

Appendix 4D

(Rule 4.2A.3)

BWX Limited

ABN 13 163 488 631

For the half-year ended:

31 December 2022

Previous corresponding period:

31 December 2021

This information should be read in conjunction with the BWX Limited 2022 Annual Report.

Results for announcement to the market

	2022 \$'000	Restated 2021 \$'000	Mvmt \$'000	Mvmt %
Revenue and Profit				
Revenue from ordinary activities	79,673	97,636	(17,963)	(18.4%)
(Loss)/profit from ordinary activities after tax attributable to members	(100,831)	(5,421)	(95,410)	(1759.8%)

Commentary on results for the period

Refer to the Directors' Report and the accompanying ASX announcement dated 26 February 2023 for commentary on the results.

Dividends

	Amount per security (cps)	Franked amount
Dividends paid		
31-Dec-22		
-	-	-
31-Dec-21		
2021 Final fully franked dividend – paid 29 October 2021	3.1	100%

The Company does not currently offer a dividend reinvestment plan.

There were no dividends declared for the half year ending 31 December 2022.

Net tangible assets per ordinary share

	December 2022 \$	June 2022 \$
Net tangible assets per ordinary share		
Net tangible assets/(deficiency) per ordinary share (incl Right of Use Asset)	(0.45)	(0.38)

Information on Audit or Review

Independent Review by Auditor

This report is based on the consolidated financial statements which have been reviewed by PwC and the review report contains an emphasis of matter regarding a material uncertainty over going concern. Refer to Note 2 of the financial statements for more information.

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BWX Limited
ABN 13 163 488 631

Interim Financial Report
For the half-year ended 31 December 2022

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Directors' Report

The Directors present their report together with the consolidated financial statements of BWX Limited ("the Company") and its subsidiaries (collectively, the "Group") for the half-year ended 31 December 2022.

Directors

The Directors of the Company during the half-year and up to the date of this report:

Mr Ian Campbell (resigned 10 February 2023)
 Mr Denis Shelley (resigned 11 August 2022)
 Mr Rory Gration (resigned 26 February 2023)
 Ms Fiona Bennett (resigned 19 December 2022)
 Mr Rodney Walker (resigned 19 December 2022)
 Ms Michelle Hepworth (appointed as a Non-Executive Director on 11 August 2022, and resigned as a Non-Executive Director on 26 September 2022)
 Mr Steven Fisher (appointed 19 December 2022)
 Mr Marcus Derwin (appointed 10 February 2023)
 Ms Lisa Ronson (appointed 26 February 2023)

Principal activities

BWX is a vertically integrated developer, manufacturer, distributor, and marketer of branded products in the Natural subcategory of the broader beauty and personal care market. The Group owns, manufactures, and distributes products predominantly under the Sukin, Andalou Naturals, and Mineral Fusion brands. BWX also sells a wide range of wellness products (own-brand, private-label and third-party) across multiple categories via the Flora & Fauna and Nourished Life e-commerce sites. The Group has a 50.1% controlling interest in Go-To, an Australian skin care provider selling a range of products for the masstige segment of the broader skin care category.

Review of operations

The loss for the Group for the half-year after providing for income tax amounted to (\$100.8) million (2021 restated: (\$5.4) million).

The Earnings before depreciation and amortisation, finance costs, acquisition-related benefits/expenses, impairments, and income tax expense for the half-year amounted to (\$29.4) million (2021 restated: \$5.0 million).

The results were impacted by a significant impairment expense item for \$60.8m (see Note 3) with additional provisions booked for doubtful debts (\$2.6m) and inventory obsolescence (\$4.5m).

The Group's basic (loss)/earnings per share is (51.2) cents. Its diluted (loss)/earnings per share is (51.2) cents.

The net assets of the Group are \$13.3 million as at 31 December 2022 (30 June 2022: \$98.5 million).

Trading update - overstocking and impact on sales results

Customer owned inventory levels were elevated at the start of the FY23 period as a result of past Investment buy initiatives and Covid driven safety stock levels being held by customers. As higher interest rates and associated holding costs began to take effect, inventory levels began to reduce which reduced demand, including consequential reduced customer held inventories to normalised levels. The flow-on effect on BWX's revenues was significant for the Australian operations.

Significant cash constraints emerged during Q1FY23 as a result of the lower revenues and incumbent capital commitment outlays stemming from the completion of our Clayton manufacturing facility. The cash constraints affected raw material purchases as well as promotional and marketing programs in other channels, which in turn impacted sales results as some of our key selling lines were not able to be replenished in a timely manner. Furthermore, BWX owned inventory levels in our USA operations were elevated because of below plan sales results and placed further pressure on cash reserves and operating results.

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During the period, the Group continued to incur promotional expenditure as part of programs already in place. A variety of promotional expenditure programs are in place with customers and are a regular part of the cost of doing business for the Group. The cost of those programs continued to be incurred in accordance with normal retail trading patterns, however with revenues affected by the factors above, and particularly with regard to the customer owned overstocking, this placed significant downward pressure on gross profit margins as compared to prior trading periods

The Board anticipates that as customer owned inventory levels reduce to normalised levels and cash constraints are overcome, gross profit margins and trading results will improve significantly.

The Group was able to secure additional funding from its financier during December 2022, which partially resolved the cash constraints issues, however further funding is required which is anticipated to be finalised during H2FY23 (see Note 2). Overstocking issues within certain customers are forecast to normalise during that time also.

Segment results

The Group operates within three reportable segments, being: Australia/International (which includes Go To); Digital (comprising Flora & Fauna and Nourished Life) and Americas' (including Canada).

Australia/International

Revenues for the segment of \$41.0m were up \$5.4m against H1FY22 (\$35.6m). The period saw the full year impact of trading results of the Go To business which recorded pleasing trading results. However, the remaining part of the business was significantly affected by customer over stocking and cash constraint issues as discussed above. As a result of these factors, an impairment charge of \$10.2m was booked in the half which included an impairment charge against intangibles (see Note 8).

Digital

Revenues for the segment of \$6.5m were down \$13.1m against H1FY22 (\$19.6m). The segments revenues were adversely impacted by cash constraints which resulted in reduced on-line marketing expenditure as well as a significant reduction in inventory levels. The resultant trading results were very poor and saw the remaining intangible asset balances being impaired further by \$4.6m.

Americas'

Revenues for the segment of \$32.2m were down \$10.3m against H1FY22 (\$42.5m). The segment sales were well below expectations and were impacted by cash constraints which saw:

1. reduced discretionary marketing and on-line customer activation expenditure,
2. Planned in-store display unit roll-out delayed, which were expected to improve the visual in-store appeal of our products.
3. Expenditure of certain new product pipelines with launch dates being pushed into FY24.

The reduced revenues accentuated already overstocking issues and led to additional expenses being recorded for slow moving inventories. As a result of these factors, an impairment charge of \$40.6m was booked in the half against the remaining balance of indefinite life brands applicable to the Americas' segment.

Outlook and operating initiatives

The Group has significantly reduced its overheads in response to trading conditions and the Board is forecasting a return to profitable trading during H2 FY23. Operating overheads and discretionary expenditures have been reduced with the full impact of those benefits to flow through during H2. Customer owned inventory levels are forecast to return to normalised levels during H2 FY23 and sales revenues will improve once that occurs. Importantly, the Board anticipate that the debt restructuring initiative it is pursuing will be concluded so that the incumbent cash constraints affecting the business are overcome. As at the date of the report, the Group are in the process of pursuing its finance structuring initiative with the aim of securing long term funding.

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Dividends paid or recommended

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

	cents per ordinary share	\$'000
31 December 2022		
No dividends paid	-	-
31 December 2021		
2021 Final fully franked dividend – paid 29 October 2021	3.1	4,976

No dividends were declared in respect of the half year ending 31 December 2022.

Events subsequent to the reporting date

On 7 February 2022, the Group divested its 35% interest in Naked Sundays and received cash consideration for \$1.5 million.

Effective on 1 February 2023, the Group's financier agreed to waive compliance with financial covenant reporting obligations until 28 February 2023.

Effective on 24th February 2023, the Group have been advised of its financier intention to continue to waive compliance with financial covenant reporting obligations until 31 March 2023.

Auditor's independence declaration

The auditor's independence declaration for the half-year ended 31 December 2022 has been received and is attached to this Directors' Report.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191.

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Auditor's Independence Declaration

As lead auditor for the review of BWX Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

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

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

Nadia Carlin

Nadia Carlin
Partner
PricewaterhouseCoopers

Melbourne
26 February 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2022

	Note	Half-year ended 31 December 2022 \$'000	Restated Half-year ended 31 December 2021 \$'000 *
Sales revenue		79,673	97,636
Cost of sales		(48,779)	(45,461)
Gross profit		30,894	52,175
Other income		192	1,510
Corporate and administrative expenses		(21,215)	(11,227)
Marketing, selling and distribution expenses		(38,107)	(35,337)
Research and development and quality control expenses		(1,503)	(1,715)
Depreciation and amortisation		(7,971)	(5,278)
Finance expenses		(3,903)	(1,540)
Acquisition related benefit / expenses		(323)	(3,030)
Share of net loss of associates accounted for using the equity method		(401)	(444)
Impairment	3, 7	(60,816)	-
Loss)/Profit before tax		(103,154)	(4,886)
Income tax expense		2,323	(536)
(Loss)/Profit after tax		(100,831)	(5,421)
(Loss)/Profit for the period attributable to:			
Equity holders of the parent entity		(101,573)	(6,081)
Non-controlling interests		742	660
		(100,831)	(5,422)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of overseas subsidiaries		891	5,868
Other comprehensive income for the period		891	5,868
Total comprehensive income		(99,940)	890
Total comprehensive income attributable to:			
Equity holders of the parent entity		(100,683)	(213)
Non-controlling interests		742	660
		(99,940)	447
(Loss)/Earnings per share (EPS)			
Basic (L)/EPS (cents)	10	(51.2)	(4.0)
Diluted (L)/EPS (cents)	10	(51.2)	(4.0)

*Refer to Note 4 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 at 31 December 2022

	Note	December 2022 \$'000	June 2022 \$'000
Current assets			
Cash at bank		14,399	24,276
Trade and other receivables		30,135	27,687
Inventories	5	55,589	65,335
Prepayments		7,566	5,026
Contract assets		220	844
Current tax asset		10,542	8,487
Assets held for sale		811	657
Total current assets		119,262	132,312
Non-current assets			
Right of Use assets		39,390	41,268
Plant and equipment		38,874	38,068
Intangible assets and goodwill	7	103,134	157,647
Deferred tax asset		1,951	-
Contract asset		-	2,496
Other Investments		988	1,408
Other non-current assets		663	3,328
Total non-current assets		185,000	244,215
Total assets		304,262	376,526
Current liabilities			
Trade and other payables		52,067	45,863
Financial liabilities		45,859	43,362
Lease liabilities		4,260	3,750
Current tax liabilities		293	2,636
Contract liabilities		-	1,891
Employee benefits		2,568	2,551
Total current liabilities		105,047	100,053
Non-current liabilities			
Financial liabilities	12	55,063	45,238
Lease liabilities		37,324	39,231
Deferred tax liabilities		33,929	33,624
Employee liabilities		397	658
Put option liability		59,200	59,200
Total non-current liabilities		185,913	177,951
Total liabilities		290,960	278,004
Net assets		13,302	98,523
Equity			
Contributed equity	8	415,425	398,856
Reserves		20,970	20,925
Put option reserve		(59,200)	(59,200)
Retained earnings		(392,938)	(291,365)
Equity attributable to equity holders of the parent entity		(15,743)	69,216
Non-controlling interest		29,045	29,307
Total equity		13,302	98,523

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

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2022

	Contributed equity \$'000	Reserves \$'000	Put option reserve \$'000	Retained earnings \$'000	Attributable to equity holders of the parent entity \$'000	Non-controlling interest \$'000	Total Equity \$'000
Balance at 1 July 2021	293,893	5,891	-	59,059	358,843	-	358,843
Restatements to opening balance	-	-	-	(8,488)	(8,488)	-	(8,488)
At July 2021 - as restated*	293,893	5,891	-	50,571	350,355	-	350,355
(Loss)/Profit for the year	-	-	-	(5,638)	(5,638)	660	(4,978)
Other comprehensive income for the year	-	5,868	-	-	5,868	-	5,868
Total comprehensive income	-	5,868	-	(5,638)	230	660	890
Transactions with owners of the Company							
Shares issued, net of costs	95,583	-	-	-	95,583	-	95,583
Share based payments	-	165	-	-	165	-	165
Exercise of share plan rights	548	(548)	-	-	-	-	-
Dividends paid	-	-	-	(4,976)	(4,976)	-	(4,976)
Put option liability recognised on acquisition	-	-	(89,200)	-	(89,200)	-	(89,200)
Changes in fair value of put option liability	-	-	(3,900)	-	(3,900)	-	(3,900)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	27,623	27,623
Total transactions with owners	96,131	(383)	(93,100)	(4,976)	(2,328)	27,623	25,295
Balance at 31 December 2021	390,024	11,376	(93,100)	39,957	348,257	28,283	376,540

* Refer to Note 4 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 Changes in Equity (continued)

for the half-year ended 31 December 2022

	Contributed equity \$'000	Reserves \$'000	Put option reserve \$'000	Retained earnings \$'000	Attributable to equity holders of the parent entity \$'000	Non- controlling interest \$'000	Total Equity \$'000
Balance at 1 July 2022	398,856	20,925	(59,200)	(291,365)	69,216	29,307	98,523
(Loss)/Profit for the year	-	-	-	(101,573)	(101,573)	742	(100,831)
Other comprehensive income for the year	-	891	-	-	891	-	891
Total comprehensive income	-	891	-	(101,572)	(100,681)	742	(99,940)
Transactions with owners of the Company							
Shares issued, net of costs	16,569	-	-	-	16,569	-	16,569
Share based payments	-	(846)	-	-	(846)	-	(846)
Dividends paid to non-controlling shareholders	-	-	-	-	-	(1,004)	(1,004)
Total transactions with owners	16,569	(846)	-	-	15,723	(1,004)	14,719
Balance at 31 December 2022	415,425	20,970	(59,200)	(394,004)	(15,743)	29,044	13,302

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

Consolidated Statement of Cash Flows

for the half-year ended 31 December 2022

	Note	Half-year ended December 2022 \$'000	Half-year ended December 2021 \$'000
Cash flows from operating activities			
Cash receipts from customers		95,930	117,359
Cash paid to suppliers and employees		(120,405)	(111,253)
Payments for restructuring / transaction costs		-	(729)
Income taxes received/(paid)		(3,726)	(1,690)
Other income		1	-
Interest paid		(2,410)	(1,361)
Net cash flows from / (used in) operating activities		(30,610)	2,326
Cash flows from investing activities			
Acquisition of plant and equipment		(6,606)	(14,883)
Acquisition of intangible assets		(71)	(911)
Proceeds from sale of assets		421	-
Deferred payment in relation to acquisition of business		-	(62)
Acquisition of businesses, net of cash acquired		-	(112,634)
Loan to associates		(774)	(2,050)
Net cash flows / (used in) investing activities		(7,029)	(130,540)
Cash flows from financing activities			
Proceeds from issue of share capital		16,938	94,968
Transaction costs for issue of shares		(526)	(2,947)
Dividends paid	9	-	(4,976)
Dividends paid to minority shareholders		(1,004)	-
Proceeds from borrowings		43,792	32,661
Repayments of borrowings		(28,360)	(2,082)
Proceeds from / (repayments of) lease		(3,137)	(1,550)
Net cash flows from / (used in) financing activities		27,704	116,074
Net (decrease)/increase in cash and cash equivalents		(9,936)	(12,140)
Effect of exchange rate changes on cash held		59	77
Cash and cash equivalents at beginning		24,276	70,497
Cash and cash equivalents at end		14,399	58,434

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

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Notes to the Consolidated Financial Statements (continued) for the half-year ended 31 December 2022

Notes to the Consolidated Financial Statements

Note 1: Reporting Entity

This Interim financial report of BWX Limited as at and for the half-year ended 31 December 2022 comprises the Company and its subsidiaries. BWX Limited is a listed public company domiciled in Australia. The Company's registered office is at 45-49 McNaughton Road, Clayton, Victoria, Australia. The Group is primarily involved in the manufacture, wholesale, online and distribution sale, and development of natural body, hair and skin care products.

This Interim financial report does not include notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by BWX Limited during the half-year reporting period ended 31 December 2022 and until the date of this report in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The annual financial report of the Group as at and for the year ended 30 June 2022 is available on the Company's website www.bwxltd.com.

Note 2: Summary of significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the half-year financial report.

(a) Statement of Compliance

The Interim financial report has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

This Interim financial report was approved by the Directors on 26 February 2023.

(b) Basis of Preparation

The accounting policies and methods of computation adopted in the preparation of this Interim financial report are consistent with those adopted and disclosed in the Company's financial report for the year ended 30 June 2022, except for the impact of the adoption of the new and revised accounting policies discussed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Company is a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) instrument 2016/191*, relating to the 'rounding off' of amounts in the directors' and financial reports. Amounts in this report have been rounded off in accordance with that instrument to the nearest thousand dollars, unless otherwise indicated.

The interim financial report has been prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the reasons described below, there is material uncertainty whether the Group will continue as a going concern:

- The Group made a loss for the half year of \$(100.8m) and as at 31 December 2022 its current assets exceed current liabilities by \$14.2m, noting that the Group had an unconditional waiver from its financiers, CBA, in respect of the suspension of covenant testing as at that date. If no waiver was in place, current liabilities would have exceeded current assets by \$(40.8m) as at that date.
- The Group expects to return a profit in the 6 months ending 30 June 2023, and to turn around the significant short-term deterioration in its working capital position that occurred in the half-year as a result of addressing a range of disruptive issues associated with its past growth and acquisitions, including implementing a range of operating improvements and other initiatives.

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Notes to the Consolidated Financial Statements (continued) for the half-year ended 31 December 2022

Note 2: Summary of significant accounting policies (continued)

- The Group requires the continued ongoing support of its financiers, including the ongoing availability of its current facilities for the foreseeable future. The Group had a waiver in place in respect of certain of its required banking covenants which would otherwise have been breached as at 31 December 2022. Additional waivers were provided subsequent to that date, the latest of which expires on 28 February 2023 and the Group's forecasts indicate that subsequent breaches are likely and therefore a further waiver or renegotiation of banking covenants will be required.
- Management has prepared forecasts that show a requirement for the Group to secure additional debt financing in addition to its current facilities, either from its current banker or other financiers on acceptable terms, for the Group to continue to operate as a going concern for the foreseeable future.

On 16 December 2022, the Group's banker agreed to provide further working capital funding of \$12-13m for a 3-month term. This is expected to be extended through to 31 March 2023. Management has also commenced a refinancing process that is significantly progressed, and the Group expects the process to be completed by the end of March 2023. That process is expected to result in a net further increase in the Group's debt facilities.

Whilst management has prepared forecasts that show the Group can continue to operate as a going concern for the foreseeable future, there is a material uncertainty in respect of:

- Trading conditions and performance.
- Management's ability to implement certain operating improvements in the business and other initiatives as disclosed in the directors' report and for the related benefits to be realised within the forecast timeframe.

Management has applied a range of EBITDA sensitivities to its forecasts which confirm that the proposed refinancing is sufficient to meet the companies needs under these scenarios.

The ability of the Group to continue as a going concern is dependent on its ability to generate sufficient funds from its operating activities, to secure additional debt financing as required, to operate within the requirements of its banking facilities and have the ongoing support of its bankers or other financiers. In addition, there is a need for asset sales in the near term as well as the continued support of creditors.

As at the date of this report, the Directors have considered the above factors and expect that the Group will be able to continue as a going concern for the following reasons:

- Management has prepared and the Directors have reviewed and approved detailed financial forecasts for the 12 months from the date of this report. These forecasts require additional funding to be secured in March 2023 over and above its current facilities. The forecasts incorporate a range of operating improvements and other initiatives that will reduce the Group's debt requirement.
- The Directors have considered current trading conditions, the range of operating improvements and other initiatives required, the dependencies thereof and the likely range of impacts that these may have on the forecast trading of the Group. This process has included applying appropriate sensitivities to the Group's sales and cash forecasts and assessing the resultant impact on funding headroom, debt and working capital requirements and the Group's ability to work within the requirements of its funding facilities. The range of impacts has been appropriately considered and reflected within the Group's forecasts and the Directors' assessment of going concern.
- The Group expects to be able to secure sufficient additional debt financing from its banker or another acceptable financier and to be able to operate within the requirements of its facilities. A process to identify alternative providers for the additional debt requirement is significantly progressed as at the date of this report. The Directors expect that this process will include the Group satisfactorily renegotiating its banking covenants or securing an extension of the waiver for the foreseeable future.

However, notwithstanding these reasons, there is a material uncertainty, which may cast significant doubt whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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Notes to the Consolidated Financial Statements (continued) for the half-year ended 31 December 2022

Note 2: Summary of significant accounting policies (continued)

The interim financial report does not include any adjustments that may be appropriate relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(c) New or amended accounting standards and interpretations adopted

The Group has not adopted any of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) for the current reporting period or future years. Any new or amended Accounting or Interpretations that are not yet mandatory have not been early adopted.

(d) Fair value measurement

Due to the nature of the Group's operating profile, the Directors and management do not consider that the fair values of the Group's financial assets and liabilities are materially different from their carrying amounts at 31 December 2022.

Note 3: Critical accounting judgements, estimates, assumptions and significant items

The critical accounting judgements, estimates and assumptions are unchanged from the 30 June 2022 Financial Statements.

Significant items are items of income or expense which are, either individually or in aggregate, material to the Group or to the relevant business segment and are:

- outside the ordinary course of business (e.g., impairment of carrying value of intangibles, gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or
- part of the ordinary activities of the business but unusual due to their size and nature.

Significant items	H1 FY23 \$'000	H1 FY22 \$'000
Impairment of carrying value of Intangibles ¹		
- USA Intangibles	40,623	-
- APAC Intangibles	6,184	-
- APAC Plant and Equipment	4,000	-
- Digital Intangibles	4,573	-
Contract Assets write-down (CWH)	2,659	-
Purely Byron write-down	2,777	-
Total Impairment	60,816	-

¹ The significant item relates to the impairment in the carrying value of intangible assets (see Note 7).

Note 4: Restatement of comparatives

As disclosed in the 30 June 2022 Annual Report, the Group restated prior period financial information to correct for errors as detailed below. As previously disclosed and reported in the 30 June 2022 Annual Report, these prior period errors were also corrected for the period 31 December 2021.

Revenue recognition

During the second half of the previous financial year the Group identified revenue was recognised for certain transactions in the year ended 30 June 2021 and the half-year ended 31 December 2021 where control of the goods had not yet passed to the customer. Additionally, some sales were made on a sale-or-return basis and for which the Group had not recognised a refund liability. For sale-or-return transactions, the amount of revenue recognised is constrained to the amount that is highly probable not to be reversed on the return of goods in future periods. A corresponding refund liability and an asset representing the right to the returned goods are recognised.

Notes to the Consolidated Financial Statements (continued)

for the half-year ended 31 December 2022

Note 4: Restatement of comparatives (continued)

As a result of this error, revenue and cost of sales were overstated in the year ended 30 June 2021 and the half-year ended 31 December 2021 and refund liability and inventory were understated at those dates. A contract liability is recognised where cash was received from customers, but control of the goods had not passed at the balance date. Consequential adjustments to trade receivables, inventory, contract liabilities, current tax assets and income tax expense were also required.

Contract asset

The contract asset for tranche 2 of the Chemist Warehouse strategic partnership as at 31 December 2021 was based on the contracted values instead of the value at the date the shares were issued. This resulted in an understatement of the contract asset of \$0.5m, overstatement of revenue \$0.5m and understatement of equity of \$0.9m.

These errors have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Consolidated Statement of Profit or loss and Other Comprehensive Income – 31 December 2021

	December 2021 Reported \$'000	Revenue Recognition Adjustment \$'000	Trade Spend Accruals Adjustment \$'000	Contract Asset Adjustment \$'000	December 2021 Restated \$'000
Sales revenue	103,363	(1,992)	(3,285)	(450)	97,636
Cost of sales	(45,839)	378	-	-	(45,461)
Gross profit	57,524	(1,614)	(3,285)	(450)	52,175
Loss before tax	463	(1,614)	(3,285)	(450)	(4,886)
Income tax expense	(2,141)	484	986	135	(536)
Loss after tax	(1,678)	(1,130)	(2,299)	(315)	(5,422)
Basic EPS	(1.5)	(0.7)	(1.5)	(0.3)	(4.0)
Diluted EPS	(1.5)	(0.7)	(1.5)	(0.3)	(4.0)

Note 5: Inventories

	31 December 2022 \$'000	30 June 2022 \$'000
Current		
Raw materials, work in progress & packaging	22,892	22,865
Finished goods	32,697	42,470
	55,589	65,335

Carrying value of inventory

The Group assesses whether inventory is recorded at the lower of cost and net realisable value and ensures all obsolete or slow-moving stock is appropriately provided for or written off at each reporting date. These calculations involve estimates and assumptions around specific inventories and to the best of management's knowledge, inventories have been correctly and fairly recorded as at 31 December 2022.

Notes to the Consolidated Financial Statements (continued)

for the half-year ended 31 December 2022

Note 6: 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 AASB 8 and any changes are disclosed accordingly. It is noted that EBITDA is a measure reviewed by the CEO.

The Group has three operating segments, Australia/International (includes Go-To Skincare), Digital (includes Nourished Life and Flora & Fauna) and Americas (USA, Canada). The CEO reviews the results of the Group at this level. Segment revenue, segment expense and segment result include transfers between operating segments. These transfers are eliminated on consolidation. Inter-segment pricing is determined on an arm's-length basis.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 1.2 of the 30 June 2022 Annual Report. The CEO assesses the performance of the operating segment based on a measure of profit before taxation, depreciation, amortisation, finance costs, restructuring and acquisition-related benefits/expenses.

Segment result	Half-year ended 31 December 2022			
	Australia / International \$'000	Digital \$'000	Americas \$'000	Total \$'000
Revenue				
Revenue from operations	41,020	6,492	32,161	79,673
Inter-segment revenue	2,874	-	124	2,998
Total segment revenue	43,894	6,492	32,285	82,671
Inter-segment elimination	(2,874)	-	(124)	(2,998)
Total consolidated revenue	41,020	6,492	32,161	79,673
Result				
Profit before tax, depreciation, amortisation, finance costs, acquisition and restructuring related expenses	(19,991)	(2,620)	(6,134)	(28,745)
Depreciation and amortisation	(5,984)	(496)	(1,491)	(7,971)
Acquisition-related benefits/(expenses)	(246)	0	(76)	(323)
Impairment	(15,620)	(4,573)	(40,623)	(60,816)
Segment result	(41,841)	(7,689)	(48,324)	(97,855)
Head office result				(995)
Profit before tax and finance expenses				(98,850)
Finance expenses				(3,903)
Share in net loss of associates accounted for using the equity method				(401)
Profit before tax				(103,154)
Income tax expense				2,323
Net profit after tax				(100,831)

Notes to the Consolidated Financial Statements (continued)

for the half-year ended 31 December 2022

Note 6: Segment information (continued)

Segment result	Half-year ended 31 December 2021 (restated)(1)			
	Australia / International	Digital	Americas	Total
	\$'000	\$'000	\$'000	\$'000
Revenue				
Revenue from operations	35,548	19,648	42,440	97,636
Inter-segment revenue	8,382	-	1,264	9,645
Total segment revenue	43,930	19,648	43,704	107,281
Inter-segment elimination	(8,382)	-	(1,264)	(9,645)
Total consolidated revenue	35,548	19,648	42,440	97,636
Result				
Profit before tax, depreciation, amortisation, finance costs, acquisition-related benefits/expenses	(4,069)	349	9,386	5,666
Depreciation and amortisation	(2,970)	(628)	(1,680)	(5,278)
Acquisition-related benefits/(expenses)	(2,827)	(203)	-	(3,030)
Segment result	(9,866)	(482)	7,706	(2,642)
Head office result				(703)
Profit before tax and finance expenses				(3,345)
Finance expenses				(1,985)
Share in net loss of associates accounted for using the equity method				444
Profit before tax				(4,886)
Income tax expense				(536)
Net profit after tax				(5,422)

1. Refer to Note 4 for description and impact of restatement.

Note 7: Intangible assets and goodwill

Impairment testing of indefinite-lived intangible assets

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

CGU	31 December 2022			30 June 2022		
	Formulations & Processes	Goodwill	Brands & Trademarks	Formulations & Processes	Goodwill	Brands & Trademarks
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia/International	7,356	-	4,651	7,356	-	10,835
Go-To Skincare	-	18,563	52,552	-	18,563	52,552
Digital						
-Nourished Life	-	-	-	-	-	2,105
USA	-	-	-	-	-	40,181
	7,356	18,563	57,203	7,356	18,563	105,673

Notes to the Consolidated Financial Statements (continued) for the half-year ended 31 December 2022

Note 7: Intangible assets and goodwill (continued)

As at Dec 22, the Group intangibles balance of \$103.1m also include Customer Lists, ERP and other intangibles of \$18.7m in addition to the above balances.

The recoverable amount of the CGUs are determined based on the higher of Value in Use (“VIU”) model or fair value less costs of disposal (FVLCO) where appropriate. VIU for all CGUs is calculated using a discounted cash flow model covering a 5-year period with an appropriate terminal value growth rate at the end of that period. Impairment losses are recognised immediately in the Statement of Profit or Loss and Other Comprehensive income.

As at 31 December 2022, management has considered whether there is any indicator of impairment for its CGUs. Due to the first half performance of the Group, and the shortfalls in revenues against forecasts, impairment testing was conducted for three of its CGUs being Australia / International, USA and Go To. The shortfalls in revenues are explained in the following narratives.

Management has performed impairment tests CGUs based on Value in Use. Value in Use is determined using a discounted cash flow model covering a 5-year period with an appropriate terminal growth rate at the end of that period for each CGU. Management has determined that impairment charges are not required. The assumptions used in these models are disclosed below:

Australia/International CGU

Key assumptions	Australia/International	
	31 December 2022	30 June 2022
	%	%
Average annual revenue growth ¹	9.5	8.6
Terminal value growth rate	1.5	2.0
Pre-tax discount rate	17.1	14.7

- This is the average annual growth rate for FY24-FY28 and reflects and uplift in 2024 for inventory overstocking and out of stocking issues experienced in H1 2023 and assumes a 4% growth rate from FY25-FY28, consistent with external market forecasts. The growth rate for H2 2023 assumes significant uplift from H1 2023 to reflect inventory overstocking and out of stock issues.

During H1 FY23, the CGU’s performance was adversely impacted by overstocking in key channel partners. The overstocking placed downward pressure on the cash reserves of the business which resulted in cash-constraint driven supply issues for certain raw materials. This in-turn resulted in out-of-stock’ issues in other channels with sales and promotional programs being adversely impacted. As a result, trading performance was below the forecast performance.

The estimates and judgments included in the VIU forecasts are based on historical experience and other factors, including managements and the Board’s expectations of future events that are believed to be reasonable under the current circumstances. A key assumption in the H2FY23 and FY24 financial periods, is that the overstocking issue is resolved during Q4FY23 such that invoicing can return to historical levels within the pharmacy channel. A further key assumption is that the Group’s financing initiative is secured so that raw material purchases can be increased to address ‘out-of-stock’ issues. A further uncertainty relates to the lead times associated with the ordering of raw materials and their arrival into our Clayton manufacturing facility. Supply chain disruptions continue to be experienced by the Group and could delay the resolution of out-of-stock issues.

Due to the above factors, and the inherent uncertainties stemming from those, an appropriate risk adjustment has been applied including de-risking the sales for FY24 from which to apply an industry growth rate in forecast periods thereafter. The model also includes margin uplifts from the new Clayton manufacturing facility, and the benefits from cost-reduction initiatives previously undertaken.

Revenue growth assumptions for the H1FY23 impairment assessment were below those adopted in FY22 for the period from FY25 onwards. Those assumptions considered the heightened uncertainty faced by retailers stemming from a high inflation, high interest rate macro environment as well as the inherent uncertainty in forecasting into the future when the Group has experienced a period of trading losses.

The pre-tax discount rate used within the modelling was also increased from FY22 because of higher borrowing costs, which placed downward pressure on the carrying values.

An impairment of the Australia/International CGU of \$6.2m has resulted in formulations of \$7.4m being impaired to a recoverable amount of \$2.5m and an impairment charge of \$4.0m against plant and equipment.

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Notes to the Consolidated Financial Statements (continued) for the half-year ended 31 December 2022

Note 7: Intangible assets and goodwill (continued)

Go-To Skincare CGU

Key assumptions	Go-To	
	31 December 2022	30 June 2022
	%	%
Average annual revenue growth	6.5	9.1
Terminal value growth rate	2.0	2.0
Pre-tax discount rate	18.6	17.0

The CGUs H1FY23 performance was in line with the forecasts contained within the FY22 impairment modelling. As anticipated, the Group continued to benefit from additional in-store ranging being achieved in a variety of retail outlets as well as through new product launches.

Further VIU was conducted after the second half forecast was lowered due to delays in the launch of a key new product line whilst it was also noted that on-line direct to consumer channels were impacted by higher digital marketing and customer activation costs. When undertaking the VIU testing, consideration was given to consumer preferences continuing to evolve towards in-store purchases and thus, revenue growth rates were lowered to reflect the uncertainty inherent in these changes. Discount rates were also increased because of higher interest rates globally.

While the forecast average annual growth is lower than previous year, this reflects growth achieved in H1, offset by delays in the launch of key new products lines and management are satisfied that there is no impairment required for this CGU.

USA CGU

Key assumptions ¹	USA	
	31 December 2022	30 June 2022
	%	%
Average annual revenue growth ¹	4.1	5.1
Terminal value growth rate	2.0	2.0
Pre-tax discount rate	17.9	15.9

1. The revenue growth rate reflects the full year impact of new contracts in FY23, followed by growth from FY24 to FY27 that is consistent with external market forecasts.

During H1 FY23, the CGU's performance was below managements forecasts. Several growth initiatives were impacted because of cash constraints. These included delayed capital expenditure on new in-store display units for our key retail partners as well as the launch of new products. A slowing macroeconomic environment combined with inflationary cost pressures in the USA were also contributing factors.

The estimates and judgments included in the calculations 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. Due to the factors leading to the indicator of impairment, the model has been reduced to factor in the current trading performance with an appropriate and growth rates lowered as a result. Revenue growth assumptions for the H1FY23 impairment assessment were below those adopted in FY22 for the forecast period and assumed an industry forecast growth rate of 4% with adjustments for the annualized impact of new contracts. Those assumptions considered the heightened uncertainty faced by retailers stemming from a high inflation, high interest rate macro environment as well as the inherent uncertainty in forecasting into the future when the Group has experienced a period of trading losses. A further key assumption is that the Group's financing initiative is secured during H2 FY23.

The model also includes margin uplifts from the new Clayton manufacturing facility, and the benefits from cost-reduction initiatives previously undertaken.

The pre-tax discount rate used within the modelling was also increased from FY22 because of higher borrowing costs, which placed downward pressure on the carrying values

An impairment of the USA CGU of \$40.2m has resulted in brands of \$40.2m being impaired to a recoverable amount of \$nil.

Notes to the Consolidated Financial Statements (continued)

for the half-year ended 31 December 2022

Note 7: Intangible assets and goodwill (continued)

Digital CGU

An impairment charge of \$4.6m was taken related to Digital business brands, customer contracts and other intangibles based on a fair value less cost to sell model. The recoverable amount of intangible assets in this business is nil.

Sensitivities

The Group has considered the following sensitivity analysis performed for each CGU. Whilst not contemplated in the sensitivity analysis below, a key earnings growth assumption has been the realisation of the benefits relating to the new manufacturing facility at Clayton. These have been incorporated into all CGUs gross margin percentages except for Go To. A failure to realise these benefits could materially affect the VIU outcomes. The manufacturing benefits are themselves dependent upon a range of inputs, which include raw material costs, foreign exchange rate and volume growth assumptions. The impact of a 0.5% increase in discount rate, 0.5% decrease in terminal growth and 1% decrease in revenue growth will increase the impairment as follows:

Australian / International sensitivity analysis

	Sensitivity applied	Increase/ (decrease) in impairment AUD m
Discount Rate % (0.5)	0.5%	4.5
Terminal Growth rate % (0.5)	(0.50%)	3.1
Revenue growth % (1.0)	(1.0%)	13.3

Go-To sensitivity analysis

	Change in key assumption that will result in nil headroom
Discount Rate %	0.2%
Terminal Growth rate %	(0.25%)
Revenue growth %	(0.6%)

USA sensitivity analysis

	Sensitivity applied	Increase/ (decrease) in impairment AUD m
Discount Rate % (0.5)	0.5%	0.8
Terminal Growth rate % (0.5)	(0.50%)	0.5
Revenue growth % (1.0)	(1.0%)	8.5

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

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Notes to the Consolidated Financial Statements (continued)

for the half-year ended 31 December 2022

Note 8: Contributed Equity

	31 December 2022	30 June 2022
	\$'000	\$'000
Ordinary shares, fully paid	415,267	398,856

Movements in share capital

	31 December 2022		31 December 2021	
	Number	\$'000	Number	\$'000
Balance at 1 July	183,851,085	398,856	140,425,611	293,893
Shares issued through capital raising				
- 7 July 2021 (Chemist Warehouse)	-	-	881,613	4,400
- 1 September 2021	-	-	17,525,773	85,000
- 29 September 2021	-	-	2,055,126	9,967
- 10 January 2022	-	-	-	-
- 28 June 2022	-	-	-	-
- 20 July 2022	16,136,417	9,681	-	-
Share issue cost	-	(368)	-	(2,946)
Deferred consideration on acquisition of Nourished Life	-	-	-	62
Settlement of 28 June issue	-	7,256	-	-
Exercising of employee loan plan shares ¹	-	-	-	548
Balance at 30 June	199,987,502	415,425	160,888,123	390,924

1 Proceeds from employee loan plan participants in satisfaction of outstanding loan balances on exercise of vested employee loan plan shares

Ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings in a poll or one vote per shareholder on a show of hands. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Note 9: Dividends

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

	cents per ordinary share	\$'000
31 December 2022		
-	-	-
31 December 2021		
2021 Final fully franked dividend – paid 29 October 2021	3.1	4,976

On 27 February 2023, the Directors determined that no dividend would be declared for the half year ending 31 December 2022.

In accordance with the tax consolidation legislation, the Company as the head entity in the Group has also assumed the benefit of \$14.9m (30 June 2022: \$14.2m) franking credits.

Notes to the Consolidated Financial Statements (continued)

for the half-year ended 31 December 2022

Note 10: (Loss)/Earnings per Share

	Half-year ended 31 December 2022	Restated Half- year ended 31 December 2021
	Cents	Cents
Basic (loss)/earnings per share	(51.2)	(4.0)
Diluted (loss)/earnings per share	(51.2)	(4.0)

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

	Half-year ended 31 December 2022	Restated Half- year ended 31 December 2021
	\$'000	\$'000
Net (loss)/profit used in calculating basic and diluted (Loss)/EPS	(101,572)	(5,421)

	31 December 2022	31 December 2021
	\$'000s	\$'000s
Loans to associates		
Weighted average number of ordinary shares at 31 December used in the calculation of basic (loss)/earnings per share	198,321	157,535
Add: effect of potential conversion to ordinary shares under options schemes	-	-
Weighted average number of ordinary shares at 31 December used in the calculation of diluted (loss)/earnings per share	198,321	157,535

Note 11: Chemist Warehouse Strategic Partnership

BWV has a strategic partnership agreement with Chemist Warehouse Group for the provision of strategic brand services in return for the potential issue of 3,362,724 shares, across 5 tranches. The shares are valued at the date they are issued and are subject to performance hurdles being met, with the final tranche due to be issued on 31 December 2023. In the year ended 31 June 2021, the Group issued the first tranche of 881,613 BWV shares worth \$3.5m, which was recognised as a contract asset and amortised against revenue over the term of the agreement. The asset is assessed for impairment by considering the extent to which the asset is recoverable against the remaining consideration expected to be received under the arrangement less costs. At 31 December 2022 an impairment of the contract asset of \$2.6m has resulted in the contract asset being impaired to a recoverable amount of \$nil.

Note 12: Borrowings

On 16 December 2022, the Group increased its loan facilities by \$10.5 million. The amount has been recognised as part of Financial Liabilities (non-current) in the Consolidated Statement of Financial Position. The facility is interest payable only and the principal is payable at maturity at 1 July 2024. The loan is a fixed rate, Australian-dollar denominated loan which is carried at amortised cost. If the covenant had not been waived, \$55.1 million would have been classified as current. It therefore did not have any impact on the entity's exposure to foreign exchange and cash flow interest rate risk.

Effective on 1 February 2023, CBA agreed to continue to waive compliance with financial covenant reporting obligations until 28 February 2023. On 24th February 2023, the Group were advised of its financier intention to continue to waive compliance with financial covenant reporting obligations until 31 March 2023.

Note 2 b) outlines the basis of preparation of the Interim Financial Statements including the material uncertainty that exists regarding the Groups funding.

Refer note 3.7 of the 2022 Annual Report for further details on financial covenants.

Notes to the Consolidated Financial Statements (continued)

for the half-year ended 31 December 2022

Note 13: Contingent liabilities and commitments

Contingent liabilities are potential future cash outflows where the likelihood of payment is more than remote but is not considered probable or cannot be reliably measured. Contingent liabilities are not recognised in the Consolidated Statement of Financial Position but are disclosed. From time to time, matters arise with trading partners where terms of arrangements are disputed and commercial negotiations are entered into to.

At 31 December 2022, the Group has a contingent liability to issue further shares under the Strategic partnership agreement with Chemist Warehouse, which are subject to sales performance hurdles. Refer to Note 11.

At 31 December 2022, the Group had \$3.4m contingent liabilities related to bank guarantees.

The Group has set a goal to carbon offset all brands by 2024, with a goal to be carbon neutral by 2030. At 31 December 2022, the Group is unable to reliably estimate the costs to be incurred.

Note 14: Subsequent Events

On 7 February 2022, the Group divested its 35% interest in Naked Sundays and received cash consideration for \$1.5 million.

Effective on 1 February 2023, CBA agreed to continue to waive compliance with financial covenant reporting obligations until 28 February 2023.

Effective on 24th February 2023, the Group have been advised of its financier intention to continue to waive compliance with financial covenant reporting obligations until 31 March 2023.

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Directors' Declaration

In the opinion of the directors of BWV Limited (the Company):

- (a) the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Steve Fisher
Chairman and Independent Non-Executive Director

Melbourne, 26 February 2023

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

Report on the interim financial report

Conclusion

We have reviewed the interim financial report of BWX Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying interim financial report of BWX Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty relating to going concern

We draw attention to Note 2 in the interim financial report, which indicates that the Group incurred a net loss of \$100.8m during the half year ended 31 December 2022 and is dependent upon generating sufficient funds from operating activities, the continued support of its bankers and securing additional funding from current or other financiers. These conditions along with other matters set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



Responsibilities of the directors for the interim financial report

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

Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

PricewaterhouseCoopers

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

Nadia Carlin
Partner

Melbourne
26 February 2023

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Corporate Directory

Directors

Mr Steven Fisher	Non-Executive Chairman
Ms Ian Campbell	Non-Executive Director
Mr Marcus Derwin	Non-Executive Director
Ms Lisa Ronson	Non-Executive Director

Company Secretary

Mr Alistair Grant

Principal Place of Business

Unit 1, 45-49 McNaughton Road
 Clayton VIC 3168
 Australia
 Website: www.bwxltd.com
 Tel: +61 3 8785 6300

Registered Office

Unit 1, 45-49 McNaughton Road
 Clayton VIC 3168
 Australia
 Website: www.bwxltd.com
 Tel: +61 3 8785 6300

Share Registry Details

Link Market Services Limited
 Tower 4
 727 Collins Street
 Melbourne VIC 3008
 Australia
 Tel (within Australia): 1300 554 474
 Tel (international): +61 1300 554 474
 Email: registrars@linkmarketservices.com.au
 Website: www.linkmarketservices.com.au

Solicitors

Minter Ellison
 Level 23 Rialto Towers
 525 Collins Street
 Melbourne VIC 3000
 Australia

Auditors

PwC Melbourne
 Level 19
 2 Riverside Quay
 Southbank
 Melbourne VIC 3006
 Australia