

ASX & Media Release 27 August 2021

BWX enters into partnership with Go-To Skincare

Key Highlights

- BWX has entered into a Share Purchase Agreement to acquire a 50.1% interest in Go-To Skincare (“Go-To”) for approximately A\$89m (“Acquisition Price”) (the “Partnership”)
- The Acquisition Price values Go-To on a 100% Enterprise Value (“EV”) basis at A\$177m, representing an FY2021 EV / EBITDA acquisition multiple of 14.9x pre-synergies and 11.9x post-synergies¹
- Founded by Zoë Foster Blake in 2014, Go-To is an Australian skin care provider with a range of simple, trusted and effective skin care products for the masstige market and in FY21 generated A\$36.8m of revenue and A\$11.6m² of EBITDA
- Go-To Founder Zoë Foster Blake will remain a strategic shareholder, Chief Creative Officer and a Board Director of Go-To; other Go-To Co-Founders to remain in the Partnership
- Go-To will remain an independently operated, standalone, founder-led brand, leveraging BWX expertise and capability in certain areas
- The Partnership represents a strategically and financially compelling opportunity for BWX to collaborate with one of Australia’s leading skin care entrepreneurs and support Go-To’s ongoing growth
- The Partnership is expected to be mid-single digit Earnings per Share (“EPS”)³ accretive on a FY21 pro forma basis (pre-synergies) and double digit EPS accretive on a FY21 pro forma basis post \$3m of potential synergies⁴ in the first full financial year of the Partnership
- The Partnership is to be funded with an approximately A\$85m fully underwritten institutional placement and approximately A\$15m share purchase plan and remains subject to customary closing conditions and adjustments, which are expected to be satisfied at or around Q1 FY22

¹ FY21 EBITDA is unaudited and presented post-AASB 16 impacts.

² EBITDA is presented on a pre-AASB 16 basis and is normalised for a small number of one-off and non-recurring items.

³ Presented post-AASB 16, on an underlying basis for BWX. Before amortisation of intangibles, one-off implementation costs of synergies and one-off transaction costs. The impact of purchase price accounting has not been completed and which will impact future amortisation charges. The FY21 EPS calculation excludes certain items recorded in BWX reported NPAT which are considered non-recurring, such as the acquisition related benefit of \$6.9m, other non-recurring gains and expenses and the impact of the SPP. The impact of tax on these items has not been included in the EPS calculations.

⁴ \$3m of potential synergies represents amount of pre-tax earnings attributable to BWX shareholders.

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Melbourne, Australia – BWX Limited (ASX:“BWX”) today announced that it has agreed to acquire a 50.1% interest in Go-To, one of Australia’s leading omnichannel skin care brands for approximately A\$89m.

The Partnership values Go-To on a 100% EV basis at A\$177m, representing a FY21 EV / EBITDA acquisition multiple of 14.9x pre-synergies and 11.9x post-synergies.¹

The Partnership together with the Equity Raising described below (“**Transaction**”) is expected to be EPS² accretive on a FY21 pro-forma basis (pre-synergies) and double digit EPS accretive on a FY21 pro-forma basis post A\$3m of potential synergies in the first full financial year of the Partnership

Completion of the Partnership under the Share Purchase Agreement is subject to customary closing conditions, which are expected to be satisfied at or around Q1 FY22.

Group CEO and Managing Director of BWX, Dave Fenlon said:

“Zoë is a proven brand-builder and innovator. We are really excited to be partnering with her and the entire Go-To team to continue growing this business and increasing its availability to consumers worldwide.

Go-To is an authentic brand with an exceptionally loyal customer following, omni-channel offering and exciting growth outlook. Through this partnership, BWX intends to support Go-To’s growth potential by leveraging our capability, resources and international distribution network.

This partnership will provide BWX with an opportunity to accelerate our international growth strategy, increase our sales via the direct-to-consumer channel, while also providing access to a potential new growth customer demographic and exposure to a premium brand which complements our existing portfolio.

We are particularly excited to work alongside Zoë and Go-To’s other founders in seeking to take the brand to more consumers globally while propelling the overall growth of the Natural category.”

Go-To Founder and Chief Creative Officer, Zoë Foster Blake said:

Go-To Founder and Chief Creative Officer Zoë Foster Blake commented, *“We are delighted to be partnering with BWX for the next stage of Go-To’s journey. Two Australian beauty companies coming together to cement Australia’s reputation as a leader in skin care is very exciting.*

When we embarked on this process, we wanted a compatible, like-minded partner who was culturally aligned, shared our values on sustainability, inclusivity and quality, really ‘got’ our brands, and who could assist us in unlocking Go-To’s international potential.

BWX immediately made sense. They live and breathe skin care, and have a proven track record globally. BWX respects the unique POD Go-To offers customers, and has the infrastructure, experience, and people to help us achieve our vision. Our premium offering will complement their existing brand portfolio, and BWX’s capabilities and commitment to accelerating our growth both internationally and domestically means we will fulfil our purpose of looking after more people’s skin, more of the time.”

Overview of Go-To

Created by one of Australia’s most respected beauty experts, Zoë Foster Blake, Go-To offers a range of products within the “masstige” segment of the broader premium skin care category. The range expands beyond the core Go-To products with the development of Gro-To (an award-winning plant-based skin care for babies and kids) and Bro-To (the “brother” brand of Go-To marketed to boys and men).

Zoë Foster Blake is an Australian skin care entrepreneur, magazine editor, beauty blogger, columnist and author. Believing there to be a gap in the ‘complicated’ and ‘confusing’ and somewhat out of touch global beauty industry, Zoë Foster Blake founded Go-To in 2014, supported by technical Co-

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Founders Paul Bates, Stefan Drury and Peter Lehrke to help realise her vision of a simple, authentic and trusted skin care offering

Go-To's keystone is to be best in class across formulation, communication, and education. Its primary domestic channel to market is direct to consumer (DTC) via its ecommerce platform gotoskincare.com which generated 63% of FY21 sales.

Go-To entered the Australian wholesale channel in April 2019 via a partnership with high growth omnichannel retailer Mecca. Go-To has quickly become one of Mecca's top selling skin care brands with products with consistently feature in Mecca's bestsellers. Sales via Mecca represented 30% of FY21 sales.

Go-To delivered FY21 sales of A\$36.8m, representing a 3-year CAGR of 50%, EBITDA of A\$11.6m representing a 3 year CAGR of 39%.² Go-To achieved FY21 EBITDA margins of 31.7%.²

A key strength of Go-To is its loyal customer following, with over 1 million followers of the brand via social media and >62,000 in their newly launched loyalty program. Organic channels collectively account for over 70.5% of Go-To's total Australian website sessions.

Strategic Rationale for BWV

The Partnership represents a strategically and financially compelling transaction for BWV and its shareholders. The key strategic highlights include:

- **Genuine partnership approach** : Go-To to operate independently, led by Zoë Foster Blake, leveraging BWV's scale benefits, international distribution and support in additional areas where required
- **Strong cultural alignment:** Credible, trustworthy and 'authentic' brand attributes with all products
 - Free from petrochemicals, PEGs, mineral oils, parabens, sulphates, silicones, GMOs, synthetic colours or fragrances
- **Exceptional growth:** Demonstrated track record of profitable growth with an impressive approximately 50% Revenue and approximately 39% EBITDA FY18-FY21A CAGR.² Future growth to be driven by:
 - Favourable macro trends driving underlying category growth including a structural shift towards online and growing consumer focus on skin and health and product provenance
 - International growth in overseas markets, leveraging BWV's international distribution and existing partnerships
 - Continued innovation and growth via a strong new product development ("NPD") pipeline
 - Category expansion, including growth from Bro-To and Gro-To
- **EPS accretion for BWV shareholders:** The Partnership is expected to be mid-single digit Earnings per Share ("EPS")³ accretive on a FY21 pro-forma basis (pre-synergies) and double digit EPS accretive on a FY21 pro-forma basis post A\$3m of potential synergies in the first full financial year of the Partnership
- **Attractive and complementary product portfolio:** Go-To is highly complementary to BWV's existing brands – limited overlap and channel conflicts with Sukin, Andalou Naturals and Mineral Fusion – and secures BWV's entry into the masstige market

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- **Direct to consumer brand:** 63%⁵ of revenue from Go-To's own website gotoskincare.com, attractive unit economics and over 1 million⁶ followers on social media
- **\$3m synergy potential:** Driven by an improvement to COGS, including raw material, packaging and various procurement benefits, and international distribution and scale benefits

Partnership structure

BWX will partner alongside Zoë Foster Blake and Go-To's other Co-Founders.

Zoë Foster Blake will retain a strategic interest in Go-To and will remain Chief Creative Officer and a Director of the Go-To board. Led by CEO Brad Dansfield, Chief Marketing Officer Leonie Faddy and Head of Product Nathan Healy, Go-To's existing management team will remain with the Go-To business, with Go-To continuing to operate independently from its Sydney based headquarters, leveraging support from BWX in areas such as raw materials and packaging procurement, international distribution and other areas required to accelerate Go-To's growth and allowing Go-To to remain nimble, agile, responsive and close to its customers.

The Partnership involves Put/Call options for the Go-To Founders and BWX for periods commencing in year three and on every subsequent anniversary.

Partnership Funding

The Acquisition Price will be funded by an equity raising. BWX announces the launch of an approximately A\$85m fully underwritten placement and A\$15m share purchase plan (**Equity Raising**).

BWX remains committed to maintaining a strong and prudent balance sheet to support the business. BWX's pro forma FY21 Net Debt / EBITDA will be <0.1x.⁷

Placement

The A\$85m placement (Placement) is fully underwritten and will be offered to institutional investors at A\$4.85 per share (**Placement Price**), representing a 8.7% discount to the last traded price of A\$5.31 on Thursday 26th, 2021. The Placement will result in the issue of 17.5m shares, representing approximately 12.4% of BWX's existing shares on issue.

The Placement is being conducted today, Friday 27th August, 2021, with BWX's shares to remain in a trading halt pending completion of the Placement.

The Placement is within BWX's placement capacity, and accordingly no shareholder approval is required in connection with the Placement.

Share purchase plan (SPP)

Eligible shareholders in Australia and New Zealand will have the opportunity to apply for up to \$30,000 of new fully paid ordinary shares (**SPP Shares**) free of any brokerage, commission and transaction costs, and subject to scale back in accordance with the policy set out in the SPP offer booklet.

The price paid by eligible shareholders for SPP Shares will be the Placement Price.

Further details of the SPP will be provided to eligible shareholders in due course.

⁵ Relates to global DTC. Domestic DTC accounts for 59% of FY21 sales

⁶ Across both Go-To and Zoë Foster Blake's social media accounts.

⁷ Excludes SPP proceeds and the consideration in relation to the Flora & Fauna acquisition which is set to complete in 1Q22. On a post-AASB 16 basis.

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All shares issued under the Placement and the SPP will rank *pari passu* with existing shares on issue from the date of allotment and will be entitled to the FY21 full year dividend.

Equity Raising Timetable

Event	Time / Date
Record date for the SPP	Thursday 26, August
Trading halt and announcement of the Equity Raising	Friday 27, August
Placement bookbuild	Friday 27, August
Announcement of outcome of Placement	Monday 30, August
Trading halt lifted – trading resumes on ASX	Monday 30, August
Settlement of Placement Shares	Wednesday 01, September
Allotment and normal trading of Placement Shares	Thursday 02, September
SPP offer opens and SPP offer booklet dispatched	Friday 03, September
SPP offer closes	Thursday 23, September
Announcement of results of SPP	Monday 27, September
SPP allotment date	Wednesday 29, September
Normal trading of SPP Shares and dispatch of holding statements	Thursday 30, September

BWX has engaged Macquarie Capital as financial adviser and Minter Ellison as legal adviser on the Partnership.

Macquarie Capital and Bell Potter are acting as joint lead managers on the Equity Raising.

Canterbury Partners and Maddocks are advisers to Go-To.

Investor Call

A briefing call will take place via audio webcast at 9:30am (Sydney time) on Friday, 27 August 2021.

Additional Information

Further details of the Partnership and Equity Raising are set out in the accompanying Investor Presentation provided to the ASX today.

ENDS

Authorised for release by:

Dave Fenlon
Group CEO and Managing Director – BWX Limited

For further information please contact:

Domestique Consulting
E: investorrelations@bwxltd.com.au

T: Courtney Howe +61 404 310 364

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