferred tax liabilities	(29,155)	(28,937)
Net DTA/ (DTL)	(22,012)	(25,081)

*Refer to Note 1.4 and Note 1.5

Deferred tax balances are attributable to the following:

	2021	(Restated) 2020*
	\$'000	\$'000
Deferred taxes		
Accruals	689	642
Provisions	102	72
Employee benefits	637	520
Acquisition and issuance costs	1,294	1,458
Deferred interest expense	913	-
Leases	504	-
Loss carryforwards	141	-
Unrealised intercompany profit in inventory	2,449	984
Other items	414	180
Total deferred tax assets	7,143	3,856
Other fixed assets	(1,643)	-
Brands	(27,512)	(28,937)
Total deferred tax liabilities	(29,155)	(28,937)
	(22,012)	(25,081)

*Refer to Note 1.4 and Note 1.5

Financial Statements

Notes to the Financial Statements Continued

3.6 Income taxes CONTINUED

Tax consolidation legislation – Australia

The Company and its wholly-owned Australian controlled entities implemented the tax consolidation legislation during the period ended 30 June 2014. The Company is the head entity of the Australian tax consolidated group.

The Company and its wholly-owned Australian controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Significant accounting policies

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities with the carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to realise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and the tax base of investments in controlled entities where the parent entity is able to control the timing of the reversal of temporary differences and it is probable that the differences will not be reversed in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.7 Financial liabilities

	30 June 2021 \$'000	30 June 2020 \$'000
<i>Current</i>		
Bank loan	2,998	8,000
Trade finance facility	7,694	11,478
Equipment finance	117	145
Amortised borrowing costs	(106)	(106)
	10,703	19,517
Deferred consideration – Nourished Life ¹	123	39
	10,826	19,556
<i>Non-current</i>		
Bank loan	26,673	26,072
Market rate loan	15,000	15,000
Amortised borrowing costs	(9)	(113)
	41,664	40,959
Deferred consideration – Nourished Life ¹	-	743
Deferred payments – Andalou Naturals ²	-	9,075
	41,664	50,777

1. During the financial year there was a write-back of \$0.6 million resulting from release of any future obligation

2. Payment of \$1.1m was made during the financial year and \$7.1 million was written back resulting from release of any future obligation – Refer to Note 2.3 for details.

Terms and repayments schedule

The terms and conditions of outstanding loans are as follows:

	Nominal interest rate	Financial year of maturity	2021		2020	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Bank loan – USD ¹	LIBOR + 2.5%	2024	29,671	29,671	32,722	32,722
Bank loan	BBSY + 2.5%	-	-	-	1,350	1,350
Trade finance facility	1.06%	2022	7,694	7,694	11,478	11,478
Market rate facility	1.73%	2023	15,000	15,000	15,000	15,000
Others			117	117	145	145
Capitalised borrowing costs			-	(115)	-	(219)
Total interest-bearing liabilities			52,482	52,367	60,695	60,476

1. During the year, the term and repayment terms of the loan was modified.

The facilities are secured by a mortgage over the assets of the consolidated group of companies. The facility imposes obligations on the Group with respect to reporting to the Commonwealth Bank of Australia. For the year ended 30 June 2021, the Group has complied with its obligations under the facility.

As at 30 June 2021, the Group had available \$4.841 million (2020: \$3.625 million) of undrawn borrowing facilities.

Significant accounting policies

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Interest bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Financial Statements

Notes to the Financial Statements Continued

4. CAPITAL STRUCTURE, FINANCING, AND RISK MANAGEMENT

4.1 Earnings per share

	2021 Cents	Restated 2020 Cents
Basic earnings per share	17.1	11.8
Diluted earnings per share	16.8	11.8

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

	Year ended 30 June 2021 \$'000	Restated Year ended 30 June 2020 \$'000
Net profit used in calculating basic and diluted EPS	23,680	14,720

	2021 Number '000s	2020 Number '000s
Weighted average number of ordinary shares at 30 June used in the calculation of basic earnings per share	138,741	124,249
Add: effect of potential conversion to ordinary shares under options schemes	2,060	844
Weighted average number of ordinary shares at 30 June used in the calculation of diluted earnings per share	140,801	125,093

Significant accounting policies

Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. In accordance with the Chemist Warehouse Strategic Partnership described in Note 2.3, BWX has 2,481,111 contingently issuable shares as at 30 June 2021 which will be issued in four tranches until 31 December 2023. These shares have not been included in the calculation of diluted EPS as they are subject to the satisfaction of sales performance hurdles in future periods. The first of these four tranches was issued on 7 July 2021 (881,613 shares) and is subject to sales growth in FY 22.

4.2 Dividends

	2021		2020	
	\$ per ordinary share	\$'000	\$ per ordinary share	\$'000
<i>Recognised amounts:</i>				
2019 Final fully franked dividend - 25 October 2019	-	-	0.027	3,355
2020 Interim fully franked dividend - 9 April 2020	-	-	0.013	1,615
2020 Final fully franked dividend - 8 October 2020	0.026	3,628	-	-
2021 Interim fully franked dividend - 15 April 2021	0.010	1,398	-	-
<i>Unrecognised amounts:</i>				
2020 Final fully franked dividend	-	-	0.026	3,628
2021 Final fully franked dividend	0.031	4,966	-	-

On 26 February 2021, the Directors determined a fully franked interim dividend of 1.0 cents per share to the holders of ordinary shares in respect of the financial year ended 30 June 2021, to be paid to shareholders on 15 April 2021. The record date for determining entitlements to the dividend was 12 March 2021. The total dividend paid was \$1.398 million.

On 27 August 2021, the Directors determined to pay a fully franked final dividend of 3.1 cents per share to the holders of ordinary shares in respect of the financial year ended 30 June 2021, to be paid to shareholders on 29 October 2021. The record date for determining entitlements to the dividend is 6 October 2021. The total estimated dividend to be paid is \$4.966 million.

On 27 August 2021, BWX declared its intention to raise approximately \$100m from an Institutional Placement and Share Purchase Plan. Assuming that these shares are issued prior to the record date, and on the assumption that the full amount is raised, BWX anticipates that it would pay a fully-franked dividend of 3.1 cents per share.

In accordance with the tax consolidation legislation, the Company as the head entity in the Group has also assumed the benefit of \$11,639,341 (30 June 2020: \$9,246,165) franking credits.

Significant accounting policies

Dividends are recognised when an obligation to pay a dividend arises, following declaration of the dividend by the Company's Board of Directors.

Financial Statements

Notes to the Financial Statements Continued

4.3 Contributed Equity

	2021 \$'000	2020 \$'000
Ordinary shares, fully paid	293,893	237,721

Movements in share capital

	2021		June 2020	
	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	-	-
Shares issued to Chemist Warehouse ¹	881,613	3,500		
Share issue cost	-	(1,409)	-	-
Employee Loan Plan Shares exercised	-	276	-	716
Transactions with employee loan plan shareholders ²	-	1,315	-	1,065
CEO Sign-On Rights Vested	-	470	-	-
Distributions paid ³	-	20	-	70
Balance at 30 June	140,425,611	293,893	124,249,888	237,721

1. Refer to Note 2.1

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.

Significant accounting policies

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

4.4 Reserves

	Shared-Based Payment Reserve \$'000	Foreign Currency Translation Reserve \$'000	Total \$'000
Balance at 1 July 2019	1,620	15,932	17,552
Exchange difference on translation of overseas subsidiaries	-	2,107	2,107
Share-based payment expense	958	-	958
Employee Loan Plan Shares exercised	(716)	-	(716)
Balance at 30 June 2020	1,862	18,039	19,901
Balance at 1 July 2020	1,862	18,039	19,901
Exchange difference on translation of overseas subsidiaries	-	(14,652)	(14,652)
Share-based payment expense	1,388	-	1,388
CEO Sign-On Rights Vested	(470)	-	(470)
Employee Loan Plan Shares exercised	(276)	-	(276)
Balance at 30 June 2021	2,504	3,387	5,891

Significant accounting policies*Foreign currency translation reserve (FCTR)*

FCTR comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the Group's presentation currency.

Share-based payment reserve

The employee remuneration reserve comprises the fair value of share-based payment plans recognised as an expense in the Consolidated Statement of Profit or Loss. Where rights have vested or options relating to employee loan plan shares exercised during the period, the amounts recognised in relation to the relevant grants are transferred to contributed equity. Refer to Note 6.2 for details of share-based payments.

Financial Statements

Notes to the Financial Statements Continued

4.5 Reconciliation of cash flows from operating activities

	Year ended 30 June 2021 \$'000	Year ended 30 June 2020 \$'000
Net profit after tax	23,680	14,720
<i>Adjustments for:</i>		
<i>Depreciation and amortisation</i>	7,053	6,115
Reversal of deferred consideration	(7,746)	-
Share-based payments	1,627	958
	24,614	21,793
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in:		
Trade and other receivables	(5,362)	(8,841)
Inventories	(8,605)	(7,640)
Other assets	(1,402)	908
Increase / (decrease) in:		
Trade and other payables	14,938	17,257
Provisions	(1,342)	1,444
Net income tax assets and liabilities	2,702	2,196
	929	5,324
Net cash from operating activities	25,543	27,118

Significant accounting policies

Cash at bank

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily converted into known amounts of cash. For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdraft facilities.

4.6 Financial risk management

The Group's principal financial liabilities comprise of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management advises on financial risks and the appropriate financial risk governance framework for the Group, providing assurance to the Board of Directors that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

4.6.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include accounts payable, accounts receivables, loans and borrowings and cash deposits. The risks to which the Group has a material sensitivity are described below.

4.6.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at 30 June 2021, the Group has a cash flow exposure to changes in market interest rates. The Group manages its cash flow risk of changes to interest rates through cash flow forecasting analyses, which incorporate the potential for interest rate movements. Any increase in interest rates will impact the Group's cost of servicing these borrowings, which may adversely impact its financial position.

The Group is exposed to London Bank Offered Rate (LIBOR) through its loan with CBA. Existing LIBOR-referencing contracts that mature beyond their respective LIBOR cessation dates are generally expected to be amended to reference an alternative risk-free reference rates (RFRs). The impact of the change is currently assessed and discussed with CBA.

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk. The Group is using a sensitivity of 50 basis points as management considers this to be reasonable having regard to historic movements in interest rates. This sensitivity assumes that all other variables, in particular foreign currency exchange rates, remain consistent. A positive number represents an increase in pre-tax profit and a negative number a decrease in pre-tax profit.

	Carrying amount \$'000	-50bps Pre-tax Profit \$'000	+50bps Pre-tax Profit \$'000
At 30 June 2020			
Financial liabilities			
Variable-rate instruments	60,475	294	(294)
Total increase/(decrease)	60,475	294	(294)
At 30 June 2021			
Financial liabilities			
Variable-rate instruments	52,368	262	(262)
Total increase/(decrease)	52,368	262	(262)

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4.6.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies, hence exposures to foreign exchange rate fluctuations arise. Settlement of trade payables and receivables are performed at spot rates, and management monitors this risk through cash flow forecasting and will continue to monitor the management of this risk as the scale of the Group's operations grows.

At the reporting date, the Group's financial assets and liabilities were denominated across the following currencies: USD, EUR, GBP and CAD.

	Year ended 30 June 2021	Year ended 30 June 2020
Exposure (amounts converted into AUD)	\$'000	\$'000
Cash and cash equivalents	2,653	720
Trade and other receivables	987	458
Trade creditors	(2,015)	(524)
Net exposure	1,625	654

Sensitivity analysis

Based on the financial instruments held at 30 June 2021, if exchange rates were to weaken/strengthen against the Australian dollar by 10% with all other variables held constant, the transaction exposure within profit after tax for the year would have been \$0.166 million lower/higher (2020: \$0.029 million lower/higher). The impact on equity would have been \$9.3 million lower/higher (2020: \$8.5 million lower/higher) as a result of the incremental movement through the foreign currency translation reserve.

4.6.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group has a material exposure to credit risk from its operating activities being the value of its trade receivables.

Trade receivables

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At 30 June 2021, the Group had 40 customers (2020: 39 customers) that owed the Group more than \$0.100 million each and accounted for approximately 94% (2020: 97.8%) of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on client based actual incurred historical data.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables disclosed in Note 3.1. The Group may obtain Directors' guarantees where a customer is considered to be of risk to the business. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries.

4.6.3 Liquidity and capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of equity and debt funding and cash and short-term deposits sufficient to meet the Group's current cash requirements. Details of the contractual maturities of financial assets and liabilities were as follows:

	Less than 6 months \$'000	6 to 12 months \$'000	1 to 5 years \$'000	Total contractual cashflows \$'000	Carrying amounts \$'000
At 30 June 2020					
Cash and cash equivalents	28,639	-	-	28,639	28,639
Trade and other receivables	39,882	-	-	39,882	39,882
	68,521	-	-	68,521	68,521
Financial liabilities					
Trade creditors	(11,776)	-	-	(11,776)	(11,776)
Other payables and accruals	(17,976)	-	-	(17,976)	(17,976)
Lease liabilities	(1,729)	(1,729)	(12,069)	(15,527)	(14,778)
Loans and borrowings ¹	(30,623)	(4,000)	(27,376)	(61,999)	(60,476)
Deferred consideration on payments	(39)	-	(9,818)	(9,857)	(9,857)
	(62,143)	(5,729)	(49,263)	(117,135)	(114,863)
	6,378	(5,729)	(49,263)	(48,614)	(46,342)
At 30 June 2021					
Cash and cash equivalents	70,497	-	-	70,497	70,497
Trade and other receivables	43,938	-	-	43,938	43,938
	114,435	-	-	114,435	114,435
Financial liabilities					
Trade creditors	(15,526)	-	-	(15,526)	(15,526)
Other payables and accruals	(28,354)	-	-	(28,354)	(28,354)
Lease liabilities	(1,729)	(1,540)	(8,610)	(11,879)	(10,823)
Loans and borrowings ¹	(8,820)	(2,258)	(42,364)	(53,442)	(52,367)
Deferred consideration on payments	-	(123)	-	(123)	(123)
	(54,429)	(3,921)	(50,974)	(109,324)	(107,193)
	60,006	(3,921)	(50,974)	5,111	7,242

1. Excludes capitalised borrowing costs. Refer to Note 3.7 for further details.

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 30 June 2021.

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5. GROUP STRUCTURE

5.1 Group entities

Name	Principal activity	Country of incorporation	Interest held by the Group	
			2021 %	2020 %
BWX Limited*		Australia		
Subsidiaries				
Beautiworx Pty Ltd*	Manufacturing	Australia	100	100
LHS No. 2 Pty Ltd	Dormant	Australia	100	100
Uspa Corporation Pty Ltd	Brand operating business	Australia	100	100
Edward Beale Hair Care Pty Ltd	Brand operating business	Australia	100	100
BWX Brands Pty Ltd*	Brand operating business	Australia	100	100
BWX Australia Pty Ltd (formally Regulatory Advisory Services Pty Ltd)	Employing company	Australia	100	100
Regulatory Advisory Services Ltd	Dormant	United Kingdom	100	100
Sukin Australia Pty Ltd*	Brand operating business	Australia	100	100
Renew Skin Care Australia Pty Ltd	Brand operating business	Australia	100	100
Derma Sukin Australia Pty Ltd	Brand operating business	Australia	100	100
Lightning Distribution Pty Ltd*	Distribution business	Australia	100	100
BWX Brands UK Limited	Brand operating business	United Kingdom	100	100
BWX Brands Canada Inc	Brand operating business	Canada	100	100
BWX Brands India Private Limited	Brand operating business	India	100	100
BWX Brands Malaysia Sdn. Bhd.	Brand operating business	Malaysia	100	100
BWX Brands USA, Inc.	Holding company	USA	100	100
MF Brands (Cayman) Limited	Holding company	Cayman Islands	100	100
MFNB Holdings, Inc.	Holding company	USA	100	100
Mineral Fusion Natural Brands LLC	Brand operating business	USA	100	100
Andalou Naturals	Brand operating business	USA	100	100
BWX Digital Pty Ltd	Brand operating business	Australia	100	100
BWX Brands EU B.V	Brand operating business	Netherlands	100	100
Associates				
Purely Byron ¹	Brand operating business	Australia	49	-
Naked Sundays ²	Brand operating business	Australia	35	-

*Entity is a member of the Closed Group under the Deed of Cross Guarantee (refer to Note 5.4) and relieved from the requirement to prepare audited financial statements by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

1. Purely Byron – a natural skincare retailer; acquired interest 49% amounting to \$0.49 million, accounted for using equity method.

2. Naked Sundays – a vegan and cruelty free skincare retailer; acquired interest amounting to \$0.4 million, accounted for using equity method.

Significant Accounting Policies

Investment in associates

The Group's interest in equity accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but no control or joint control over the financial or operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees until the date of significant influence or joint control ceases.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group recognises the loss as an impairment expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

5.2 Parent entity information

As at, and throughout, the financial year ended 30 June 2021 the parent entity of the Group was BWX Limited.

	Parent Entity	
	2021	2020
	\$'000	\$'000
Result of parent entity:		
Profit for the period	11,830	20,837
Other comprehensive income	(6,221)	1,331
Total comprehensive income for the period	5,609	22,168
Financial position of parent entity at year end:		
Current assets	37,394	941
Total assets	353,302	302,338
Current liabilities	2,964	1,181
Total liabilities	46,829	45,652
Total equity of the parent entity comprising of:		
Issued capital	293,393	237,692
Reserves	5,074	10,183
Retained earnings	8,006	8,811
Total equity	306,473	256,686

Parent entity contingent liabilities

There were no contingent liabilities, guarantees or capital commitments of the parent entity not otherwise disclosed in these financial statements.

Parent entity capital commitments for acquisition of property, plant and equipment

There were no capital commitments for acquisitions of property, plant and equipment of the parent entity not otherwise disclosed in these financial statements.

Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the Deed are disclosed in Note 5.4.

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Notes to the Financial Statements Continued

5.3 Related parties

5.3.1 Transactions within the Group

During the reporting period and previous reporting periods, BWX Limited advanced loans to, received and repaid loans from, and provided treasury, accounting, legal, taxation, and administrative services to other entities within the Group.

Entities within the Group also exchanged goods and services in sale and purchase transactions. All transactions occurred on the basis of normal commercial terms and conditions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. During the year the Group provided loans to associates of \$0.35 million.

5.3.2 Directors and key management personnel

The aggregate compensation made to Key Management Personnel of the Group is set out below:

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
Short-term employee benefits	3,174,566	3,497,087
Post-employment benefits	-	119,872
Share-based payments	787,139	830,564
	3,961,705	4,447,523

Loans to and from key management personnel

There were no loans to key management personnel of the Group, including their personal related parties, as at 30 June 2021 (2020: nil) other than non-recourse loans provided to acquire employee loan plan (ELP) shares. These loans are considered options and are accounted as share-based payments under AASB 2 Share-based Payment. Their fair value is recognised as expense over the vesting period and included in the share-based payment expense disclosed above. See note 6.2 for further details.

Other transactions with key management personnel

No transactions between key management personnel and their related entities were made with the Group during the year ended 30 June 2021 (2020: nil).

5.4 Deed of cross guarantee

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, the wholly owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

- Beautiworx Pty Ltd
- BWX Brands Pty Ltd
- Sukin Australia Pty Ltd
- Lightning Distribution Pty Ltd

The effect of the deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries which are party to the deed under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also been given similar guarantees in the event that the Company is wound up.

Statement of profit and loss and other comprehensive income and retained earnings

	Deed of cross guarantee group	
	Year ended 30 June 2021 \$'000	Year ended 30 June 2020 \$'000
Sales revenue	111,291	97,196
Cost of sales	(42,403)	(39,055)
Gross profit	68,888	58,141
Other income	12,985	14,646
Operating expenses	(24,576)	(25,869)
Profit before depreciation, amortisation, finance costs, acquisition and restructuring related expenses	57,297	46,918
Depreciation and amortisation	(3,149)	(2,963)
Finance income/(expenses)	1,809	3,226
Acquisition and restructuring expenses	(695)	(936)
Profit before tax	55,262	46,245
Income tax expense	(7,794)	(1,593)
Profit after tax	47,468	44,652
Other comprehensive income:		
Total items that may be reclassified subsequently to profit or loss	(15,514)	2,950
Other comprehensive income for the period	(15,514)	2,950
Total comprehensive income attributable to owners	31,954	47,602
Retained earnings at beginning of year	52,662	25,010
Profit after tax	47,468	44,652
Intercompany dividends (outside of the DOCG Group)	(6,872)	-
Dividends recognised during the year	(5,006)	(4,970)
Retained earnings at end of year	88,252	64,692

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Notes to the Financial Statements Continued

5.4 Deed of cross guarantee CONTINUED

Statement of financial position

	Deed of cross guarantee group	
	2021	2020
	\$'000	\$'000
Current assets		
Cash and cash equivalents	59,825	18,166
Trade and other receivables	22,897	23,868
Inventories	21,107	18,705
Other assets	4,882	61
Total current assets	108,711	60,800
Non-current assets		
Investments in other Group subsidiaries	77,903	87,334
Receivables	200,441	172,633
Plant and equipment	18,720	7,283
Investment in associate	890	-
Other longterm investments	4,354	-
Intangible assets and goodwill	84,831	85,673
Deferred tax assets	258	1,923
Total non-current assets	387,397	354,846
Total assets	496,108	415,646
Current liabilities		
Trade and other payables	30,445	19,579
Financial liabilities	11,401	20,289
Current tax (receivable)/liabilities	11,309	9,244
Total current liabilities	53,155	49,112
Non-current liabilities		
Financial liabilities	43,893	44,497
Deferred tax liabilities	10,868	10,731
Total non-current liabilities	54,761	55,228
Total liabilities	107,916	104,340
Net assets	388,192	311,306
Equity		
Contributed equity	293,393	237,691
Reserves	6,548	20,953
Retained earnings	88,251	52,662
Total equity	388,192	311,306

6. OTHERS

6.1 Contingent liabilities and commitments

6.1.1 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 Andalous 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.

6.1.2 Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2021, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling \$9.4 million (2020: nil). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

6.2 Employee benefits

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:

Employee Loan Plan Awards

Executives and Non-Executive Directors (Participants) were formerly granted shares in the Company from FY16 to FY19 which were secured by non-recourse loans between the Participant and the Company. The shares were granted in several tranches each year. Three tranches had service conditions (12, 24 and 36 months) and two were subject to the satisfaction of EBITDA hurdles which could be satisfied at any time over a five year period.

The number of shares issued for each tranche was based on the spot price of the shares of the Company on the grant date. The spot price was used to determine the loan amount. Once the tranche vests, as determined by the Group and approved by the Board, the Participant is provided twelve-months to repay the loan attached to the shares or to surrender the shares in satisfaction of the loan. The final date on which all loans must be repaid is 15 June 2023. If the Participant ceases employment, the rights to any unvested shares are automatically forfeited and the shares are surrendered. While Participants are eligible for dividends and have voting rights attached to the shares, the shares are secured by a holding lock preventing the Participants from dealing with the shares until the loan is fully repaid.

Long-Term Incentive Plan Awards

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	Generally forfeited (Board discretion may apply)

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Notes to the Financial Statements Continued

6.2 Employee benefits CONTINUED

a) Details of Share Plan CONTINUED

Deferred Short-Term Incentive Plan Awards

Executives are eligible to be awarded 25% of the short-term incentive plan in the form of deferred share rights. The amount of Deferred Equity allocated to each participant will be 25% of the STI award divided by the ten (10) day volume weighted average price of a Group Share immediately after announcement of full-year results (i.e. at or around the time the Board confirms STI outcomes). The Deferred Equity cannot be exercised for a period of twelve months following grant and will vest into ordinary shares in the Company subject to the Executive's continued employment. The STI award is subject to satisfaction of gateway hurdles including Group NPAT target, international revenue targets, cash flow targets and non-financial targets.

Provided that the Gateway Conditions are met, STI can be awarded based on the following Corporate Metrics being achieved during the FY21 year.

- Group NPAT target
- International net revenue target
- Group net cash flows target

b) Grant Date Fair Value

The grant date fair value of the rights are independently determined using the Geometric Brownian Motion model, Binomial option pricing model and Monte Carlo Simulation. Key inputs are summarised below:

Hurdle	Grant Date	Vesting Date	Model (s) used	Other Key Inputs
2020 Grant – 3 Years (CEO)	16/11/20	12/6/23	Geometric Brownian Motion - EPS Binomial - EPS Monte Carlo Simulation - TSR	Daily Standard Deviation 4.57% Annual Volatility 72.87%
2020 Grant – 3 Years (Executive)	17/11/20	12/6/23	Geometric Brownian Motion - EPS Binomial - EPS Monte Carlo Simulation - TSR	Daily Standard Deviation 4.57% Annual Volatility 72.87%
2020 Grant – 3 Years	17/11/20	12/6/23	Geometric Brownian Motion - EPS Binomial - EPS Monte Carlo Simulation - TSR	Daily Standard Deviation 4.57% Annual Volatility 72.87%
2020 Grant – Deferred STI	17/9/20	1/7/21	Geometric Brownian Motion - EPS Binomial - EPS Monte Carlo Simulation - TSR	Daily Standard Deviation 4.57% Annual Volatility 72.87

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

	Opening	Granted	Forfeited	Vested/ Exercised	Closing	Weighted Avg Fair Value of Rights Granted during the year
2021						
CEO Sign-On Rights	210,640	-	-	(105,320)	105,320	-
LTI Plan Shares	1,109,151	993,691	(303,251)	-	1,799,591	\$1.42
Deferred STI Shares	-	56,295	(2,896)	-	53,399	\$3.08
ELP Shares	1,561,115	-	(398,613)	(645,000)	517,502	-
Weighted Avg Fair Value Exercise Price ELP	\$1.32	-	\$1.78	\$0.59	\$1.87	-
2020						
CEO Sign-On Rights	210,640	-	-	-	210,640	-
LTI Plan Shares	-	1,292,001	(182,850)	-	1,109,151	\$1.92
Deferred STI Shares	-	-	-	-	-	-
ELP Shares	3,623,833	-	(1,262,718)	(800,000)	1,561,115	-
Weighted Avg Fair Value Exercise Price ELP	\$3.89	-	\$1.70	\$0.31	\$1.32	-

Significant accounting policies**Share based payments**

Share-based compensation benefits are provided to employees in accordance with the Company's long-term incentive plan. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the expected vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. 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 reflects the revised estimate, with a corresponding adjustment to the options/performance rights reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

STI shares

The fair value of deferred shares granted to employees for nil consideration under the short-term incentive scheme is recognised as an expense over the relevant service period, being the year to which the bonus relates and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the forfeiture.

ELP

The non-recourse loans granted to acquire shares under the ELP are accounted as for as options under AASB 2 Share-based Payment. The fair value of the options is recognised as an employee benefits expense with a corresponding increase in the share-based payment reserve. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price), and
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period).

The total expense is recognised over the expected vesting period, which is the period over which all of the specified vesting conditions are expected to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Critical accounting estimates**Share based payment transactions**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

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.

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6.3 Auditor's remuneration

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
Assurance services¹		
PwC Australia - Audit and review of financial statements	230,000	-
William Buck Audit (Vic) Pty Ltd - Audit and review of financial statements	-	219,000
	230,000	219,000
Other auditors	20,000	36,866
	250,000	256,866
Taxation services		
PwC Australia - non audit services	15,000	-
William Buck Audit (Vic) Pty Ltd - Taxation services	-	39,305
	265,000	295,171

1. The auditors of the Group and the Company in 2021 is PwC Australia [2020: William Buck Audit (Vic) Pty Ltd and its related entities (William Buck)]. From time to time, PwC Australia [2020: William Buck] provides other services to the Group and the Company, which are subject to the corporate governance procedures adopted by the Company.

6.4 Subsequent events

6.4.1 Dividend

A final dividend of 3.1 cents per fully paid ordinary share has been determined for the year ended 30 June 2021 – refer to Note 4.2.

6.4.2 Business combination

On 17 May 2021, BWX entered into an agreement to acquire 100% of Flora and Fauna (F&F), a leading online retailer focused on vegan, ethical and sustainable products, with completion date set at 1 July 2021. The purchase consideration is estimated to be approximately \$30 million, payable based on multiples of F&F's FY21 revenue performance. There are no non-cash or deferred consideration.

Management are currently in progress of finalising and agreeing the purchase consideration and hence have not completed the purchase price allocation exercise. Information on fair value of net assets acquired and goodwill on acquisition will be disclosed in the FY22 half-year accounts.

On 27 August 2021, BWX entered a binding agreement to acquire 50.1% of the shares in Go To Enterprise Holdings Pty Ltd (Go-To). Go-To owns and operates the business of designing, manufacturing and retailing natural skincare products under the brand names Go-To, Bro-To and Grow-To. In connection with the announcement of the acquisition of 50.1% of the shares in Go-To, BWX announced that it intends to raise approximately \$100m in share capital through an institutional placement and a Share Purchase Plan, with an expected closing date in late September 2021.

Chemist Warehouse Strategic Partnership

On 7 July 2021, the Group issued the second tranche of BWX of shares to be issued in line with the five-year equity linked strategic partnership with Chemist Warehouse Group, being 881,613 shares.

6.5 Impact of COVID-19 to operations update

The impact of the Coronavirus (COVID-19) pandemic is ongoing. Measures were taken to work with key retail partners to ensure supply of products, increasing manufacturing output of items in demand, pivoting to direct-to-consumer business model to meet demand during retail lockdowns and developing hand sanitiser products. However, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian and US governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Critical accounting estimates

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.

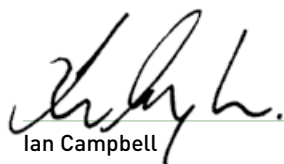
Using the Group's own direct experience and knowledge as well as forward looking information, obtained by reviewing external analyst reports and public forecasts, to identify potential impacts from COVID-19, the inputs to these estimates were stress-tested, with the carrying values re-evaluated.

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.

Directors' Declaration

1. In the opinion of the directors of BWX Limited (the Company):
 - (a) the consolidated financial statements and notes that are set out on pages 93 to 138 and the Remuneration Report in pages 73 to 90 of the Directors' Report are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the Group entities identified in Note 5.1 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee as described in Note 5.4 between the Company and those Group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
3. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the directors:



Ian Campbell
Chairman

Melbourne
27 August 2021



Independent auditor's report

To the members of BWX Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of BWX Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2021
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if

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individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
- For the purpose of our audit we used overall Group materiality of \$1.9 million, which represents approximately 1% of the Group's total revenues. - We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. - We chose Group revenue because, in our view, it is a benchmark against which the performance of the Group is most commonly measured. - We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. - The Group comprises entities across the world, with the most financially significant operations being BWX Australia and BWX USA. - Our audit work focussed on the financial information of BWX Australia and BWX USA given their financial significance to the Group. Additionally, we performed specific risk focussed audit procedures in relation to the Group's other operations to provide us with sufficient and appropriate audit evidence to express an opinion on the Group's financial report as a whole.	- Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: - Impairment testing of goodwill and indefinite-lived intangible assets - USA Cash Generating Unit (CGU) - Accounting for rebates and trade allowances - Inventory valuation - These are further described in the <i>Key audit matters</i> section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter

How our audit addressed the key audit matter

Impairment testing of goodwill and indefinite-lived intangible assets - USA CGU (Refer to note 3.5)

The Group's USA CGU recognised \$118.9m (2020: \$129.7m) of goodwill and \$63.4m (2020: \$69.2m) of other indefinite-lived intangibles at 30 June 2021. In accordance with Australian Accounting Standards, goodwill and other indefinite-lived intangible assets are required to be tested for impairment annually.

No impairment charge has been recorded in 2021 (2020: \$nil).

The CGU's recoverable amount is determined using the Value in Use (VIU) methodology using a discounted cash flow model.

The carrying value of goodwill and other indefinite-lived intangible assets is contingent on future cash flows and there is a risk if these cash flows do not meet the Group's expectations that the assets are impaired. The impairment model prepared by the Group contains a number of significant judgements and estimates including revenue growth, terminal value growth and discount rates. Changes in these assumptions can have a significant impact on the headroom available in the impairment assessment.

Given the level of judgement incorporated by the Group, the assessment of the recoverability of the US CGU was considered to be a key audit matter.

To evaluate the Group's assessment of the recoverable amount of the US CGU, we performed a number of procedures, including the following:

- Assessed whether the division of the Group's goodwill and other indefinite-lived assets into CGUs, was consistent with our knowledge of the Group's operations and internal management reporting;
- Assessed whether the carrying value of the CGU included all assets, liabilities and cash flows directly attributable to the CGU and a reasonable allocation of corporate overheads;
- Assessed the mathematical accuracy of the cash flow model;
- Agreed the underlying forecasts to board approved budgets and compared historical forecast growth to actual growth;
- Assessed the appropriateness of the revenue growth assumptions, including consideration of customer contracts and external evidence;
- Assessed variability and completeness of costs in the model;
- Read and assessed the report prepared by the Group's experts engaged to evaluate the carrying value of the CGU;
- With the support of our valuations experts, we assessed the terminal value growth and discount rates; and
- Evaluated the related financial statement disclosures for consistency with Australian Accounting Standards requirements.



Accounting for rebates and trade allowances
(Refer to note 2.1)

Revenue is measured net of rebates and trade allowances which relate to retail customers selling BWX products on promotion.

The Group is required to estimate and accrue for this spend at each reporting date to the extent they relate to sales made by the Group in the financial year.

Due to the nature of arrangements with customers there can be complexity in determining trade allowance classification in the financial statements.

We considered accounting for these rebates and trade allowances as a key audit matter given the nature of these arrangements with customers can be complex and due to the financial significance of the spend.

To assess the accounting for rebates and trade allowances, we performed a number of procedures, including the following:

- Obtained an understanding of the Group's processes and controls over the recording of rebates and trade allowances;
- On a sample basis, read and obtained an understanding of customer arrangements and the nature of related expenditure;
- Tested a sample of rebates claimed by retail customers after balance date and assessed the completeness of the accrual;
- On a sample basis, tested disbursements subsequent to year-end to identify that accruals were appropriately recorded at year-end;
- Examined a sample of subsequent receipts to test that amounts have been appropriately accrued; and
- Examined a sample of customer arrangements and compared the nature of the expenditure to assess the appropriate classification as required by the Australian Accounting Standards.

To evaluate the Group's valuation of inventory, we performed a number of procedures, including the following:

Inventory valuation
(Refer to note 3.2)

The Group recognised net inventories of \$44.0m (2020: \$36.8m) at 30 June 2021. Inventory consists of raw materials, work in progress and finished goods.

Finished goods include cost of direct materials and labour, and a proportion of manufacturing overheads based on normal operating capacity.

The Group values inventory at the lower of cost and net realisable value and therefore estimates are required to determine the recoverable amount.

Given the complexity in the overhead allocation and the level of judgement involved in determining the provision, this was considered to be a key audit matter.

- Evaluated whether the methodology applied to account for manufacturing overheads was appropriate;
- Assessed the mathematical accuracy of the calculation and allocation of overheads;
- Evaluated the methodology applied to calculate the provision for obsolete or slow moving inventory;
- Tested the mathematical accuracy and completeness of the provision for obsolete or slow moving inventory;
- On a sample basis, tested the cost of inventory on hand at year-end, including comparison to latest sales prices; and
- Attended physical stocktakes where we tested a sample of inventory items to assess the existence of inventory and identify any damaged inventory items.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors Report, the Shareholders Information and the Corporate Directory. We expect the remaining other information to be made available for use after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 11 to 28 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of BWX Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in dark ink, appearing to read "PricewaterhouseCoopers".

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to read "Nadia Carlin".

Nadia Carlin
Partner

Melbourne
27 August 2021

Shareholder Information

EQUITY SECURITY HOLDERS

As at 19 August 2021, the Company had 141,307,224 ordinary shares on issue. Further details of the Company's equity securities are as follows:

Largest holders

The following table shows the 20 largest registered shareholders (including employee loan plan shares) as at 19 August 2021 (as named on the register of shareholders):

Name	Ordinary Shares	
	Number Held	% of Issued Shares
CITICORP NOMINEES PTY LIMITED	45,799,104	32.41%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19,092,446	13.51%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	18,620,669	13.18%
NATIONAL NOMINEES LIMITED	10,256,333	7.26%
UBS NOMINEES PTY LTD	5,492,475	3.89%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	3,498,562	2.48%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	2,604,713	1.84%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED A/C 2	2,291,665	1.62%
CW MANAGEMENT PTY LTD	1,763,226	1.25%
PACIFIC CUSTODIANS PTY LIMITED <EMPLOYEE SHARE PLAN TST A/C>	1,722,232	1.22%
SANDHURST TRUSTEES LTD <HARPER BERNAYS LTD A/C>	1,705,020	1.21%
MR MARK WILLIAM EAST	1,301,805	0.92%
BNP PARIBAS NOMS PTY LTD <DRP>	1,156,139	0.82%
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	969,000	0.69%
WOODROSS NOMINEES PTY LTD	877,261	0.62%
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	753,909	0.53%
PACIFIC CUSTODIANS PTY LIMITED <BWX EMP SUB REGISTER A/C>	662,009	0.47%
NETWEALTH INVESTMENTS LIMITED <WARP SERVICES A/C>	587,823	0.42%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	540,739	0.38%
AUSTRALIAN NATURAL COSMETICS PTY LTD	508,823	0.36%
Total Top 20 Holders	120,203,953	85.07%
Total Other Holders	21,103,271	14.93%
Grand Total	141,307,224	100%

Substantial shareholders

The following table shows the substantial holders as notified to the Company in substantial holding notices as at 11 August 2021:

Name	Noted Date of Change	Number of Equity Securities	Relevant Interests
Bangarra Group	12/06/2019	27,557,505	22.18%
Paradise Investment Management Pty Ltd	02/11/2020	10,873,554	7.79%
Regal Funds Management Pty Ltd	23/07/2021	7,128,267	5.04%

Shareholder Information

Distribution of equity security holders

Holdings distribution

Range	Number of equity security holders	
	Ordinary shares	Options
100,001 and over	7	-
10,001 to 100,000	14	-
5,001 to 10,000	10	-
1,001 to 5000	48	-
1 to 1,000	36	-
Total	115	-

Unmarketable Parcels

The number of security investors holding less than a marketable parcel of 96 securities (\$5.23 on 19 August 2021) is 206 and they hold 5,190 securities.

Voting Rights

The voting rights attaching to each class of equity securities are set out as below:

Ordinary shares

Holders of ordinary shares have the right to vote at every general meeting of the Company and at separate meetings of holders of Ordinary Shares. At a general or separate meeting, every holder of ordinary shares present in person or by proxy has, on poll, one vote for each ordinary share held.

Performance rights

Performance rights have been issued as part of various performance plans in the 2021 financial year, as at 30 June 2021:

- Number of participants: 32 participants.
- Maximum number of ordinary shares which may be issued if the performance conditions are achieved: 1,823,806.
- Participants do not have voting rights.

Securities purchased on-market

There were no securities purchased on-market during the financial year ended 30 June 2021.

Unquoted equity securities

Ordinary shares

BWX Limited has no unquoted equity securities on issue at 30 June 2021.

Options

BWX Limited has no unquoted options on issue at 30 June 2021.

Securities exchange

The Company is listed on the Australian Securities Exchange. The Home exchange is Melbourne.

Other information

BWX Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Corporate Directory

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DIRECTORS

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

COMPANY SECRETARY

Mr Alistair Grant

PRINCIPAL PLACE OF BUSINESS

BWX Limited
2 Darby Way
Dandenong South 3175
Victoria Australia
Website: www.bwxltd.com
Telephone: +61 3 8785 6300

REGISTERED OFFICE

BWX Limited
2 Darby Way
Dandenong South 3175
Victoria Australia

SOLICITORS

Minter Ellison
Level 20, Collins Arch
447 Collins Street
Melbourne 3000
Victoria Australia

AUDITORS

PwC Melbourne
Level 16
2 Riverside Quay
Southbank
Melbourne 3006
Victoria Australia

SHARE REGISTRY DETAILS

Link Market Services Limited
Tower 4
727 Collins Street
Melbourne 3008
Victoria Australia
Telephone (within Australia) 1300 554 474
Telephone (international) +61 1300 554 474
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

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BWX^{leaf}

