BWX LIMITED 2020 ANNUAL REPORT

TRANSFORMING BEAUTY NATURALLY

BWX

BWX LIMITED ABN 13 163 448 631

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OUR BRANDS

Sukin
It's what we leave out that makes us special. Sukin defines "natural" and has grown to become the #1 Natural skincare brand in Australian pharmacies.

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

BWX Limited (BWX, or the Company) and its subsidiaries (collectively, the Group) are 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.

Our five market-leading brands, Sukin, Andalou Naturals, Mineral Fusion, Nourished Life and USPA span six personal care categories, led from our global offices in Melbourne, Australia and California, USA. Our leading natural brands are sold throughout Australia, USA, Canada, and the UK, and we are 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 and 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.

Andalou Naturals
Natural Beauty Precisely. Using the power of Fruit Stem Cell Science®, our signature innovation in every product. #1 facial skincare brand in the USA Natural channel.

Mineral Fusion
Multi-purpose natural cosmetics that leave the skin in a better condition. #1 cosmetics brand in the USA Natural channel.

Nourished Life
The Home of Toxin-Free Shopping. Leading personal care and lifestyle Direct to Consumer (D2C) platform in Australia.

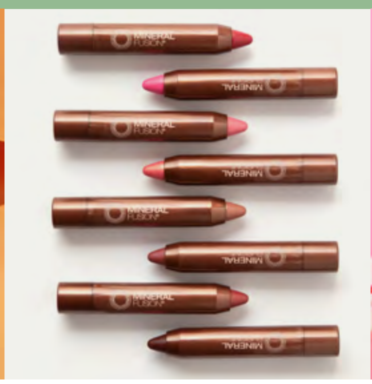
USPA
An Australian Sensory Experience. Born with the desire to create a holistic spa experience that restores and rejuvenates the entire being.

ANDALOU NATURALS

MINERAL FUSION

Nourished Life

USPA



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.

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 REVENUE

$187.7m

Supported by strong second half momentum in Asia-Pacific engine markets and a robust omni-channel offering as consumers expand to online shopping.

REPORTED EBITDA

$30.9m

Reflects the newly adopted AASB 16 Leases.

STATUTORY NET PROFIT AFTER TAX

$15.2m

Increased by 59%.

GROSS MARGIN IMPROVEMENTS

58%

210 basis points increase.

SUKIN SKINCARE

No.1

Natural Skincare Brand in Coles.

Our ongoing partnership with Coles has enabled us to improve our market share of Natural in the Grocery channel.

NOURISHED LIFE REVENUE

15.4% INCREASE

Increased to $24.1 million in revenue.
Driven by improvements in gross margin and enhancements to user-experience.

CASH AND CASH EQUIVALENTS

$28.6m

DIVERSITY

40%

In FY20, our Board comprised 40% female Non-Executive Directors; and Executive Team (including CEO) comprised 50% female executives.

FULLY FRANKED DIVIDEND

2.6c

per share.
Strong momentum to sustain growth and create long-term shareholder value.

Dear Shareholders

I am pleased to present to you the BWX Annual Report for the 2020 Financial Year (FY20).

In FY20, BWX experienced the unprecedented events that accompanied the global COVID-19 pandemic. Despite the challenges that these situations brought, I am very proud of the manner in which the Board and management team took action to navigate BWX through these turbulent economic times and deliver a very strong financial performance in comparison to the broader market, and in line with the expectations provided to shareholders.

At the time of writing, we are still in the midst of the global pandemic, but I am confident that our actions to date and our future plans position BWX to manage the current uncertainty of the global markets and to thrive as the economy recovers.

Governance, Leadership and Increased Capability

In our 2019 Annual Report, I outlined that BWX was undertaking a global review to reposition the company for future growth, supported by increased executional focus in key markets. Part of this review included enhancing our Board and senior management.

Mr. David Fenlon, who was previously a Non-Executive Director on the BWX Board for a period of twelve-months, commenced as Group Chief Executive Officer and Managing Director on 1 July 2019. FY20 represents the first full year under his leadership and I, along with my fellow Directors, are very pleased with the results.

The Board welcomed a new Non-Executive Director, Mr. Rod Walker, on 1 October 2019. Mr. Walker has significant experience in the retail, employment training, workplace solutions and technology sectors. With the appointment of Mr. Walker, our Board has strengthened the mix of skills, experience and leadership required to support long-term sustainable growth at BWX.

The Board and Mr. Fenlon have also finalised all of the senior management appointments outlined in the 2019 Annual Report, including Mr. Micheal Lovsin as Managing Director North America (based in the USA); Ms. Virginie Descamps as Chief Marketing Officer (based in the USA); Ms. Allison Smith as Chief Technology and Strategy Officer (based in Australia); and Mr. Alistair Grant as Company Secretary and Chief Legal Officer (based in Australia). We were also pleased to promote Mr. Rory Gration to the role of Group Chief Operations Officer and Managing Director - APAC in February 2020, reflecting the depth of his talent in, and increased responsibility for, sales, marketing and operations.

Finally, in February 2020, the Chief Financial Officer, Mr. Vinod Somani, resigned after five years with BWX. Mr. Somani made a significant contribution to the Company and provided leadership during the unsuccessful 2018 management buy-out. We thank Mr. Somani for his service. We were pleased to welcome Ms. Efee Peell as our Group Chief Financial Officer who joined BWX on 23 March 2020. Ms. Peell brings more than twenty years of commercial finance and operational experience in retail, wholesale, pharmacy and healthcare sectors, across public and private companies. Ms. Peell has been crucial to our COVID-19 response and the Board is grateful for her immediate contribution. Further details of Ms. Peell and the management team can be found later in this document.

The BWX team were quick to design, manufacture and launch a range of hand sanitiser products within twenty-one days.

FY20 Highlights

Despite the ongoing challenges presented by the global COVID-19 pandemic during the second half of FY20, BWX was able to deliver revenue and EBITDA growth that was within the guidance provided to the market twelve months ago. Group net revenue increased 25% to $187.7 million and EBITDA increased 30% to $30.9 million (including AASB 16 Leases), driven by a strong regional performance in select Asia-Pacific markets and robust online revenue. Net profit after tax increased 59% to $15.2 million, and we ended FY20 with an improved cash position of $28.6 million. The Board is very pleased by this performance when considering the significant economic disruption faced by the business during the second half, and believe it reflects the strong underlying connection our brands have with consumers all over the world.

As part of the early response to the global COVID-19 pandemic, the BWX team were quick to design, manufacture and launch a range of hand sanitiser products with 70% ethanol (v/v) for the domestic market. The Sukin and Life Basics hand sanitiser product range was developed while the team ramped up our own production of Sukin hand and body wash to support our retail partners in meeting consumer demand during the lockdown period. Our Nourished Life e-commerce platform also played an important role in delivering products into the hands of our consumers when the retail environment was extremely challenged.

A key achievement of BWX during FY20 was the creation of the BWX Three-Year Strategic Roadmap which was presented to the Board and approved in February 2020. The Strategic Roadmap represents a journey already commenced, and provides the framework from which to scale BWX's operations from the present financial year until the end of the 2023 financial year. 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 support of our core mission to be a leading global natural wellness company.

In the context of the significant global disruption caused by the COVID-19 pandemic, BWX delivered a solid financial performance in FY20. The actions taken by the Board, management and the entire team have helped to safeguard BWX in the short-term while ensuring the Group maintains focus on important long-term projects and investments required to position the business for future growth. Under Mr. Fenlon's leadership, the Board has never been more confident in the management team's ability to navigate BWX through the current environment and into a position of strength to leverage the broader global retail recovery and create long-term shareholder value.

Ian Campbell
Chairman

Dear Shareholders

It is a pleasure to write to you and reflect on my first full financial year as the Group Chief Executive Officer and Managing Director of BWX. It was a year of remarkable progress for the Group, especially in the context of some unparalleled challenges, uncertainty and widespread changes in world-wide consumption patterns due to the global COVID-19 pandemic.

Restoring confidence

At the top of my agenda for FY20 was restoring your faith and confidence in BWX and its financial performance. In my mind there were two fundamental aspects we needed to put in place to ensure we made progress against that commitment.

The first was to strengthen our team by adding significant capability. It began in earnest during the first half of FY20 with key hires in both Australia and the USA across governance, sales, marketing, operations and procurement. Investment in talent and leadership was a consistent theme across the year and this same talent and leadership significantly contributed to managing BWX through the global COVID-19 pandemic.

The second was to establish a clear strategic roadmap, constructed around our four pillars: Connect to Consumers; Go Global, Go Mainstream; Invest in Ourselves; and Get Clean & Get Healthy. We announced these to our stakeholders twelve months ago and more detail on these strategic pillars and our Three-Year Strategic Roadmap can be found in the Strategy section of this Annual Report.

Through a relentless focus on these strategic pillars and by having clarity on our priority markets, we were able to start FY20 strongly. Supported by targeted investment in marketing and disciplined brand expansion, our omnichannel retail strategy delivered strong results with all core brands capturing greater market share of Natural and generating strong growth. Ultimately, the solid performance of our brands combined with the discipline in managing our cost base provided us with the strong foundations from which to rise and respond as a management team to the unprecedented challenges related to the global COVID-19 pandemic.

Despite unparalleled social, health and economic challenges, the Group was able to deliver a solid financial performance for FY20 in line with expectations set out over twelve months ago, albeit through different channels and product mix. The Group's second half performance was supported by a significant uptick in direct online sales across all regions, combined with strong and consistent revenue generation in our select Asia-Pacific engine markets.

All core brands performed in line with expectations, buoyed by their embedded connection with consumers and non-discretionary attributes. New customer relationships were formed which supported our financial performance. BWX also benefited from its strong relationship with existing customers, aligning on appropriate stock levels, and supporting replenishment and demand through Microsoft D365, our enterprise resource planning system (ERP).

We remain confident that, in the long-term, we will experience growth upside across our select engine markets in Asia-Pacific; that demand will recover in North America; and new opportunities will emerge from the global economic recovery. The work that we have completed in FY20 put us in a good position to capitalise on these opportunities.

Values

Innovation, Wellness, Bravery, Diversity and Respect

Vision

Create amazing products and experiences that make people feel better about themselves and their natural choices.

Responding to the Global COVID-19 Pandemic

FY20 will forever be associated with the global COVID-19 pandemic. The financial outcomes which we have delivered under such challenging and unprecedented conditions are testament to the resolve and leadership shown by the entire BWX team. In fact, I have never been prouder of our people than in their response to the challenges of the global pandemic.

The willingness to create and adapt to new ways of working to help ensure we keep our colleagues, families and communities safe required a total team effort. Our procurement teams ensured we had sufficient stock while our manufacturing and distribution teams in Dandenong (Victoria) and in Petaluma (California) worked at full capacity to ensure our products, including those critical to containing the spread of infection, continued to reach our retail customers during the crisis.

One example of this agility and strength in product innovation was seen in the development and launch of an antibacterial hand sanitiser range for our Sukin and Life Basics brands using naturally-derived ingredients in just twenty-one days. This new range strengthened our performance during the second half of FY20 and will become a core staple of our portfolio.

We were also delighted to donate a retail value of one million dollars' worth of the sanitiser and other personal care products to charities in Victoria to support those members of our community who are disadvantaged and vulnerable.

Looking ahead

While the full impact of the global COVID-19 pandemic remains uncertain, one thing is clear – these impacts will shape the way we do business forever. The global COVID-19 pandemic has changed the way people operate; how we think about supply chain; and importantly, at a consumer level, created greater awareness about health, wellness and personal hygiene – areas to which BWX is well placed to materially respond.

While we continue to navigate the pandemic and avoid complacency, I believe that the Group is ideally positioned to emerge from the crisis stronger to pursue our Three-Year Strategic Roadmap. BWX will grow its addressable market through distribution gains in priority markets; amplification of direct-to-consumer channels; executing on operational efficiencies; and the development of an innovation platform for more consumer-led product development.

On behalf of the management team, I would like to thank each and every one of our team. I have been amazed and delighted with the attitude, focus and adaptability of every single member of the BWX family. I would equally like to express my gratitude to my fellow members of the BWX Board for their invaluable contributions, counsel and guidance through a difficult year.

I must also acknowledge and thank our retail partners and customers who continue to love and use our natural products and as a result played an enormous part in helping us to navigate challenging market conditions.

Finally to our shareholders, we thank you for your support over the past year. We recognise it takes more than twelve months to restore your faith but we believe we are on the right path. Be assured our priority is to maintain a laser-like focus on our Strategic Roadmap to drive sustainable growth and create shareholder value over the long term.

Thank you and stay safe.

Dave Fenlon
Group Chief Executive Officer

09 SUKIN

The philosophy of Sukin is that everything needed to nourish our bodies can be found in nature. First launched in 2007 in Australia, Sukin was one of the first skincare brands to say 'no' to synthetic ingredients and processes. Certified cruelty free and vegan, not only is there absolutely no animal testing, Sukin does not use animal derivatives or animal by-products of any kind, including ingredients such as lanolin, honey and beeswax. Sukin also has a heritage of environmental credentials, including being carbon neutral since 2008 and focussing on environmentally friendly factors in its products such as biodegradability, and being grey-water safe and reef-safe.

To provide consumers with products that reflect its philosophy, Sukin has developed the expertise to create and deliver efficacious skincare and haircare products from ingredients found in nature or naturally derived. As Australia's Number 1 Natural Skincare brand, Sukin is committed to continuing to create effective, safe and affordable products.

FY20 Financial Performance

Revenue Growth 55% vs. Prior Year
70-72% Gross Margin for Sukin
Price per kilogram increased from $56.34 (FY19) to $56.66 (FY20)
No. 1 Natural Skincare Brand in Australian Pharmacy and No.4 Total Skincare Brands in Coles.

Sukin Natural Hydrating Mist Toner
Sukin Natural Hydrating Mist Toner is one of the most popular products, widely endorsed by end-users and popular Internet influencers. Available in a range of blends including Original, Chamomile and Rosewater, Sukin Natural Hydrating Mist Toner helps to soothe, purify and cool tired skin. It can be used before and after cleansing; in the office as a 3pm pick me up; after makeup application to give a dewy complexion; or any time skin is feeling stressed or overheated. Sukin Natural Hydrating Mist Toner often provides an entry point into the Sukin range and forms an integral part of the Sukin Naturals "Love Your Skin" gift pack.

The Sukin Hydration Range
In FY20, there was focus on building a long-term innovation pipeline for Sukin with a goal of maintaining leadership in the Natural skincare category while looking beyond the current financial year. The strategy centres around expansion into new higher-efficacy sub-segments within skincare, body and haircare, with a mix of first-to-market innovation products as well as providing consumers with a natural alternative where there are currently only synthetic options available. By analysing multiple sources of data such as consumer trends, ingredient trends, market performance and competitive activity, a compelling, insight-led pipeline of new products to launch under the Sukin brand for the next three years has been developed.

One example of the new approach to new product development is the Sukin Hydration range. After two-years of extensive development, the Sukin Hydration range was launched in February 2020. Without compromising on Sukin's natural heritage, this new range was built to naturally quench dehydrated and flaky skin, with a luxuriously light-weight formula. With clinically proven, naturally derived ingredients including a Bio-Marine blend of Maize Complex, Hyaluronic Acid and Sea Algae, the Sukin Hydration range locks in moisture and rehydrates thirsty skin instantly.

"Sukin has developed the expertise to create and deliver efficacious skincare and haircare products from ingredients found in nature or naturally derived."

Andalou Naturals is a natural skincare and haircare brand, combining ingredient technology with beauty knowledge to empower consumers to be confident when deciding what to put on their skin. The formulations of Andalou Naturals are powered by the fusion of nature and science, and are 98% nature derived, cruelty-free, 100% gluten-free and non-GMO verified. Andalou Naturals also offers a range of vegan products as well. To demonstrate its commitment to using only the highest quality and sustainably sourced ingredients, it has adopted a strict ingredients policy known as the Superior Source Ingredients Standard, supported by objective certifications and practices.

FY20 Financial Performance
Revenue Growth 10% vs. Prior Year
47-50% Gross Margin for Andalou Naturals
Price per kilogram increased from US$52.68 (FY19) to US$54.98 (FY20)
No. 1 Facial Skincare Brand in USA Natural Channel

Andalou Naturals Brightening Probiotic + C Renewal Cream

Andalou Naturals Brightening Probiotic + C Renewal Cream combines the core values of Andalou Naturals to bring a natural and effective skincare product to customers. This product is the top selling face cream and offers a variety of benefits that is appealing to all ages. The Fruit Stem Cell Science complex - Vitamin C and skin-friendly vegan probiotic microflora, enzymatically supports dermal vitality. This complex targets over-exposed surface cells to support a lighter, tighter, brighter looking appearance and more luminous complexion.

Andalou Naturals Botanical Deodorant and Shaving Cream

In FY20, Andalou Naturals proudly launched six natural deodorants. The long-lasting, solid natural deodorants effectively neutralize odour with super antioxidants, skin soothing plant oils, and vegan probiotics. Four botanical shave creams packed full of vegan probiotics, hydrating aloe vera, and emollient-rich rosehip and argan oils allowing razors to glide effortlessly across the skin, were also launched. Importantly, both products avoid artificial ingredients or harsh chemicals while offering an effective natural solution.

Relaunch of Andalou Naturals website

Andalou Naturals relaunched its brand site in FY20 to better connect with consumers globally, with enhanced user experience and a vibrant creative approach illustrating our brand story and values. To drive brand discovery, Andalou Naturals launched its first digital campaign during the holiday season, to focus on recruitment as well as loyalty building. This furthered the connection with consumers via influencer marketing campaigns, editorials as well as with achieving direct outreach on social media and driving sales.

"Andalou Naturals Brightening Probiotic+C Renewal Cream is the top selling face cream and offers a variety of benefits that is appealing to all ages."

MINERAL FUSION

BWX

Mineral Fusion is the number one Natural cosmetic brand in the USA, proudly offering a fusion of makeup with the benefits of a skincare routine. The goal of Mineral Fusion is to protect and nourish skin and hair, which is why all products are hypoallergenic, artificial colour free, gluten free, synthetic fragrance free and cruelty free. 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. They are suitable to all skin types, ethnicities and lifestyles.

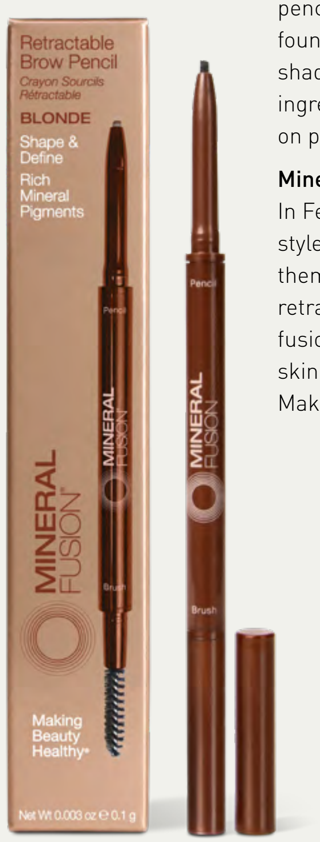
Mineral Fusion is proud to have certification from the Environmental Working Group (EWG), a nonprofit, nonpartisan organization dedicated to protecting human health and the environment while promoting safe and effective products for all. With more EWG-verified products than any other natural cosmetics brands, Mineral Fusion is a key supporter of EWG's mission of educating and empowering consumers to make better choices for their health.

FY20 Financial Performance
Revenue Growth 16% vs. Prior Year
56-58% Gross Margin for Mineral Fusion
Price per kilogram stable at US$317.58 (FY19) vs US$317.33 (FY20)
No. 1 Cosmetics Brand in USA Natural Channel and No. 3 Natural Cosmetics Brand in USA Conventional Channel.

Mineral Fusion Nail Polish Remover
One of the most popular products is the Mineral Fusion Nail Polish Remover. It is gentle, effective and acetone-free, making it one of the few natural nail polish removers that combats even the darkest shades without harming the nail or drying out the cuticle area. A key contributor in the Mineral Fusion range of products, this product demonstrates how natural beauty does not need to compromise on efficacy.

Mineral Fusion Retractable Brow Pencil
In May 2020, Mineral Fusion launched a range of make-up products including three retractable eyebrow pencils in Blonde, Medium Brown, and Dark Brown shades. In June 2020, Mineral Fusion expanded its foundation range to be more inclusive and offer better shade matching with sixteen new Liquid Foundation shades and nine new Pressed Powder Foundation shades, with soft, silky textures and skin loving natural ingredients. All of these products meet the promise of natural beauty without compromising on performance.

Mineral Fusion Spring Bridal and Diversity Photo Shoot
In February 2020, Mineral Fusion collaborated with a San-Francisco based beauty service platform to style our first major photo shoot. Staffed by professional make-up artists, hairdressers and stylists, the theme was Spring Bridal and Diversity. The photo shoot featured the launch of new foundation shades and retractable brow pencil, as well as best selling lip, eye and nail colours, with the models illustrating our fusion of styles, ages and ethnicities and demonstrate how Mineral Fusion products perform on different skin types. This photo shoot showcases inclusiveness and highlighted the core value of Mineral Fusion - Making Beauty Healthy, for all skin tones, occasions and lifestyles.



“Mineral Fusion is the number one natural cosmetic brand in the USA, proudly offering a fusion of makeup with the benefits of a skincare routine.”

Nourished Life

Nourished Life is the direct-to-consumer e-commerce platform of BWX, acquired by BWX in September 2017. With over 6,500 products on offer, including Sukin, Andalou Naturals and Mineral Fusion, Nourished Life hosts a diverse range of products across beauty, health, wellbeing, home and lifestyle segments that are aligned with sustainable, eco-friendly and cruelty-free brands. When curating product lines, Nourished Life applies the "Nourish Matrix", a proprietary tool that ensures only the safest and best products are made available to consumers. Nourished Life operates in Australia with the capability to ship products internationally.

FY20 Financial Performance
Revenue Growth 15% vs. Prior Year
Growth of membership loyalty club
Surge in online revenue driven primarily by promotional effectiveness focused on basket size growth
Database of customers grew 22% in FY20 and strong average Basket Size growth recorded

Nourished Life was an important platform during the global COVID-19 pandemic for shoppers who were unable to access retail outlets during the lockdown period.

The Group made further investments in Nourished Life in FY20 to improve the efficiency of the warehouse operation; enhance user experience; and to increase basket-size. Increased brand awareness and strong search engine optimisation has seen web sessions increase by 29% in the second half of FY20 compared to FY19. Improvements to the Australian D365 ERP implementation and the introduction of data analytics to have greater understanding of shopper-type and products purchased have also contributed to the strong FY20 result.

Life Basics by Nourished Life
Life Basics is the private brand created and sold exclusively by Nourished Life. This range of everyday basics was established to allow consumers greater access to natural, organic and sustainable products at an affordable price. With just under 100 different products on offer, the Life Basics by Nourished Life range comes with minimal packaging and is almost always plastic-free.

Life Basics Antibacterial Hand Sanitiser
In FY20, Nourished Life introduced Life Basics Antibacterial Hand Sanitiser. Containing 70% ethanol v/v and enriched with nourishing Aloe Vera and Green Tea, Life Basics Antibacterial Hand Sanitiser was introduced due to consumer demand during the global COVID-19 pandemic to meet customer needs for hygiene products while still containing natural ingredients and moisturising properties.

Consumer Values
Nourished Life lives its values of a holistic lifestyle e-commerce platform through its commitment to low plastic and plastic-free products, as well as its closed-loop recycling partnership with TerraCycle. Nourished Life is also dedicated to educating customers and providing healthy and safe products for everyone. Its popular podcast Talking Clean with Irene, is presented by the original founder of Nourished Life, Irene Falcone, and offers insights and tips to its loyal community about how to practice a more natural, sustainable and toxin-free lifestyle.

"Life Basics Antibacterial Hand Sanitiser was introduced due to consumer demand during the global COVID-19 pandemic"

BWX

Strategic Pillars:

Connect to Consumers

Go Global Go Mainstream

BWX Three-Year Strategic Roadmap

FY20 saw BWX formally establish its strategic priorities through the creation of the Three-Year Strategic Roadmap, providing the building blocks to support sustainable revenue growth and create shareholder value long into the future. The strategic priorities have been modelled over a three-year period to the end of the 2023 financial year. Progress made during FY20 is detailed below against our four Strategic Pillars and demonstrates the strong momentum of BWX anticipated in the next financial year.

The Strategic Pillars are:

Connect to Consumers; Go Global Go Mainstream; Invest in Ourselves; and Get Clean & Get Healthy.

CONNECT TO CONSUMERS

BWX aspires to create a deep connection between its brands and consumers and to be recognised for innovation, efficacy, affordability, and natural credentials. This pillar requires being smarter with marketing investments; continuously educating consumers on the benefits of natural skincare; and engaging with consumers directly through enhanced channels and increased points of distribution.

Highlights for FY20 included:

- Launched a natural, antibacterial hand sanitiser range for Sukin and Life Basics in just twenty-one days from inception to production;
- Introduced a New Product Development (NPD) pipeline driven by insights from customer data analytics to unlock growth ahead of market in hydration, anti-ageing, and blemish control;
- Increased net revenue from NPD with the addition of the antibacterial hand sanitiser product range;
- Extended the partnership with Coles Supermarkets, driving distribution gains, brand marketing and revenue growth;
- Ramped up targeted investment in D2C marketing to increase our addressable market; and
- Relaunched the Sukin, Andalou Naturals, and Mineral Fusion websites with enhanced user experience and functionality.

BWX also strengthened its connections with our retail partners with the execution of extended ranges which are available online. This enabled the retail partners to meet heightened consumer demand during the initial stages of the global COVID-19 pandemic and assist their pivot to online channels.

GO GLOBAL, GO MAINSTREAM

The second 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.

Invest in Ourselves

Get Clean & Get Healthy

Highlights for FY20 included:

- In the USA, successful launch of the Sukin brand as well as product ranges from Sukin and Mineral Fusion in Target USA and other mass channels in the second half of FY20;
- In Australia, successful launch of Andalou Naturals with four new pharmacy customers in the second half of FY20;
- In Asia-Pacific, successful launch of the Sukin brand into Indonesia and Vietnam;
- In Europe, measured expansion in the first half of FY20 and conviction in the long-term growth upside from FY21; and
- Consumer-curated ranges and investment in our direct-to-consumer model.

INVEST IN OURSELVES

The third strategic pillar is about ensuring BWX has the capability, talent and experience to execute successfully. Invest in Ourselves is about ensuring BWX is the destination brand to work for with continued upskilling through training and development programs, while remaining true to its values of Wellness, Diversity, Bravery, Respect, and Innovation.

BWX's management team was strengthened in the first half of FY20 to align and support the group-wide delivery of long-term global growth. This leadership was critical in executing our business continuity plans during the global COVID-19 pandemic where the ability to adapt and pivot to the environment was paramount.

Highlights for FY20 included:

- Improved employee engagement to an employee net promoter score (eNPS) of 73, increased from 57 in FY19;
- Appointments at Group level of Chief Marketing Officer; Group Chief Financial Officer; Chief Technology and Strategy Officer; Company Secretary and Chief Legal Officer; and Managing Director North America, as well as key hires across governance, marketing, sales and innovation;
- Internal promotion of BWX's Managing Director - APAC to Group Chief Operating Officer and Managing Director - APAC; and
- Investments in training and development and improved benefits on healthcare, parental leave and other wellbeing initiatives throughout the organization.

GET CLEAN & GET HEALTHY

The final pillar is about constantly driving operational improvement and efficiency in order to generate a greater return on investment. BWX is focused on a bottom-up approach toward business improvements, supported by deep analytical insights and key learnings across engine markets.

Highlights for FY20 included:

- Strategic, diversified sourcing and improved Group procurement yielding savings;
- Manufacturing efficiencies to increase capacity and output supported by analytics and training;
- ERP system upgrades in Australia delivering tangible benefits;
- ERP rolled out in USA on 1 May;
- Better buying which delivered improvements in price per kilo for Sukin and Andalou Naturals;
- Rationalisation of SKU count; and
- Business-wide sustainability focus including initiatives to start the journey towards greater recyclability of products; resource recovery initiatives; use of recycled content; and carbon-neutrality.

BWX has implemented measures to diversify its supply chain to mitigate the risk of reliance on a single market for raw materials or components.

BWX continues to deliver its measurable improvement program via investments in the ERP, strategic procurement initiatives, efficient manufacturing, and diverse supply chains. A three-year sourcing roadmap was developed during FY20 which derives future savings and margin benefits from a fully integrated and agile manufacturing model.

During the second-half of FY20, in-house manufacturing for select Andalou Naturals products was successfully trialled at the Dandenong manufacturing facility and confirmed that BWX has the capacity to produce sixteen products for the Australian market. The successful completion of the trial allows a timetable to be finalised to permanently transfer these products to be manufactured in Australia, supporting a greater roll-out of Andalou Naturals products in Australia and throughout the Asia-Pacific region. BWX has also taken steps with its manufacturing partners to ensure that we have a robust supply of Andalou Naturals products in the USA.

The Global Procurement Group commenced collaborative sourcing between the Asia-Pacific and USA teams, yielding savings which will continue into FY21.

The Global Operations and Global Procurement Groups also played critical parts in managing supply of product during the global COVID-19 pandemic. Great resilience and innovation was demonstrated in working with our USA manufacturing partners to increase capacity for high-demand products during the pandemic. Our Australian manufacturing facility was able to pivot and respond immediately to the demand for inventory by introducing three-shifts over a twenty-four hour day (previously there were two-shifts over a sixteen hour day). The Global Procurement Group also acted quickly to secure stock and components and engaged with local raw material suppliers to ensure continuity of supply. BWX has implemented measures to diversify its supply chain to mitigate the risk of reliance on a single market for raw materials or components.

BWX introduced a Supplier Code of Conduct in FY20 to mitigate the risk of modern slavery in its supply chain and ensure that suppliers meet expectations around labour standards and environmental issues. The Group plans to release its Modern Slavery Statement in 2020 and will continue to work with trusted suppliers to deliver raw materials, components and finished products that satisfy the ethical concerns of BWX, its customers and its consumers.

The ERP is delivering tangible benefits across the Australian business with the same benefits anticipated for the USA following the successful ERP rollout on 1 May 2020. Additionally, an enhanced Supply Planning and Operations process was implemented to generate more robust financial forecasts at an increased frequency. The Global Operations and Global Procurement Groups were able to effectively manage the business through a disciplined focus on cost management, risk mitigation and identification of opportunities.

BWX continues to deliver a cost-out program and is well positioned to adjust variable costs to reflect the operating environment and is committed to these costs not exceeding sales growth. This work continues with the identification of further improvements in global sourcing initiatives; the roll out of a Supplier Code of Conduct; and ongoing SKU rationalisation.

"The Global Procurement Group commenced collaborative sourcing between the Asia-Pacific and USA teams, yielding savings which will continue into FY21."

BWX

Our forward-looking ESG plan, includes the creation of a Sustainability Framework, which is linked to the United Nations Sustainable Development Goals (UN SDGs).

INTRODUCTION

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. It is the responsibility of BWX to measure and track environmental, social and governance (ESG) performance whilst leveraging opportunities in the innovation, development, manufacturing and marketing of natural beauty products. The business aims to inspire the advancement of plant and mineral based science without causing unnecessary harm to the planet and provide products to consumers that inspire a healthy lifestyle while minimising consumption.

This report outlines the ESG risks identified by BWX and the measures in FY20 to mitigate these risks. It will introduce the forward-looking ESG plan, including the creation of a Sustainability Framework, and how the ESG plan and the Sustainability Framework is linked to the United Nations Sustainable Development Goals (UN SDGs). The report will also address the timeline by which BWX will progress its ESG performance and reporting practice to meet the expectations of shareholders and broader corporate governance stakeholders.

ESG Risk Oversight

The Board, with support from the Audit and Risk Committee and the People and Culture Committee, is responsible for oversight of material business risks and this extends to the potential ESG impacts of the operations of BWX. BWX's risk management framework considers the ESG-related aspects to its activities and focusses 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. Our ESG framework is supported by key corporate governance policies and charters found on our website.

Materiality Assessment

During FY20 and with the oversight of the BWX Board, senior management undertook materiality assessments to examine our material ESG risks and to align these with the UN SDGs. While limited to the people, contractors and entities directly controlled by BWX, the intention is to expand the assessment to encompass ESG considerations that are outside its direct control but influenced by its activities.

Sustainability Framework

In FY20, BWX created a Sustainability Framework to help it identify its overarching commitment to sustainability and its stakeholders. It is intended to provide a pathway that ensures everything at a corporate level is critically assessed through a sustainability lens. The Sustainability Framework is aligned to the UN SDGs.

Alignment to UN SDG Goals

The United Nations created the UN SDGs which are seventeen goals that act 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.

Risk	Goal of the UN SDG	BWX Impact	SUSTAINABLE DEVELOPMENT GOALS
Supply Chain Risk	The 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; • provide opportunities to reduce use of limited resources; and • recapture resources or incorporate recycled materials. Mitigate risks of modern slavery	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
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.	3 GOOD HEALTH AND WELL-BEING
	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.	5 GENDER EQUALITY
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; and • ensure that BWX acts responsibly, ethically and lawfully in providing its product portfolio.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
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.	13 CLIMATE ACTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SUPPLY CHAIN

The core promise of BWX is that it provides natural beauty products from ingredients that are found in nature or are naturally derived. BWX's brands offer consumers the opportunity to use products that don't rely on synthetic chemicals, animal testing, genetically-modified organisms, and that are vegan and avoid animal by-products. In addition to the mindful choices of the design of its product, BWX is focussed on the importance of responsible consumption choices, including minimising waste, using recycled or repurposed packaging and closing the loop on waste in the supply chain.

Australian Packaging Covenant

BWX is a member of the Australian Packaging Covenant (APCO) and has adopted measurable goals to reduce its consumer packaging materials; improve the recycled content of its packaging materials; and to reduce and recover waste in its supply chain.

In FY19, BWX committed to resetting its APCO commitments. The APCO commitments made by BWX in FY20 (which stretch from March 2020 to March 2021), now include all brands in the portfolio of the BWX Australian business, including Nourished Life (formerly only Sukin products). BWX has identified several areas for product optimisation including:

- Engaging with packaging suppliers to integrate a larger proportion of recycled polyethylene terephthalate (PET) into product bottles and jars;
- Exploring opportunities for recycled content in product caps and closures and removing metal parts that may impede plastic recycling;
- Enhancing the recycled content of product tubes;
- Reviewing labelling to enhance recyclability of bottles; and
- Improving recyclability of cardboard packaging materials - approximately 80% of cardboard packaging content is now comprised of recycled material at the end of FY20.

APCO Action Plan Targets (from March 2020 to March 2021)

Target	Goals by March 2021
Make our packaging either more recyclable, reusable or recoverable across different product categories	5% of all product categories completed
Make our packaging more sustainable by identifying opportunities to improve materials	5% of all product categories completed
New product development will include on-pack labelling for disposal or recovery according to the Australian Recycling Label	All products to include relevant information
New product development to be assessed through the Sustainable Packaging Guidelines to ensure packaging sustainability.	All NPD to be assessed

"Approximately 80% of cardboard packaging content is now comprised of recycled material at the end of FY20."

"Sukin's sachet is unique in that it uses a combination of plastics that provides the barrier that the product requires without the necessity of an aluminium layer."

Sukin Biodegradable Sheet Masks

In FY20, BWX launched Sukin Biodegradable Sheet Masks, incorporating masks with 100% biodegradable COSMOS Natural, OEKO-TEX approved organic cotton mask and containing serums are made with natural origin ingredients. BWX partnered with REDCycle to ensure that the packaging was recyclable. REDCycle provides nearly 2,000 drop-off bins at Australian supermarkets, making it easy for nearly 90% of the Australian population to keep soft plastic packaging out of landfill and our oceans.

Sukin's sachet is unique in that it uses a combination of plastics that provides the barrier that the product requires without the necessity of an aluminium layer. The bonding between the plastics is a new more ecological-friendly technology, which uses a solvent-free adhesive and a curing reaction. Using this technology:

- No solvent volatilisation and zero emissions occur in the compound process.
- No residual solvent from the packaging process ends up in the sheet mask.
- Production temperature is relatively lower and reduces energy consumption.

The Australian Institute of Packaging validated the recyclability of the materials and APCO ensured that the disposal process could be easily communicated to consumers using the new Australasian Recycling Label, with instructions on how to correctly dispose of every part of the Sukin Biodegradable Sheet Masks.

Modern Slavery and Supplier Code of Conduct

BWX respects human rights and is committed to mitigating the risks of modern slavery throughout its activities and decisions wherever it operates.

A Supplier Code of Conduct was approved by the BWX Board in FY20. It encompasses all existing and future suppliers and vendors of raw materials, packaging and finished goods, as well as all other participants in the BWX supply chain.

The Supplier Code of Conduct sets out compliance expectations for suppliers regarding:

- applicable laws, regulations and statutes;
- labour standards including considerations related to freedom of employment, child labour and modern slavery, in addition to general employment conditions; and
- environmental and sustainable practice requirements.

It also establishes a timeline to review all existing suppliers, and procedures on the appointment of new suppliers. With the oversight of the Global Procurement Group, the Supplier Code of Conduct is a key measure towards mitigating the risks of modern slavery in the BWX supply chain; ensuring that human rights are respected; and to underpin the ESG practice goals of BWX. The Board intends to release its statement on Modern Slavery in accordance with the requirements of the Australian government in FY21.

Waste Coffee Grounds into Products

BWX manufactures several products which contain coffee grounds, including Sukin Coffee & Coconut Exfoliating Masque, Sukin Energizing Body Scrub, and USPA Rejuvenating Contour Scrub. The coffee grounds used in these products come from Jack, the coffee cart vendor, who comes to the BWX Australian office each day. In addition to satisfying the caffeine needs of BWX staff, BWX has collected 300 kilograms of freshly ground coffee from Jack between December 2018 and May 2020, to use in its skincare products, diverting it from waste.

New Manufacturing Facility Announced

On 16 July 2020, BWX announced a capital raising for purposes including funding the construction of a new Australian manufacturing facility. The new manufacturing 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.

The new manufacturing facility is anticipated to be completed in December 2021.

WORKFORCE

Workforce, Learning and Development

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.

BWX maintains emphasis on the ongoing development and training of its workforce and 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. In FY20, BWX also introduced key workforce initiatives including a refreshed parental leave policy and a company-wide online training and development program. Employees also benefited from "Lunch & Learn" sessions providing further professional education on a range of topics relevant to our business and our industry.

Workforce Diversity

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

	Financial Year	Number of Men	Number of Women	Women %
Board	FY20	3	2	40%
	FY19	3	2	40%
CEO, Senior Executives and Senior Management	FY20	26	36	58%
	FY19	19	23	55%
All Employees	FY20	95	215	69%
	FY19	76	182	74%

BWX is committed to attracting and retaining talented individuals whilst providing a work environment that fosters diversity, productivity, creativity and inclusiveness.

FY21 Diversity Targets

	Target Female Representation
Board	>40%
CEO, Senior Executives and Senior Management	>50%
All Employees	>50%

Additional Diversity Information

	Financial Year	Total Number	Australia	USA / Other
Female Employees	FY20	269	167	102
	FY19	201	109	92
Employees under 30 years old	FY20	79	50	29
	FY19	57	25	32
Employees between 30 years and 50 years old	FY20	226	152	74
	FY19	165	97	68
Employees over fifty	FY20	79	52	27
	FY19	55	40	15

Gender Disparity in Salary

In FY 20, BWX undertook a detailed analysis of pay grades to confirm status of pay disparity and pleasingly, the outcomes did not demonstrate significant gender pay disparity.

The table below summarises the Gender Pay Gap analysis and was undertaken after reviewing job grades by location and like-for-like positions. The UK office is excluded as it only includes 4 employees, all of whom 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 below, 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.

	Gender Pay Gap in Australia	Gender Pay Gap in USA
Board	0%	Not applicable
Management	11%	0%
Category Two	2%	-4%
Category Three A	-11%	-19%
Category Three B	4%	0%
Category Four A	3%	-6%
Category Four B	-7%	-14%
Category Five	8%	-10%
Category 6	-6%	7%

Having undertaken the analysis, BWX will undertake further efforts to ensure pay equality and will implement specific strategies to close the gender pay gap, including unconscious bias training; implementing pay parity for like positions; focussing on identifying and promoting high-potential female employees; and reviewing a diverse pool of candidates for all open positions with a specific focus on ensuring diversity across senior positions.

BWX

Parental Leave Statistics

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

*some individuals are still on leave
**Due to the USA Families First Coronavirus Response Act, 100% of USA BWX employees were eligible for a form of Parental Leave in FY20

Vital Voices and Dress for Success
Andalou Naturals announced its official partnership with Vital Voices in February 2020, an international non-profit organisation investing in women leaders who seek to improve their communities. As part of the partnership, Andalou Naturals provides "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.

Mineral Fusion announced its official partnership with Dress for Success in February 2020, 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. Remaining true to its commitment that "beauty is giving back," Mineral Fusion supports Dress for Success through online donations and campaigns, annual clothing drives, and employee volunteer outreach with the entire BWX team. To date, Mineral Fusion has raised over US$30,000 for Dress for Success.

Health and Safety
BWX maintains a series of programs designed to focus on the wellness of employees, such as complimentary professional counselling and mental health services; providing seasonal flu vaccinations; and hearing tests for Operations employees. Effective February 2020, BWX provided a more competitive Employee Benefits Program for its USA employees providing greater medical and dental benefits and an enhanced pension plan. 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.

A key component of BWX's 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 FY20 has been manual handling risks. Given the flexible and agile nature of the business, it is inevitable that manual handling of materials and products will be required. Following a thorough risk evaluation, all of the tasks rated "medium" risk or above relating to manual handling had improvements implemented to either eliminate or reduce the impact on the team. To drive engagement and improve safety behaviours within the teams, the complete safety training portfolio has also been overhauled.

A key focus for risk reduction during FY20 has been manual handling risks

Other key safety program highlights during the year include:

- Review and refresh of the Injury Illness Prevention Program in the USA office;
- Noise and dust assessments across the production areas to reduce exposure levels for employees;
- Injury Illness and Prevention Programs and Group Safety policies have been integrated into the BWX Online Learning Management Program.
- Implementation of the Personal Protective Equipment (PPE) policy for the USA warehouse workers.

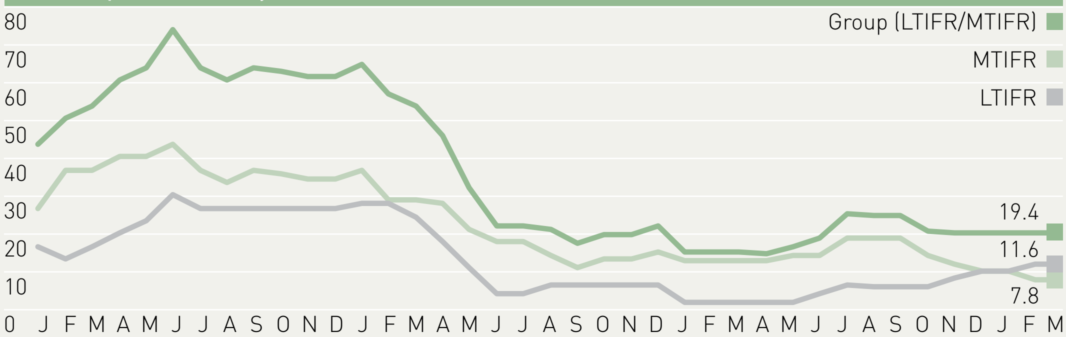
FY20 Safety Statistics

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

BWX Group Injury Frequency 2017 to 2020

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

BWX Group (From January 2017)



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BWX

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

CUSTOMER AND CONSUMER

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

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 in Australia 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 businesses works closely with key copackers 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 is curated by the website's founder, Irene Falcone. Nourished Life continued with its practice of surveying customers, with almost 180,000 customers surveyed in FY20.

"It is critical for BWX to create products that are relevant to customers and consumers."

ENVIRONMENT

BWX was founded on a commitment to the environment and it has been a cornerstone of BWX since its inception.

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, domestic water supplies or local communities resulting from its production and transport activities. Compared to other industries and business sectors, the exposure to potential negative environmental outcomes is considered to be immaterial.

Irrespective of the materiality of risk regarding environmental protection and greenhouse gas emissions, the Sukin brand has proudly been carbon neutral since 2008. BWX recognises the science and potential externalities associated with global climate change and therefore during the FY20 period BWX continued its efforts in:

- Tracking and auditing carbon emissions resulting from the production and transportation of our products. We budget $50,000 per annum to purchase and retire carbon credits.
- Investing in certified products where carbon credits are assessed against a third-party standard and independently reviewed for the purpose of offsetting emissions.
- Purchasing carbon credits through Greening Australia that 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.

Over 53,000 tonnes of carbon has been offset by the Sukin brand since becoming carbon neutral, including, for our last audit for the FY19 year, 10,451 tonnes.

Fuel Consumption from Non-Renewable Sources and Water Consumption

Source	Financial Year	Consumption (kWh)
Electricity	FY20	1,217,399
	FY19	891,782
Diesel / Other (bottled LPG)	FY20	161,880
	FY19	52,379
Source of Fuel	**Financial Year**	**Consumption (megalitres)**
Water	FY20	3.6
	FY19	2.0

The water and fuel consumption figures above incorporate the Company's Australian corporate office, manufacturing facility and Nourished Life warehouse, and the Company's USA corporate office and warehouse. The increases in water and fuel consumption from FY19 reflect an overall increase in the volume of product manufactured in the Australian manufacturing facility in FY20 (noting that the Sukin brand had a 55% increase in sales compared to FY19) and the mix of product being produced (some products being more water and energy intensive than others), as well as improved quality practices around cleaning in the Australian manufacturing facility.

FY20 Scope One GHG Emissions

FY20 Gross direct (Scope 1) GHG emissions in metric tons of CO_2 equivalent (being direct emissions from BWX owned or controlled sources – excludes shipping/transport).

	Financial Year	Metric Tons of CO_2
Scope 1 Emissions	FY20	1,318
	FY19	990

Community

An important focus for BWX is ensuring that the business actively supports the communities within which it operates. BWX is actively involved in giving back to causes relating to ESG responsibility and the empowerment of women. To empower our employees to participate in community engagement activities, BWX 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.

The Sukin brand renewed its partnership with Greening Australia to support its Reef Aid Program in FY20 by providing an ongoing financial contribution of $110,000 and endorsing its goals and providing relevant information on our website.

The State of California in the United States suffered severe wildfires during FY20 that affected over 105,000 hectares, resulting in property loss, evacuations and severe disruptions. From December 2019 through to March 2020, Australia suffered significant bushfires resulting in widespread property loss, evacuations, severe disruptions and loss of wildlife and habitat. To support people and wildlife affected by these emergencies, BWX donated a total of $100,000 in cash and $250,000 in stock to Red Cross Australia and Red Cross USA and WIRES and Wildlife Victoria in January 2020.

BWX made a product donation with a retail value of $1,000,000 including the new Sukin Antibacterial Hand Sanitiser and other Sukin products including hand wash, body wash and conditioner to three charitable groups in March 2020; namely the Children's Ground, Foodbank Victoria and Save the Children. Foodbank Victoria provided these donated products to front line charities and individuals; Children's Ground distributed these donated products to disadvantaged children and families within First Nations communities; and Save The Children has committed to distributing these donated products to vulnerable communities across Victoria.

Save the Children

children's ground

PROUDLY SUPPORTING FOOD BANK

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 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.

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 and prior to that, Managing Director Redgroup Retail. 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 Fellow of the Australian Institute of Company Directors and a Fellow of Chartered Accountants – Australia & New Zealand. Following a senior executive career in BHP Limited and Coles Limited, Fiona now has more than ten years' experience as a non-executive director and chairman. Her executive roles have involved the design and implementation of strategic initiatives to deliver enduring transformational change and profitable outcomes. She has a breadth of experience, including as a Chief Financial Officer, in strategic planning, business and financial management, corporate governance, risk management and audit.

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

JODIE LEONARD

Chair – People & Culture Committee and Independent Non-Executive Director

Jodie is an experienced non-executive director on the boards of BWX, Flexigroup Limited (December 2016) and RACV Limited (June 2017), 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.

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 July 2013, serving as Chairman until September 2018.

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.

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 with 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 (GAICD).

RORY GRATION
Group Chief Operating Officer and Managing Director - Asia Pacific

Rory joined BWX in August 2018 and has over twenty 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 Cuzzons; Customer Director of Woolworths for Campbell's Arnott's; and has also held several managerial roles at 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.

MICHEAL LOVSIN
Managing Director North America

Micheal joined BWX as Managing Director North America in January 2020 and is based in our USA office. Previously, Micheal held senior executive roles as President and CEO of Brilliant Ideas Group, Inc.; General Manager Own Brands - Coles Limited (Australia); SVP Health and Wellness and SVP Loblaw Brands for Loblaw Companies Inc (Canada); VP Merchandising Prestige Beauty at Ulta Beauty (USA) and Vice President Category Management for Shoppers Drug Mart (Canada). Micheal has over thirty-five years' experience in the Health, Beauty, Wellness and Natural industry.

VIRGINIE DESCAMPS
Chief Marketing Officer

Virginie joined BWX in October 2019 and is based in our USA office. Prior to joining BWX, Virginie built her experience as a global brand manager working with beauty brands such as Estee Lauder companies and Yves Saint Laurent in over sixty countries. She holds a Bachelor of Arts from the City University of New York. Virginie has over thirty-years experience in the Retail, Beauty and Luxury Goods industries.

ALLISON SMITH
Chief Strategy & Technology 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.

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.

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.

BWX

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 2020 ("**FY20**").

DIRECTORS

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

Mr. Ian Campbell
Chairman
Independent Non-Executive Director
Member of Audit & Risk Committee
FAICD

Mr. Ian Campbell joined the BWX Board in 2015 and was appointed Chairman in September 2018. 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 has had no other listed company directorships in the last three years.

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
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.

Ms. Bennett is an experienced non-executive director and her other current listed company directorships include Select Harvests Limited (since July 2017) and Hills Limited (since May 2010). She is also 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 Beach Energy Limited (retired November 2017).

Ms. Jodie Leonard
Independent Non-Executive Director
Chair of People & Culture Committee
Member of Audit & Risk Committee
B,Bus, FAICD, FAMI, CPM

Ms. Jodie Leonard joined the BWX Board in December 2018 and was appointed Chair of the People and Culture Committee in March 2019. Ms. Leonard is an experienced Non-Executive Director and her other current listed company directorship is Flexigroup Limited (since December 2016).

She is also a Non-Executive Director of RACV Limited (since June 2017). She was formally a Director of 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.

Mr. Denis Shelley

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

Mr. Denis Shelley joined the BWX Board in July 2013, serving as Chairman until September 2018. 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 - 1 October 2019

Independent Non-Executive Director
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. 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, Medigalaxy Australia and Lakeba Group. Past directorships have been Chairman of Godfrey's Ltd, 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); The Pas Group (resigned September 2017); and Godfrey's Limited (resigned December 2017)

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

The above-named directors held office during the whole of the financial year and since the end of the financial year except for Rod Walker who was appointed on 1 October 2019.

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.

Mr. Vinod Somani

Mr. Vinod Somani held the position of Company Secretary of BWX Limited from 1 July 2019 until 30 September 2019 and was then joint Company Secretary until his resignation on 21 February 2020.

BWX

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:

	Board of Directors Meetings		Audit & Risk Committee Meetings		People & Culture Committee Meetings	
Directors	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
Mr. I Campbell	12	12	4	4	-	-
Ms. F Bennett	12	12	4	4	4	4
Ms. J Leonard	12	12	4	4	5	5
Mr. D Shelley	12	12	-	-	5	5
Mr. R Walker	8	8	-	-	3	3
Mr. D Fenlon	12	12	-	-	-	-

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.

GROUP FINANCIAL PERFORMANCE

Group Performance

The Group's earnings before depreciation and amortisation, finance costs, acquisition and restructuring related expenses and income tax expense for the year amounted to $30.9 million (2019: $21.3 million). The Group's net profit after tax was $15.2 million (2019: $9.5 million). The Group's basic earnings per share was 12.2 cents (2019: 7.7 cents) and diluted earnings per share was 12.1 cents (2019: 7.7 cents). The net assets of the Group are $298.8 million as at 30 June 2020 (2019: $285.8 million).

The cash balance of $28.6 million was $16.7 million higher than prior year. Net cash conversion days was 169.5 days (2019: 191.5 days) reflecting a strong focus on working capital management. The Group is currently operating comfortably within the Group's debt finance facility limits and associated banking covenants. Net debt at $46.8 million (including AASB 16 Leases, $32.0m excluding AASB 16 Leases) increased by $4.0 million.

The capital expenditure for the year was $7.1 million, a $2.2 million increase on prior year due to the roll-out of the implementation of the Microsoft Dynamics 365 Enterprise Planning software (**ERP**) in the USA businesses of BWX and further work completed in stabilising the Australian ERP rollout.

The Group has declared a fully franked final dividend of 2.6 cents per share, reflecting a 35% payout ratio.

Impact of COVID-19 on Group Performance

Prior to March 2020, the Australian and USA businesses were experiencing strong momentum toward meeting FY20 guidance. Between January 2020 and March 2020, the Group implemented a number of proactive strategies, including a pivot to in-demand categories, in order to maintain this momentum and ensure that BWX met its FY20 market guidance.

The impact of the global COVID-19 pandemic was first experienced by the Group in January 2020 when the supply of raw materials and components from China faced potential delays or interruptions, putting pressure on manufacturing. These concerns were alleviated by the Group holding sufficient stock of raw materials, components and finished goods while proactively seeking alternative suppliers as secondary sources of supply. Supply chains have returned to close to normal levels. In March 2020, the impact then shifted to the Australian and USA business units when Government lockdown orders were introduced affecting Group operations as well as the customers and retail partners of the Group. 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 interruptions 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. 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 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.

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 they 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 2019, a final dividend of 2.7 cents per share franked to 100% at 30% corporate income tax rate was paid to the holder of fully paid ordinary shares on 27 September 2019.
- In respect of the interim financial year ended 31 December 2019, an interim dividend of 1.3 cents per share franked to 100% at 30% corporate income tax rate was paid to the holder of fully paid ordinary shares on 9 April 2020.

On 20 August 2020, the Directors determined to pay a fully franked final dividend of 2.6 cents per share to the holders of ordinary shares in respect of the financial year ended 30 June 2020, to be paid to shareholders on 8 October 2020. The dividend has not been included as a liability in these consolidated financial statements. The record date for determining entitlements to the dividend is 10 September 2020. The total estimated dividend to be paid is $3.7m.

Strategy, Operations and Leadership

In FY20, the Board approved the Three-Year Strategic Roadmap (**Plan**). The Plan provides important clarity and focus to drive BWX from its present financial year until 2023 in support of our core value to be a leading global natural beauty company. 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.

BWX continues to deliver its measurable improvement program via investments in the ERP system; strategic procurement initiatives; and efficient manufacturing and diverse supply chains. A three-year sourcing roadmap was developed during FY20 which derives future savings and margin benefits from a fully integrated and agile manufacturing model. BWX is well positioned to adjust variable costs to reflect the operating environment and is committed to these costs not exceeding sales growth. 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; the roll out of a supplier code of conduct; and ongoing SKU rationalisation.

Another key achievement was the successful roll-out of the implementation of the ERP in the USA businesses of BWX and further work was completed in stabilising the Australian ERP rollout. This is the final move to consolidate technology platforms and bring the Group onto a common, single enterprise platform. A unified ERP platform is delivering transparency and helping get products into markets more efficiently. It enables the business to have access to real time and accurate financial and supply chain information.

On 1 October 2019, the Board appointed a new non-executive director, Mr. Rod Walker. Mr. Walker has significant experience in the retail, employment training, workplace solutions and technology sectors. The skills, experience, and leadership that Mr. Walker possesses brings greater depth to the Board. With his appointment, the Board now has increased capability to meet the challenges of BWX in the future.

Effective on 1 July 2019, Mr. David Fenlon was formally appointed as Group Chief Executive Officer and Managing Director, having formerly served as a non-executive director on the Board of BWX for a period of twelve months. This financial year represents the first full year of Group results under his leadership. Mr. Fenlon has been instrumental in commencing an operational and strategic transformation of BWX, including completing the hiring of all remaining senior management appointments (with the approval of the Board); creating the BWX Three-Year Strategic Roadmap; roll-out of the ERP to the Group's USA businesses and further stabilisation work on the Australian ERP; and steering BWX through the unprecedented events of the global COVID-19 pandemic.

All senior management appointments have now been filled. The Group has now appointed Ms. Virginie Descamps as Chief Marketing Officer (based in the USA); Mr. Micheal Lovsin as Managing Director North America (based in the USA); Ms. Allison Smith as Chief Technology and Strategy Officer (based in Australia); and Mr. Alistair Grant as Company Secretary and Chief Legal Officer (based in Australia). Mr. Rory Gration was promoted to the role of Group Chief Operations Officer and Managing Director - APAC in February 2020, reflecting the depth of his talent in sales, marketing, and operations.

BWX also welcomed a new Group Chief Financial Officer, Ms. Efee Peell, in March 2020, following the resignation of Mr. Vinod Somani in February 2020. Ms. Peell brings more than twenty-years of commercial finance and operational experience in retail, wholesale, pharmacy and healthcare sectors, across public and private companies. Ms. Peell has been crucial to the Company's COVID-19 response and the Board is very grateful for her contribution to date.

This year, the Board also approved the new remuneration strategy for the Group. While further details are provided in the Remuneration Report, the new remuneration strategy is intended to bring the Group's remuneration structure in line with best practices.

Material Risks of the Group

As outlined in the FY20 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 FY20, enhancements were made to the Risk Management Framework and individual risk treatment plans were developed for the identified risks.

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 control 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 control the risk, the Company focussed on revising and testing its Disaster Recovery Plans and review its procedures and processes around crisis management.

Foreign Exchange and Commodity Prices
The key trading 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 control the risk, the Group Chief Financial Officer maintains an ongoing review of the foreign exchange positions of the Company. 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 prices.

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 control 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 control 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 addition to the enhancements to the Risk Management Plan 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. In that report, the BWX Group identified four key areas of risk, being Supply Chain risks, Workforce risks, Customer and Consumer risks and Environmental risks. For additional information about these environmental, social and governance risks, please refer to the Sustainability Report published as part of the FY20 Annual Report.

Outlook for FY21
While the Group continues to closely monitor external market conditions, BWX is well positioned to capture further market share, underpinned by strong brand health, an expanded offering and a protected supply chain as our core business continues to support essential services (such as pharmacies and supermarkets) whilst meeting changing demand trends. With FY20 providing a stable revenue base, subject to market conditions BWX expects to achieve ongoing growth in revenue and EBITDA of at least 10% in FY21 and remains well positioned for long-term, sustainable growth.

BWX

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 16 July 2020, the Group announced its intention to raise $40 million from an institutional share placement (Placement) and $12 million from a Shareholder Purchase Plan (SPP). Of the $52 million raised from the Placement and the SPP, approximately $33.7 million is to be put towards the construction of a new manufacturing facility and support office with the balance assisting to strengthen the Group's balance sheet and provide enhanced financial flexibility. The Placement closed on 17 July 2020 and the SPP closed on 17 August 2020. In connection with the Placement and the SPP, the Group issued approximately 15.3 million new shares, or just over 12% of the total share capital of the Company.

On 15 July 2020, the Group signed an agreement with Mark Egide and Stacey Egide, under which no further payments will be payable under the Egide Compensation Plan relating to the Andalou Naturals business, in consideration for payment of US$0.8 million and with no impact to the carrying value of Andalou Naturals. BWX will release accounting provisions to provide a A$4.5 million NPAT benefit in FY21.

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 other than those noted above.

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	378,486	150,000*
Ms. F Bennett	58,823	-
Ms. J Leonard	67,092	-
Mr. D Shelley	544,372	150,000*
Mr. R Walker	11,420	-
Mr. D Fenlon	105,820**	-

*Mr. Campbell and Mr. Shelley hold 150,000 shares which were issued on 19 October 2015 under the BWX Employee Loan Plan (which is a legacy plan under which no new shares are being issued).
**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 first tranche of his Sign-On Rights, 105,820 ordinary shares, vested and were assigned to Mr. Fenlon on 1 July 2020.

Shares Issued on Exercise of Options

As at 30 June 2020 and the date of this report, there are nil unissued shares under option.

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 indemnity its auditor William Buck 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 [insert].

Non-Audit Services

The Company's Audit and Risk Committee (ARC) is responsible for the maintenance 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 William Buck, 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, William Buck, for audit and non-audit services provided during the year, are set out in Note 21.

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 47 to 65. 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 Directors' 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.

BWX

Dear Shareholder

On behalf of the BWX Board, I am pleased to present the Remuneration Report ("the Report") for the Group for the financial year ended 30 June 2020.

This year has seen enormous transformation and growth across BWX in a period of significant challenges. The management team have worked extremely hard to meet the dual external challenges of the global COVID-19 pandemic and the bushfires that ravaged both Australia and California. By far, the highs included the acceleration of our transformation agenda, building the Three-Year Strategic Roadmap and transforming the Company culture. Whilst the global COVID-19 pandemic impacted our global growth plans, strong distribution gains in both Australia and the USA, along with the launch of our hand sanitiser range assisted to compensate for impact on global distribution.

The People & Culture Committee (Committee) acknowledge that the Company received 23.9% votes from its shareholders against the adoption of the 2019 Remuneration Report at the 2019 AGM. While this fell short of a first strike and was primarily in response to legacy issues, we have taken this very seriously and addressed many of the issues raised. As a result of shareholder concerns and Proxy feedback provided, we have made a number of changes to remuneration in FY20:

- No retention schemes were implemented in FY20. The retention payments made to KMP in FY19 were unique to the non-binding, indicative and conditional proposal received in May 2018.
- No new sign on grants were awarded in FY20. The first tranche of David Fenlon's Sign-On Rights, approved by shareholders at the 2019 AGM, vested on 1 July 2020.
- The former Employee Loan Plan (ELP) was retired in FY19 and no grants were awarded in FY20. While historical awards granted under the legacy ELP remain, the Board ceased making offers under the ELP, with the last offer to KMPs having been made in August 2018. As the Plan remains in run out, it will still appear in our reporting as an inactive plan.
- A new Long Term Incentive Plan (LTIP) was approved at the 2019 AGM and introduced in FY20. The performance period is now three years and awards are assessed against two performance measures - Earnings Per Share (EPS) and actual share price performance. The FY20 Absolute TSR hurdle was always intended to be a one-off metric whilst we reset the business performance. The FY21 LTI Plan awards will be subject to a relative TSR and an EPS measure.
- An updated Short Term Incentive Plan (STI) was introduced in FY20. The STI intends to reward management's contribution to the achievement of the Group's financial and non-financial targets while also upholding and role modelling our values. EBITDA and risk hurdles must be met in order for payment of the STI to occur. A corporate scorecard was established with measurable goals that align with key drivers of the Three Year Strategic Roadmap.
- Strong remuneration governance was implemented that aligns with shareholder and market expectations and includes partial deferment of KMP STI's, introduction of financial and behavioural STI hurdles, as well as clawback and malus provisions.

There were no changes to fixed remuneration for Executive KMPs in FY20. We are very pleased to report that as a result of the strong financial results and management's performance against KPIs, management were eligible for STI payments in FY20 at 79% achievement of Group Financial KPIs and individual payments flexing up or down dependent upon performance against personal KPIs. No LTI awards vested to current Executives KMPs in FY20.

The Board and management remain committed to BWX's growth agenda and are confident the revised remuneration framework will continue to drive positive outcomes in both FY21 and the longer term. More importantly, we believe it supports the acceleration of both growth and the generation of shareholder value.

Yours faithfully,

Jodie Leonard

Jodie Leonard
Independent Non-Executive Director
Chair – People and Culture Committee

The information provided in the Report has been audited as required by section 308(3C) of the Corporations Act 2001.

CONTENTS

BWX

1. REMUNERATION STRATEGY AND KEY MANAGEMENT PERSONNEL IN FY20

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 the 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.

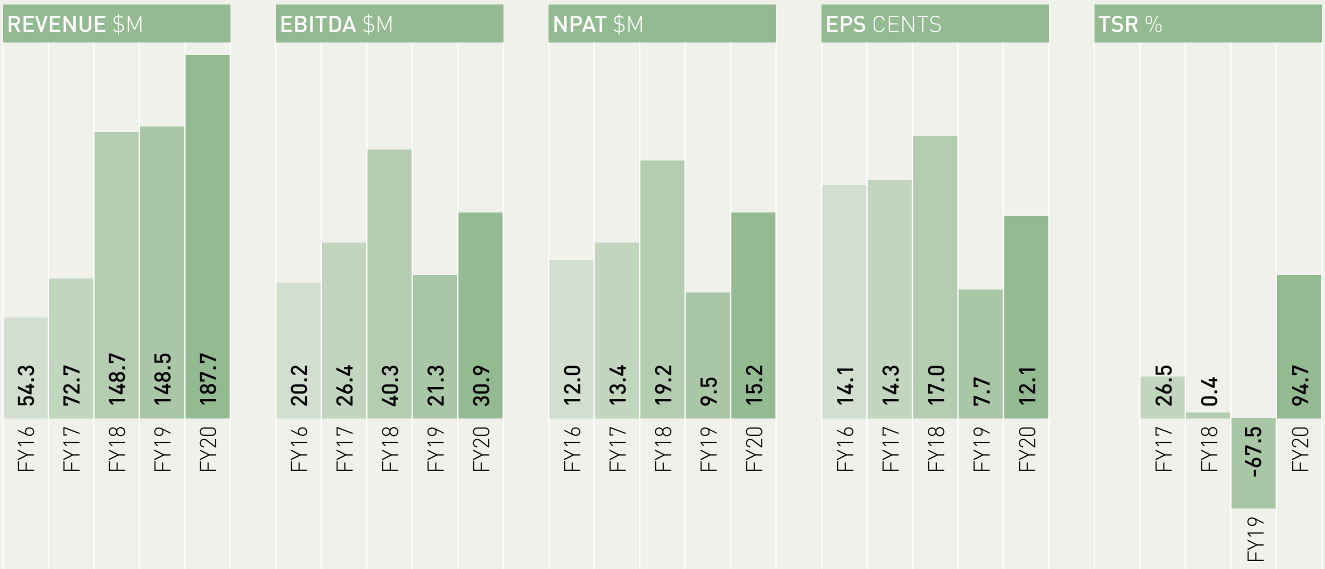
1.3 FY20 Remuneration Framework

Total Fixed Remuneration (TFR)	Short Term Incentive (STI)	Long Term Incentive (LTI)
TFR consists of Base Salary and Superannuation (Australian-based KMPs) or 401K (USA -based KMPs). 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.	Annual Cash Payment. Aims to reward current year performance. KMPs 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 with a multiplier based on the outcome of personal objectives. 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% • Absolute TSR – 50%

1. REMUNERATION STRATEGY AND KEY MANAGEMENT PERSONNEL IN FY20 CONTINUED

1.4 Group Five Year Performance Summary

The tables below outline key five-year performance metrics. Effective in FY20, the Group implemented a new remuneration plan and anticipates to demonstrate the link between the plan and performance in future years.



	2020	2019	2018	2017	2016
Dividends per share (cents per share)[1]	3.9	2.7	7.45	6.7	4.8
Closing Share Price	$3.51	$1.83	$5.70	$5.65	$4.60

1. On 21 August 2020, the Company declared a dividend of 2.6 cents per share with a record date of 10 September 2020 and payment date of 8 October 2020.

The following graph shows the performance of the Company share price against the movement in the ASX 200 and ASX 300 from the listing of the Company in November 2015 to 30 June 2020.

Share price performance (ASX 300 v BWX)

BWX

1.5 Key Management Personnel

The Key Management Personnel (**KMP**) for the Group in FY20 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 FY20.

Non-Executive Directors		Time in role during FY20
Mr. I Campbell	Chair, Independent Non-Executive Director	Full year
Mr. D Shelley	Independent Non-Executive Director	Full year
Ms. J Leonard	People & Culture Committee Chair, Independent Non-Executive Director[1]	Full year
Ms. F Bennett	Audit & Risk Committee Chair, Independent Non-Executive Director[2]	Full year
Mr. R Walker	Independent Non-Executive Director	From 1 October 2019
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)	From 23 March 2020
Mr. R Gration	Group Chief Operations Officer & Managing Director APAC (Group COO)[3]	Full year
Mr. M Lovsin	Managing Director North America (MD NA)	From 1 January 2020
Former Executives		**Time in role during FY20**
Mr. V Somani	Chief Financial Officer[4]	1 July 2019 to 21 February 2020

1. Appointed People & Culture Committee Chair on 23 August 2019.
2. Appointed Audit & Risk Committee Chair on 23 August 2019.
3. Promoted to expanded role of Group Chief Operations Officer and Managing Director APAC on 21 February 2020.
4. Resigned on 21 February 2020.

2. FY20 REMUNERATION OUTCOMES

This section provides a summary of FY20 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

The table below presents the remuneration paid to, or vested for, Executives in FY20.

Executive KMP	Total Fixed Remuneration	Relocation & Other Benefits	F20 Cash STI	F20 Equity-Based STI	Other Share Rights Vested	Total
Mr. David Fenlon[1] Group CEO	$721,003	$65,210	$414,750	$138,250	$383,068	$1,772,281
Ms. Efee Peell[2] Group CFO	$115,247	$0	$29,787	$9,929	$0	$154,963
Mr. Rory Gration Group COO	$463,180	$0	$166,641	$55,547	$0	$685,368
Mr. Micheal Lovsin[3] MD North America	$200,700	$0	$63,828	$21,275	$0	$285,803
Mr. Vinod Somani[4] Former CFO	$450,938	$0	$0	$0	$0	$450,938

In this table, US dollar amounts were translated into Australian dollars at a rate of US$1:A$1.49. This rate is the average monthly USD:AUD in FY20 determined by the Reserve Bank of Australia. In this table, amounts are shown based on the contract with the Executive KMP and may differ from the amounts shown in Table 6.1.

1 Mr Fenlon received relocation benefits for first six (6) months of employment as he transitioned from his home in Sydney to Melbourne. On 1 July 2020, Mr Fenlon was allocated 105,820 shares in the Company in connection with his sign-on bonus. The value of the shares was calculated by the closing price of shares in the Company on 1 July 2020, being $3.62 per share. See below for details.

2 Ms. Efee Peell commenced employment on 23 March 2020.

3 Mr. Micheal Lovsin commenced the role of MD North America on 1 January 2020. Mr Micheal Lovsin is paid in US dollars.

4 Mr. Vinod Somani resigned on 21 February 2020. On resigning, all of his entitlements to his STI and FY20 LTI awards were forfeited. He was paid his accrued annual leave on resignation and served 3 months of gardening leave.

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.

Further detail of individual remuneration outcomes is provided on page in Table 6.1 of this report.

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2. FY20 REMUNERATION OUTCOMES CONTINUED

2.2 Performance against FY20 STI Measures

The FY20 STI Framework comprises three Gateway Conditions as set out below. The middle column shows the extent to which the Gateway Conditions were met with a green circle for achievement of the hurdle, or a red circle if the hurdle was not achieved.

Gateway Conditions	FY20 Outcome	Was Gateway Met?
EBITDA target.	● (green)	Yes
No upheld personal bullying or harassment claims.	● (green)	Yes
The Employee Net Promotor Score was higher than the FY19 score.	● (green)	Yes

As each of the Gateway Conditions were met for FY20, the Executives became eligible for the STI award. The table below outlines the extent to which the FY20 Corporate Metrics were met by using a green circle for achievement, an orange circle for partial achievement, or a red circle where not achieved.

Corporate Metrics

Group EBITDA – weighting 60%		
Target	FY20 Outcome	
EBITDA target. EBITDA for Group in FY20 was $30.9m.	● (green)	The Group met this KPI meaning that an award was paid in connection with this Corporate Metric.
Operating Cashflow – weighting 10%		
Target	FY20 Outcome	
Operating Cashflow target. Operating Cashflow in FY20 was $30.1m.	● (green)	The Group outperformed the Operating Cashflow target meaning that an award was paid in connection with this Corporate Metric
Group Net Margin – weighting 10%		
Target	FY20 Outcome	
Group Net Margin target. Group Net Margin in FY20 was 16.5%.	● (green)	The Group outperformed the Group Net Margin target meaning that an award was paid in connection with this Corporate Metric
International Revenue – weighting 20%		
Target	FY20 Outcome	
International Revenue target.	● (red)	The Group did not achieve the International Revenue target, meaning that no award was paid in connection with this Corporate Metric

Personal Objectives

The payment of the award based on the Corporate Metrics is subject to a multiplier based on the performance rating of the Executive and achievement of personal KPIs.

Outcome of FY20 STI Awards

FY20 STI Awards	Cash Award	Deferred Equity Awarded[1]
David Fenlon (Group CEO)	$414,750	$138,250
Efee Peell (Group CFO)	$29,787	$9,929
Rory Gration (Group COO)	$166,641	$55,547
Micheal Lovsin (MD NA)	$63,828	$21,275

1. In this table, US dollar amounts were translated into Australian dollars at a rate of US$1:A$1.49.

2.3 Performance against FY20 LTI Measures

The FY20 BWX Equity Incentive Plan (LTI plan) was created to provide effective market-based long-term incentives. It is designed to better align Executive remuneration outcomes and shareholder interests and is made up of two financial metrics, EPS and TSR. Performance is over a three-year period ending 30 June 2022. As this period has not yet been completed, there is nothing further to report for FY20.

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 fixed pay 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 set based on the 50th to 75th percentile of a market comparator group, made up of broadly comparable companies. This is considered to be a market competitive position in order to attract, engage and retain high quality talent. There were no changes to Executive KMP TFR during the financial year.

3.1.2 FY20 STI Framework

The FY20 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 2019 until 30 June 2020.

Gateway Conditions

For an award to be made, the Gateway Conditions must first be achieved. In FY20, these are:

- Group EBITDA target;
- No upheld personal bullying or harassment claims; and
- Employee Net Promoter Score greater than or equal to FY19.

EBITDA was selected as a Gateway Condition as it ensures that earnings targets are 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.

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3. EXECUTIVE KMP REMUNERATION CONTINUED

3.1.2 FY20 STI Framework CONTINUED

Corporate Metrics

Provided that the Gateway Conditions are met, STI can be awarded based on the following Corporate Metrics being achieved during the FY20 year.

Group Performance Measure	Weighting
EBITDA	60%
Operating cashflow	10%
Group net margin	10%
International revenue	20%

Group financial performance measures were based on the delivery of key financial health and strategic measures. EBITDA, operating cashflow and group net margin were chosen as Corporate Metrics as they measure the health of the business and deliver value to shareholders. Operating Cashflow refers to the operating cash flow of the business excluding transaction costs, income taxes paid and interest paid. International revenue is defined as the revenue sourced outside of the "home market" being Australia for Sukin products and the USA for Andalou Naturals and Mineral Fusion products. This is an important metric to ensure that the Group grows in additional markets to drive overall Group revenue and deliver value to shareholders.

Personal KPIs

Each Executive has at least four 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. Depending on the performance rating received, the STI award is subject to a multiplier of between 0% to 125%. 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 Group financial information which is independently verified by auditors.

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. 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	Maximum Multiplier	Stretch*
CEO	80%	x125%	100%
CFO	40%	x125%	50%
Group COO & MD APAC	50%	x125%	62.5%
MD North America	50%	x125%	62.5%

Figures are expressed as a percentage of Base Salary.

*Stretch figures are reflective of the individual multiplier, which allows for 125% of the Target level performance to be achieved. To achieve the Stretch, the Gateway Hurdles must be met, and all of the Group Performance Measures must be met, and the Executive must be awarded the highest 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 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 5.5 ("Other Governance Requirements").

3.1.3 FY20 LTI Framework

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.

Performance Measures

Performance is measured over a 3-year performance period from 1 July 2019 to 30 June 2022 (**Period**).

The award is subject to two performance measures weighted equally: Absolute Total Shareholder Return (TSR) and Cash EPS Growth (EPS).

Absolute Total Shareholder Return measures the return to shareholders that would be derived during the Period by combining the share price appreciation and dividends paid during the Period. This performance measure was chosen as a one-off LTI metric as the Group's performance is rebased for future measurement. It reflects the value which shareholders would derive from holding the Company's shares during this period. The Absolute TSR hurdle is tested by measuring the 'point-to-point' growth in the Group's Absolute TSR performance. There is no plan to use this metric in future years.

Cash EPS Growth measures the earnings generated by the Group attributable to each share. Cash EPS will be calculated by dividing Cash Net Profit After Tax (**Cash NPAT**) for the relevant period (as defined below) by the weighted average number of ordinary shares outstanding during the period. Cash NPAT is defined as Statutory Profit after Tax, 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. This measure also closely aligns with the value that shareholders derive from holding the Company's shares during this period.

The proportion of Rights that vest is outlined in the following vesting schedule.

Absolute TSR Performance	Percentage vesting
Below 150% TSR growth	Nil
Between 150% TSR and below 175% TSR growth - **Threshold**	50%
Between 175% TSR and 200% TSR (inclusive) growth	Straight line pro-rata vesting between 50% and 100%
At or above 200% TSR growth - **Target**	100%

Annual EPS Growth	Percentage vesting
Below 150% growth	Nil
At 150% growth - **Threshold**	30%
Between 150% growth and 200% growth (inclusive)	Straight line pro-rata vesting between 30% and 100%
At or above 200% growth - **Target**	100%

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3. EXECUTIVE KMP REMUNERATION CONTINUED

3.1.3 FY20 LTI Framework CONTINUED

How much can Executives earn?

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
Group CEO	50%	100%
Group CFO	20%	40%
Group COO	25%	50%
MD North America	20%	40%

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 2022.

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 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 5.5 ("Other Governance Requirements").

3.1.4 Remuneration Mix for FY20

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%	28%	35%
CFO	56%	22%	22%
Group COO	45%	23%	32%
MD NA	53%	26%	21%

3.1.5 Changes to FY21 Remuneration Framework

In FY21, the Group will change its STI framework as follows:

- Retain three Gateway Conditions. One condition will be NPAT (previously EBITDA) and the other two will be related to Group culture and engagement, and compliance and product training.
- If these Gateway Conditions are not met, awards under the FY21 STI plan will not be made. Retain Corporate Metrics with a 70% weighting and Personal KPIs with a 30% weighting.
- The Corporate Metrics are Group NPAT; Group Net Cash Flows from Operating Activities; and International Net Revenue as a percentage of Total Net Revenue.
- The Personal KPIs will no longer attract a multiplier. Instead, the Group NPAT metric will have a stretch opportunity for outperformance of the FY21 Group NPAT target.

In FY21, the Group will change its LTI framework as follows:

- The award will be subject to two performance measures weighted equally: Relative Total Shareholder Return (rather than Absolute Total Shareholder Return) and EPS Growth.

- The Relative Total Shareholder Return metric will measure the performance of the shares of the Company against the S&P/ASX Small Ordinaries Index (**Index**). The Index was chosen because the Company is in the ASX300 and it is anticipated that shareholders would expect the Group to outperform the Index.
- EPS Growth was chosen as it closely aligns with the value that shareholders derive from holding the Company's shares during this period.
- To be awarded under the FY21 LTI Plan, which will be measured after 30 June 2023, the Group must have outperformed the Index and have increased its EPS against the baseline of FY20 by defined amounts.

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 in various tranches in the FY16, FY17, FY18 and FY19 financial years and were secured by a loan between the Participant and the Company.

The shares remain unvested until the performance condition applicable to the tranche of shares was met as set out below:
(a) Twelve-months service by the Participant (all tranches);
(b) Twenty-four months service by the Participant (all tranches);
(c) Thirty-six months service by the Participant (all tranches);
(d) 20% or more increase in EBITDA for the prior financial year (FY16 tranche);
(e) 25% or more increase in EBITDA for the prior financial year (FY17 and FY19 tranches);
(f) 30% or more increase in EBITDA for the prior financial year (FY16 and FY18 tranches); or
(g) 50% or more increase in EBITDA for the prior financial year (FY17, FY18 and FY19 tranches).

The number of shares issued for each tranche was based on the spot price of the shares of the Company on the grant date.

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 have vested and the balance are 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.

Mr. Vinod Somani was awarded 200,000 shares in FY16, which have been exercised and for which no loan amount is outstanding. He was awarded 200,000 shares in FY18 and 200,000 shares in FY19 which are secured by a loan between Mr. Somani and the Company. Of those 400,000 shares, 200,000 have vested. When Mr Somani departed the Company in February 2020, his unvested ELP Shares, being 200,000 shares, were automatically forfeited and the shares surrendered. For the balance of 200,000 vested ELP shares, he has 12 months from his employment termination date to repay the loan balance or surrender the shares in satisfaction of the Loan.

Two Non-Executive Directors hold ELP shares which are fully vested. Ian Campbell holds 150,000 ELP shares and Denis Shelley holds 150,000 ELP shares. These shares were granted in 2015 and have now vested. The loan plan securing the ELP shares requires repayment of the loan or surrender of the shares in satisfaction of the loan balance by 19 October 2020. No awards under the ELP have been made to Non-Executive Directors since October 2015.

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3. EXECUTIVE KMP REMUNERATION CONTINUED

3.2.2 ELP Shares Vested During the Period

In the reporting period, the 12-month service condition of Tranche 1 ELP shares granted on 10 August 2018 and the 24-month service condition of Tranche 2 ELP shares granted on 5 July 2017 and 18 August 2017 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 2019	$1.85	$61,604
Mr. V Somani	5 July 2017	16,667	5 July 2019	$1.97	$32,784
	18 August 2017	16,667	18 August 2019	$1.61	$26,751
	10 August 2018	33,333	10 August 2019	$1.85	$61,604

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 Unexerciseable at Year end
2020								
Mr. I Campbell	150,000	-	-	-	-	150,000	150,000	-
Mr. D Shelley	150,000	-	-	-	-	150,000	150,000	-
Mr. R Gration	200,000	-	-	-	-	200,000	33,333	166,667
Mr. V Somani	600,000	-	(200,000)	(200,000)	(200,000)	0	0	-
2019								
Mr. I Campbell	150,000	-	-	-	-	150,000	150,000	-
Mr. D Shelley	150,000	-	-	-	-	150,000	150,000	-
Mr. V Somani	400,000	200,000	-	-	-	600,000	333,332	-
Mr. M Anceschi	400,000	200,000	(308,334)	-	(291,666)	0	0	-

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 2020 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. R Gration	$982,240	$0	$0	($6,057)	$976,183	$976,183	$982,240
Mr. V Somani	$2,301,917	$0	($995,176)	($245,464)	$1,061,277	$1,061,277	$2,301,917

1. Includes loan repayments from dividends received

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 FY20.

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 North America
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

BWX

4.1 GOVERNANCE FRAMEWORK CONTINUED

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 uppaid 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.

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 FY20 was $594,909. This includes superannuation and two $15,000 discretionary payments that were made for additional duties (see details below).

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

Role	Annual Fee Structure [1]	
	FY19	FY20
Chairman	$150,000	$150,000
Non-Executive Director	$90,000	$90,000
Audit & Risk Committee Chair	No additional fee	$15,000
People & Culture Committee Chair	No additional fee	$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.

The Audit & Risk Committee and People & Culture Committee Chairs each received one-off payments of $15,000 in September 2019 in recognition of additional duties and time invested over the FY19 financial year.

BWX

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 2020		Salary and Fees[2] $	Non-Monetary Benefits[1] $	Retention Bonus $	STI Bonus $	Share-based payments[3] $	Annual and Long Service Leave $	Superannuation $	Termination Benefits[4] $	Total $	Performance related %
Non-Executive Directors											
Mr. I Campbell	2020	150,000	-	-	-	-	-	14,250	-	164,250	0%
Mr. D Shelley	2020	90,000	-	-	-	-	-	8,550	-	98,550	0%
Ms. J Leonard	2020	117,898	-	-	-	-	-	11,200	-	129,098	0%
Ms. F Bennett	2020	117,898	-	-	-	-	-	11,200	-	129,098	0%
Mr. R Walker	2020	67,500	-	-	-	-	-	6,413	-	73,913	0%
Disclosed Executives											
Mr. D Fenlon	2020	635,385	65,210	-	553,000	773,920	64,615	21,003	-	2,111,133	63%
Ms. E Peell	2020	109,573	-	-	39,716	1,325	423	5,251	-	156,287	26%
Mr. R Gration	2020	395,288	-	-	222,188	43,645	46,888	21,003	-	729,012	36%
Mr. M Lovsin	2020	200,614	86	-	85,103	11,674	-	-	-	297,477	33%
Mr. V Somani	2020	287,436	-	-	-	-	142,500	21,003	105,767	556,705	0%
Total Directors and other KMP remuneration											
	2020	2,171,592	65,296	-	900,007	830,564	254,426	119,872	105,767	4,447,523	-

Year ended 30 June 2019		Salary and Fees $	Non-Monetary Benefits $	Retention Bonus $	STI Bonus $	Share-based payments[5] $	Annual and Long Service Leave $	Superannuation $	Termination Benefits $	Total $	Performance related %
Non-Executive Directors											
Mr. I Campbell	2019	221,100	-	-	-	457	-	21,004	-	242,561	0.19%
Mr. D Shelley	2019	130,075	-	-	-	457	-	12,357	-	142,889	0.32%
Mr. D Fenlon	2019	118,700	-	-	-	-	-	11,276	-	129,976	-
Ms. J Leonard	2019	52,500	-	-	-	-	-	4,988	-	57,488	-
Ms. F Bennett	2019	52,500	-	-	-	-	-	4,988	-	57,488	-
Disclosed Executives											
Mr. V Somani	2019	416,788	-	175,000	-	359,096	40,525	21,212	-	1,012,621	35.46%
Mr. M Anceschi	2019	437,179	-	225,000	-	38,464	39,332	41,532	250,000	1,031,507	3.73%
Total Directors and other KMP remuneration											
	2019	1,428,842	-	400,000	-	398,474	79,857	117,357	250,000	2,674,530	

1. Mr. D Fenlon received relocation benefits for first six (6) months of employment as he transitioned from his home in Sydney to Melbourne.
2. Ms. J Leonard and Ms. F Bennett each received one-off payments of $15,000 in September 2019 in recognition of additional duties and time invested over the FY19 financial year.
3. Mr. D Fenlon was allocated 105,820 shares in the Company in connection with his sign-on bonus. Mr. D Fenlon, Ms. E Peell, Mr. R Gration and Mr. M Lovsin received Performance Share Rights in connection with their FY20 LTI Plan. Mr. R Gration had shares vest under the ELP.
4. Mr. V Somani resigned on 21 February 2020 and was paid his accrued annual leave on resignation and served 3 months of gardening leave.
5. Relates to the vesting of the ELP Plan for Mr. Campbell and Mr. Shelley and calculated in accordance with applicable accounting standards.

6.2 Equity Instruments Held by Key Management Personnel

The tables below show the number of ordinary shares, employee loan plan shares and options in the Group that were held during the financial year by key management personnel, including their related parties.

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
2020							
Mr. D Shelley	544,372	-	-	-	-	-	544,372
Mr. I Campbell	378,486	-	-	-	-	-	378,486
Mr. D Fenlon	-	-	-	105,820	-	-	105,820
Ms. J Leonard	50,000	-	-	-	17,092	-	67,092
Ms. F Bennett	50,000	-	-	-	8,823	-	58,823
Mr R Walker	7,500	-	-	-	3,920	-	11,420
Ms. E Peell	-	-	-	-	-	-	-
Mr R Gration	-	-	-	-	-	-	-
Mr. M Lovsin	-	-	-	-	-	-	-
Mr. V Somani	-	-	-	-	-	-	-
2019							
Mr. D Shelley	344,372	200,000	-	-	-	-	544,372
Mr. I Campbell	278,486	100,000	-	-	-	-	378,486
Mr. D Fenlon	-	-	-	-	-	-	-
Ms. J Leonard	-	-	-	16,000	-	34,000	50,000
Ms. F Bennett	-	-	-	-	-	50,000	50,000
Mr. V Somani	-	-	-	-	-	-	-
Mr. M Anceschi	-	-	-	-	-	-	-

1. At the 2019 AGM, Mr. D Fenlon was awarded Sign-On Rights, the first tranche of which vested on 1 July 2020. Although the shares were not issued until the first day of FY21, they are reflected here for accuracy.
2. On 23 July 2020, BWX offered a Share Purchase Plan permitting eligible shareholders to purchase shares in BWX.

6.3 Equity Instruments Held by Key Management Personnel

There are no outstanding equity instruments held by KMP during the period.

BWX

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.
eNPS:	The employee net promoter score. It measures the likelihood of employees recommending BWX as a great place to work and is measured by subtracting the number of employees who disagree that BWX is a great place to work from the number of employees who agree that it is.
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/ASX100	An index which includes all of the companies in the top 100 companies by market capitalisation on the Australian Securities Exchange.
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

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BWX LIMITED AND ITS CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief during the year ended 30 June 2020 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
Director

Melbourne, 21 August 2020

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2020	Note	Year Ended 30 June 2020 $'000	Restated Year Ended 30 June 2019 $'000
Sales revenue	3	187,688	149,519
Cost of sales		(78,839)	(65,888)
Gross profit		**108,849**	**83,631**
Other income	3	1,452	1,464
Corporate and administrative expenses		(26,021)	(19,369)
Marketing, selling and distribution expenses		(50,557)	(39,583)
Occupancy expenses		-	(2,866)
Research and development and quality control expenses		(2,818)	(2,010)
Profit before depreciation, amortisation, finance costs, acquisition and restructuring related expenses		**30,905**	**21,267**
Depreciation and amortisation		(6,337)	(3,089)
Finance expenses		(4,041)	(4,223)
Acquisition and restructuring expenses	15	(139)	(1,487)
Profit before tax		**20,388**	**12,468**
Income tax expense	5	(5,216)	(2,930)
Profit after tax		**15,172**	**9,538**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of overseas subsidiaries		2,107	8,608
Other comprehensive income for the period		**2,107**	**8,608**
Total comprehensive income attributable to owners of the Company		**17,279**	**18,146**
Earnings per share (EPS)			
Basic EPS (cents)	16	12.2	7.7
Diluted EPS (cents)	16	12.1	7.7

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

as at 30 June 2020	Note	2020 $'000	2019 $'000
Current assets			
Cash at bank		28,639	11,967
Trade and other receivables	6	39.882	30,956
Inventories	7	36,766	28,833
Prepayments		3,583	3,658
Current tax receivable		-	1,012
Total current assets		**108,870**	**76,426**
Non-current assets			
Plant and equipment	8	5,724	4,293
Right of Use assets	9	12,638	-
Intangible assets and goodwill	10	290,288	285,219
Deferred tax assets	5	3,531	4,586
Total non-current assets		**312,181**	**294,098**
Total assets		**421,051**	**370,524**
Current liabilities			
Trade and other payables		31,653	15,575
Deferred income	3	1,902	-
Financial liabilities	11	34,556	22,788
Lease liabilities	12	3,133	-
Current tax liabilities		1,686	-
Employee benefits		1,720	1,379
Total current liabilities		**74,650**	**39,742**
Non-current liabilities			
Financial liabilities	11	35,777	44,803
Lease liabilities	12	11,645	-
Employee benefits		214	178
Total non-current liabilities		**47,636**	**44,981**
Total liabilities		**122,286**	**84,723**
Net assets		**298,765**	**285,801**
Equity			
Contributed equity	13	237,721	235,870
Reserves	23	19,901	17,552
Retained earnings		41,143	32,379
Total equity		**298,765**	**285,801**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2018	**233,245**	**8,738**	**28,045**	**270,028**
Profit for the year	-	-	9,538	9,538
Other comprehensive income for the year	-	8,608	-	8,608
Total comprehensive income	**-**	**8,608**	**9,538**	**18,146**
Transactions with owners of the Company				
Shares issued, net of costs	1,054	-	-	1,054
Vesting costs for performance rights	-	1,649	-	1,649
Performance rights vested	1,443	(1,443)	-	-
Dividends paid	128	-	(5,204)	(5,076)
Total transactions with owners	**2,625**	**206**	**(5,204)**	**(2,373)**
Balance at 30 June 2019	**235,870**	**17,552**	**32,379**	**285,801**
Balance at 1 July 2019	**235,870**	**17.552**	**32,379**	**285,801**
Adjustment to changes in accounting policy (Note 2)	-	-	(1,438)	(1,438)
Balance at 1 July 2019 - restated	235,870	17,552	30,941	284,363
Profit for the year	-	-	15,172	15,172
Other comprehensive income for the year	-	2,107	-	2,107
Total comprehensive income	**-**	**2,107**	**15,172**	**17,279**
Transactions with owners of the Company				
Transactions with employee loan plan shareholders	1,065	-	-	1,065
Vesting costs for performance rights	-	958	-	958
Performance rights vested	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	**237,721**	**19,901**	**41,143**	**298,765**

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

for the year ended 30 June 2020	Note	Year ended 30 June 2020 $'000	Year ended 30 June 2019 $'000
Cash flows from operating activities			
Cash receipts from customers		189,677	157,273
Cash paid to suppliers and employees		(159,626)	(138,904)
Payments for transaction costs		(139)	(6,583)
Income taxes paid		(692)	(6,026)
Other income and government grants received		1,901	1,370
Interest paid		(3,136)	(3,363)
Net cash flows from operating activities	19	**27,985**	**3,767**
Cash flows from investing activities			
Acquisition of plant and equipment		(2,883)	(2,789)
Acquisition of intangible assets		(4,257)	(2,148)
Deferred payments relating to acquisition		(1,965)	(5,130)
Net cash flows used in investing activities		**(9,105)**	**(10,067)**
Cash flows from financing activities			
Proceeds from issue of share capital		1,065	940
Repayment of lease liabilities		(3,463)	-
Dividends paid		(4,970)	(5,076)
Proceeds from borrowings		5,098	2,043
Net cash flows used in financing activities		**(2,270)**	**(2,093)**
Net (decrease) / increase in cash and cash equivalents		16,610	(8,393)
Effect of exchange rate changes on cash held		62	468
Cash and cash equivalents at the beginning of the year		11,967	19,892
Cash and cash equivalents at 30 June 2020		**28,639**	**11,967**

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

BWX

NOTE 1: REPORTING ENTITY

BWX Limited (the Company) is a Company domiciled in Australia. The Company's registered office is at Level 17, 525 Collins Street, Melbourne, Victoria, Australia. The consolidated financial statements of the Company for the year ended 30 June 2020 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.

NOTE 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.

a) Statement of compliance

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 21 August 2020.

b) Basis of preparation

This financial report is presented in Australian dollars which is the Company's functional currency 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.

c) Use of estimates and judgements

The preparation of the financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may ultimately differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. The consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes and Note 26, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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 2020.

Carrying value of receivables
The calculation of impairment losses impacts the way the Group calculates the bad debts provision, now termed the credit loss allowance. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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.

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.

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.

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 11.

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.

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.

BWX

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES CONTINUED

d) 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 acquire and the equity instruments issues by the Group in exchange for control of the acquire.

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, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets, as appropriate,' with the corresponding gain or loss being recognised in profit or loss.

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.

e) 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.

f) 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).

g) Revenue recognition

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify the contract with a customer;
Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations; and
Step 5: Recognise revenue as the performance obligations are satisfied.

The Group's revenue recognition accounting policy is that:

- The performance obligation for the sale of goods is satisfied in the majority of instances when the goods are shipped to the customer and is recognised net of trade discounts and rebates. All of the Group's sales are from the sale of goods.

Interest

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.

h) 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.

i) Dividends

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

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NOTE 2: SIGNIFICANT ACCOUNTING POLICIES CONTINUED

j) Income tax

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.

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.

k) Impairment of plant and equipment and intangible assets

Impairment

The carrying amounts of the Group's plant and equipment and intangible assets, other than goodwill and intangible assets with an indefinite useful life, 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.

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.

l) 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.

m) Trade and other receivables
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.

At 30 June 2020, the Group reviewed and assessed the existing financial assets for impairment using reasonable and supportable information. In accordance with AASB 9, where the Group concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the Group recognises a lifetime Expected Credit Loss ("ECL"). The Group applied the simplified approach and concluded that the lifetime ECL would be negligible on receivable balances not already provided for and therefore no loss allowance was required at 30 June 2020. The discounting impact of overdue receivable balances would not be considered material.

The amount of the impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income within other expenses.

When a trade receivable, for which an impairment allowance had been recognised, becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

n) Inventories
Inventories are measured at the lower of cost and net realisable value.

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

- Raw materials: weighted average 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;
- Packaging: weighted average 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.

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NOTE 2: SIGNIFICANT ACCOUNTING POLICIES CONTINUED

o) Plant and equipment

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:

Office equipment	up to 5 years
Plant and equipment	up to 5 years
Motor vehicles	up to 5 years
Leasehold improvements	up to 10 years
Other plant and equipment	up to 5 years

The carrying values of all assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable in accordance with Note 2(k).

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.

p) 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.

q) 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.

r) 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.

s) Loans and borrowings

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.

t) 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.

u) Employee entitlements
Provision is made for employee benefits accumulated as a result of employees rendering services up to balance date. The benefits include wages and salaries, incentives, compensated absences and other benefits, which are charged against profits in their respective expense categories when services are provided or benefits vest with the employee. The provision for employee benefits is measured at the remuneration rates expected to be paid when the liability is settled. Benefits expected to be settled after 12 months from the reporting date are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. Contributions to superannuation plans are charged to profit or loss as the contributions are paid or become payable.

Long service leave
The provision for long service leave represents the present value of the estimated future cash outflows to be made by the Group resulting from employees' services provided up to the reporting date. The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to High Quality Corporate Bonds at the reporting date that most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expenses.

Superannuation Plans
The Group contributes to various defined contribution superannuation plans. Employer contributions to these plans are recognised as an expense in the profit or loss as they are made.

v) 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.

w) Contributed equity
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.

x) Earnings per share
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.

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NOTE 2: SIGNIFICANT ACCOUNTING POLICIES CONTINUED

y) 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.

z) Accounting standards and interpretations issued during the year

The Company has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

AASB 16 Leases ("AASB 16")

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 "Leases" and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with an amortisation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and amortisation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 $'000
Operating lease commitments as at 1 July 2019 (AASB 117)	16,854
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4.72% (AASB 16)	(3,465)
Right-of-use assets (AASB 16) – operating lease commitments	13,389
Right-of-use assets (AASB 16) – change in accounting policy[1]	2,312
Total Right of use asset	15,701
Lease liabilities – current (AASB 16)	(2,688)
Lease liabilities – non-current (AASB 16)	(14,458)
Tax effect on the above adjustments	7
Reduction in opening retained profits as at 1 July 2019	(1,438)

1. The group has elected not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component, as described within AASB 16 - Leases.

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.

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.

aa) Change in Presentation

During the period, management have elected to move the Co-Op expense from a Cost of Sales classification to Marketing, selling and distribution expense classification. Due to the material nature of this expense, it was deemed that this reclassification will more accurately reflect the nature of the Company's operations. The impact of this reclassification is a reduction of Cost of Sales, an improved Gross Profit, and increased Marketing, selling and distribution expense of $9.86 million (FY2019: $5.63 million). There was no impact on Profit before depreciation, amortisation, finance costs, acquisition and restructuring related expenses in the current and prior year.

bb) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have been recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Standard	Mandatory date for annual reporting periods beginning on or after	Reporting period standard adopted by the Group
The revised Conceptual Framework for Financial Reporting	1 January 2020	1 July 2020
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	1 January 2020	1 July 2020
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2020	1 July 2020
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of liabilities as Current or Non-Current	1 January 2023	1 July 2023

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NOTE 3: SALES REVENUE AND OTHER INCOME

	Year ended 30 June 2020 $'000	Year ended 30 June 2019 $'000
Sales revenue	187,688	149,519
Other income		
Interest income	62	39
R&D grant income	1,045	825
Other income	345	600
	1,452	1,464
Total Revenue	**189,140**	**150,983**
Deferred Income[1]	**1,902**	**-**

1 During the year, the Group received USD $1.3 million (AUD $1.9 million) from the US Federal Government as part of the Paycheck Protection Program (PPP). As at 30 June 2020, funds received are held as Deferred income in the Statement of Financial Position until such time as they are used for eligible expenses as defined by the programme. The expenditure is expected to occur in the first half of the 2020/21 financial year.

NOTE 4: EXPENSES

	Year ended 30 June 2020 $'000	Year ended 30 June 2019 $'000
Employee benefits expenses (included in cost of sales and operating expenses):		
Salaries and wages	27,500	20,395
Superannuation	1,679	1,288
Labour hire	2,035	1,317
Share-based payments	958	1,618
Other employee expenses	7,742	2,758
	39,914	**27,439**

NOTE 5: INCOME TAX

Income tax recognised in profit or loss

	Year ended 30 June 2020 $'000	Year ended 30 June 2019 $'000
Current tax expense in respect of the current period	5,289	1,651
Deferred tax (credit) / expense recognised in the current period	(73)	1,279
Total income tax expense recognised in the current period relating to continuing operations	**5,216**	**2,930**
Prima facie income tax expense attributable to profit from operations at the Australian tax rate of 30% (2019: 30%)	6,116	3,740
Non-deductible acquisition and restructuring related expense	481	457
Non-deductible acquisition related reversal of Nourished Life deferred consideration	(439)	(1,632)
Non-deductible share-based payments expenses	286	496
Other non-deductible expenses	479	302
Overseas tax rate differential	(409)	(502)
	6,514	**2,861**
(Over) / under provision in prior period	(1,298)	69
Total income tax expense recognised in the current period	**5,216**	**2,930**

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:

	2020 $'000	2019 $'000
Deferred tax assets	3,531	4,586

Deferred tax balances are attributable to the following:

	2020 $'000	2019 $'000
Deferred taxes		
Accruals	642	1,271
Provisions	72	-
Employee benefits	520	584
Deferred tax on acquisition and restructure expenses	1,458	2,150
Other items	839	581
	3,531	**4,586**

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NOTE 6: TRADE AND OTHER RECEIVABLES

	2020 $'000	2019 $'000
Current		
Trade debtors	39,233	31,848
Credit loss allowance	(24)	(6)
Provision for rebates and returns	(1,271)	(2,946)
	37,938	28,896
Other receivables	1,944	2,060
	39,882	**30,956**

Trade debtors

Nearly all trade debtors are unsecured. There are limited circumstances where the Group will obtain Directors' guarantees from its trade debtors as part of its normal credit risk management covered by Note 28.

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 2020, the ageing analysis of trade debtors is as follows:

Year	Total $'000	Current-30 days PDNI (i) $'000	31-60 days PDNI (i) $'000	61-90 days PDNI (i) $'000	+91 days PDNI (i) $'000	+91 days CI (ii) $'000
2020	39,233	34,188	1,555	2,018	1,448	24
2019	31,848	30,393	836	148	465	6

(i) PDNI – Past due not impaired
(ii) CI – Considered impaired

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 28.

NOTE 7: INVENTORIES

	2020 $'000	2019 $'000
Current		
Raw materials & packaging	13,887	7,536
Work in progress	(942)	756
Finished goods	23,821	20,541
	36,766	**28,833**

Inventory is held at the lower of cost or net realisable value.

NOTE 8: PLANT AND EQUIPMENT

Reconciliation of carrying amount

	Office Equipment $'000	Plant and Equipment $'000	Leasehold Improvements $'000	Total $'000
2019:				
Opening carrying value	**727**	**2,241**	**544**	**3,512**
Additions	1,213	1,430	181	2,824
Disposals	(8)	(4)	-	(12)
Effect of movements in exchange rates	31	(5)	-	26
Depreciation	(249)	(1,635)	(173)	(2,057)
Closing carrying value	**1,714**	**2,027**	**552**	**4,293**
As at 30 June 2019				
Cost	2,971	4,794	1,241	9,006
Accumulated Depreciation	(1,257)	(2,767)	(689)	(4,713)
Carrying value	**1,714**	**2,027**	**552**	**4,293**
2020:				
Opening carrying value	**1,714**	**2,027**	**552**	**4,293**
Additions	303	2,294	289	2,886
Effect of movements in exchange rates	17	183	-	200
Depreciation	(92)	(1,437)	(126)	(1,655)
Closing carrying value	**1,942**	**3,067**	**715**	**5,724**
As at 30 June 2020				
Cost	3,274	7,089	1,530	11,893
Accumulated Depreciation	(1,332)	(4,022)	(815)	(6,169)
Carrying value	**1,942**	**3,067**	**715**	**5,724**

Test for Impairment

The Group has assessed the carrying value of plant and equipment for impairment as at 30 June 2020 and no impairment was considered necessary at 30 June 2020.

NOTE 9: RIGHT OF USE ASSETS

	2020 $'000	2019 $'000
Non-Current		
Land and buildings – right of use	15,420	-
Less: Accumulated Amortisation	(2,952)	-
	12,468	-
Plant and equipment – right of use	299	-
Less: Accumulated Amortisation	(129)	-
	170	-
	12,638	**-**

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NOTE 9: RIGHT OF USE ASSETS CONTINUED

	Land and Buildings $'000	Plant and Equipment $'000	Total $'000
2020:			
Opening carrying value	**15,402**	**299**	**15,701**
Additions	202	-	202
Disposals	(396)	-	(396)
Effect of movements in exchange rates	212	-	212
Amortisation	(2,952)	(129)	(3,081)
Closing carrying value	**12,468**	**170**	**12,638**
As at 30 June 2020			
Cost	15,420	299	15,719
Accumulated Amortisation	(2,952)	(129)	(3,081)
Carrying value	**12,468**	**170**	**12,638**

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.

NOTE 10: INTANGIBLE ASSETS AND GOODWILL

	Customer Relationships $'000	Formulations & Processes $'000	Brands & Trademarks $'000	Goodwill $'000	Other $'000	Total $'000
2019:						
Opening carrying value	**4,136**	**7,203**	**101,914**	**159,452**	**1,610**	**274,315**
Additions	-	153	-	-	2,003	2,156
Reclassification on independent valuation	4,060	-	3,130	(7,190)	-	-
Effect of movements in exchange rates	-	-	4,394	5,386	-	9,780
Amortisation	(710)	-	-	-	(322)	(1,032)
Closing carrying value	**7,486**	**7,356**	**109,438**	**157,648**	**3,291**	**285,219**
As at 30 June 2019						
Cost	8,196	7,356	109,438	157,648	3,638	286,276
Accumulated amortisation	(710)	-	-	-	(347)	(1,057)
Carrying value	**7,486**	**7,356**	**109,438**	**157,648**	**3,291**	**285,219**
2020:						
Opening carrying value	**7,486**	**7,356**	**109,438**	**157,648**	**3,291**	**285,219**
Additions	-	-	-	-	4,256	4,256
Disposals[1,2]	(797)	-	(667)	-	-	(1,464)
Effect of movements in exchange rates	-	-	1,377	2,246	-	3,623
Amortisation	(440)	-	-	-	(906)	(1,346)
Closing carrying value	**6,249**	**7,356**	**110,148**	**159,894**	**6,641**	**290,288**
As at 30 June 2020						
Cost	7,399	7,356	110,148	159,894	7,894	292,691
Accumulated amortisation	(1,150)	-	-	-	(1,253)	(2,403)
Carrying value	**6,249**	**7,356**	**110,148**	**159,894**	**6,641**	**290,288**

1. Costs of $0.797m incurred in relation to disposal of Customer contracts
2. Costs of $0.667m incurred in relation to the disposal of the Edward Beale brand

Impairment testing of other intangible assets

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

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:

	2020			2019		
CGU	Formulations & Processes $	Goodwill $	Brands & Trademarks $	Formulations & Processes $	Goodwill $	Brands & Trademarks $
USA	-	113,038	69,436	-	110,793	68,059
Australia/International	7,356	46,856	40,712	7,356	46,855	41,379
	7,356	159,894	110,148	7,356	157,648	109,438

The recoverable amount of the CGU is determined based on value in use. Value in use is calculated using a discounted cash flow model covering a five-year period with an appropriate terminal growth rate at the end of that period for each CGU. The model is based upon an estimated future five-year cash flow forecast, incorporating a base year 1 budget year, a four-year forecast period, and a terminal value calculation in the fifth year, with the following key input assumptions:

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.

As at 30 June 2020, 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. The operating expenses for the CGUs have also increased in line with growth rate over the forecast period.

	USA		Australia/International	
Key assumptions	30 June 2020 %	30 June 2019 %	30 June 2020 %	30 June 2019 %
Growth rate over forecast period	13.4	8.2	16.0	10.5
Terminal value growth rate	2.0	2.0	2.0	2.5
Pre-tax discount rate	11.4	10.1	11.4	10.1

Recoverable amounts are calculated in line with each CGU's valuation methodology which is based on a value in use model. Impairment losses are recognised immediately in the income statement.

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 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 1.8% compared to the current modelling; and
- Pre-tax discount rate increased to 11.9% as compared to the current modelling

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 reasonable instances that could cause the carrying amount to exceed its recoverable amount.

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NOTE 11: FINANCIAL LIABILITIES

	30 June 2020 $'000	30 June 2019 $'000
Current		
Bank loan	8,000	6,700
Trade finance facility	11,478	8,116
Market rate loan	15,145	6,205
Equipment finance	-	173
Amortised borrowing costs	(106)	(279)
	34,517	20,915
Deferred consideration – Nourished Life[1]	39	30
Deferred payments – Andalou Naturals[2]	-	1,843
	34,556	**22,788**
Non-current		
Bank loan	26,072	33,748
Equipment finance	-	111
Amortised borrowing costs	(113)	-
	25,959	33,859
Deferred consideration – Nourished Life[1]	743	2,216
Deferred payments – Andalou Naturals[2]	9,075	8,728
	35,777	**44,803**

1. Resulted from impact of revision of estimate – Refer to Note 15 for details.
2. Payment of $1.9m was made during the financial year based on conditions being satisfied. The overall movement is also attributable to foreign currency movements.

Terms and repayments schedule

The terms and conditions of outstanding loans are as follows:

	Nominal interest rate	Year of maturity	2020 Face value $'000	2020 Carrying amount $'000	2019 Face value $'000	2019 Carrying amount $'000
Bank loan – USD	LIBOR + 2.5%	2023	32,722	32,722	32,073	32,073
Bank loan	BBSY + 2.5%	2023	1,350	1,350	8,375	8,375
Trade finance facility	3.2% - 3.8%	2021	11,478	11,478	8,116	8,116
Market rate facility	2.0%-2.2%	2021	15,145	15,145	6,205	6,205
Capitalised borrowing costs			-	(219)	-	(279)
Total interest-bearing liabilities			**60,695**	**60,476**	**54,769**	**54,490**

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 2020, the Group has complied with its obligations under the facility.

As at 30 June 2020, the Group had available $3.625 million (2019: $12.520 million) of undrawn borrowing facilities.

NOTE 12: LEASE LIABILITIES

	2020 $'000	2019 $'000
Current		
Lease Liability	3,133	-
Non-Current		
Lease Liability	11,645	-
	14,778	**-**

Interest charged to the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020 amounted to $0.756 million.

NOTE 13: CONTRIBUTED EQUITY

Movements in share capital

	30 June 2020		30 June 2019	
	Number	$'000	Number	$'000
Balance at 1 July	124,249,888	235,870	122,731,270	233,245
Shares issued under employee loan plan				
- 18 August 2018	-	-	865,000	-
- 22 August 2018	-	-	100,000	-
- 12 December 2018	-	-	50,000	-
Shares issued on exercise of Options				
- 3 September 2018	-	-	200,000	400
- 12 September 2018	-	-	170,000	340
- 17 September 2018	-	-	100,000	200
Shares issued for (deferred) consideration on acquisition				
- deferred consideration on acquisition of Nourished Life	-	-	33,618	114
Exercising of employee loan plan shares[1]	-	1,065	-	1,443
Vesting of Employee Loan Plan Shares	-	716	-	-
Distributions paid[2]	-	70	-	128
Balance at 30 June	**124,249,888**	**237,721**	**124,249,888**	**235,870**

1. Proceeds from employee loan plan participants in satisfaction of outstanding loan balances on exercise of vested employee loan plan shares; and
2. Distributions on employee loan plan shares are not fully paid in cash as per the employee loan plan agreement. The extent to which the Company pays cash on dividends is limited to the total tax payable on the dividend income in the shareholders' 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 creditors and are fully entitled to any proceeds of liquidation.

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NOTE 14: DIVIDENDS

	2020		2019	
	$ per ordinary share	$'000	$ per ordinary share	$'000
Recognised amounts:				
2018 Final fully franked dividend - 12 October 2018	-	-	0.042	5,204
2019 Final fully franked dividend - 25 October 2019	0.027	3,355	-	-
2020 Interim fully franked dividend - 9 April 2020	0.013	1,615	-	-
Unrecognised amounts:				
2019 Final fully franked dividend	-	-	0.027	3,355
2020 Final fully franked dividend	0.026	3,695	-	-

On 23 August 2019, the Directors determined to pay a fully franked final dividend of 2.7 cents per share to the holders of ordinary shares in respect of the financial year ended 30 June 2019, to be paid to shareholders on 25 October 2019. The record date for determining entitlements to the dividend was 27 September 2019. The total dividend paid was $3.355 millon.

On 21 February 2020, the Directors determined to pay a fully franked interim dividend of 1.3 cents per share to the holders of ordinary shares in respect of the financial year ended 30 June 2020, to be paid to shareholders on 9 April 2020. The record date for determining entitlements to the dividend was 12 March 2020. The total dividend paid was $1.615 million.

On 21 August 2020, the Directors determined to pay a fully franked final dividend of 2.6 cents per share to the holders of ordinary shares in respect of the financial year ended 30 June 2020, to be paid to shareholders on 8 October 2020. The dividend has not been included as a liability in these consolidated financial statements. The record date for determining entitlements to the dividend is 10 September 2020. The total estimated dividend to be paid is $3.695 million.

In accordance with the tax consolidation legislation, the Company as the head entity in the Group has also assumed the benefit of $8,219,727 (2019: $11,452,758) franking credits.

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NOTE 15: SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Group CEO & Managing Director (the Chief Operating Decision Maker as defined under AASB 8) that are used to make strategic and operating decisions.

Following the acquisition of the Mineral Fusion and Andalou Naturals businesses, the Group operates within two reportable markets, United States of America (USA) and Australia/International (which comprises all other businesses outside of the USA). The executive management team reviews 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 2. The Chief Executive Officer assesses the performance of the operating segment based on a measure of profit before taxation, depreciation, amortisation, finance costs, and acquisition and restructuring related expenses.

	Year ended 30 June 2020		
Segment result	**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	14,661	19,801	34,462
Depreciation and amortisation	(2,862)	(3,475)	(6,337)
Acquisition and restructuring expenses	-	(139)	(139)
Segment result	**11,799**	**16,187**	**27,986**
Head office result			(3,557)
Profit before tax and finance expenses			**24,429**
Finance expenses			(4,041)
Profit before tax			**20,388**
Income tax expense			(5,216)
Net profit after tax			**15,172**

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NOTE 15: SEGMENT INFORMATION CONTINUED

Segment result	USA $'000	Australia / International $'000	Total $'000
	Year ended 30 June 2019		
Revenue			
Revenue from operations	74,219	75,300	149,519
Inter-segment revenue	651	234	885
Total segment revenue	**74,870**	**75,534**	**150,404**
Inter-segment elimination	(651)	(234)	(885)
Total consolidated revenue	**74,219**	**75,300**	**149,519**
Result			
Profit before tax, depreciation, amortisation, finance costs, acquisition and restructuring related expenses	13,437	11,319	24,756
Depreciation and amortisation[1]	(555)	(2,016)	(2,571)
Acquisition and restructuring expenses	(242)	(1,245)	(1,487)
Segment result	**12,640**	**8,058**	**20,698**
Head office result			(4,007)
Profit before tax and finance expenses			**16,691**
Finance expenses			(4,223)
Profit before tax			**12,468**
Income tax expense			(2,930)
Net profit after tax			**9,538**

1. Depreciation and amortisation of $0.518m is incurred within the head office result.

Significant customers

There were three customers (2019: three) who made up more than 10% of total Group revenue. The total revenues recognised in respect of this customer was $65.946 million for the year ended 30 June 2020 (2019: $67.045 million).

Geographical information

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

	2020 $'000	2019 $'000
Net sales revenue		
Australia	88,602	62,723
United States	71,294	60,222
Other	27,792	26,574
	187,688	**149,519**

Non-current operating assets[1] per geographical region is presented as follows:

	2020 $'000	2019 $'000
Non-current operating assets[1]		
Australia	111,799	108,889
USA	196,614	180,416
Other	237	207
	308,650	**289,512**

1. Non-current assets exclude deferred tax assets.

Acquisition and Restructure Costs

During the year ended 30 June 2020, $0.139 million in acquisition and restructuring benefits (2019: $1.487 million) were incurred primarily in relation to the following:

- Costs of $0.662m incurred in relation to the diposal of the Edward Beale brand.
- Costs of $0.797m incurred in relation to disposal of Customer contracts.
- During the financial year, management performed an assessment of the deferred consideration in relation to the acquisition of Nourished Life and has assessed that applicable targets had not been satisfied. An adjustment of $1.460m was recognised in "Acquisition and restructure expenses" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.
- Costs of $0.139m relating to other restructure costs.

NOTE 16: EARNINGS PER SHARE

	2020 Cents	2019 Cents
Basic earnings per share	12.2	7.7
Diluted earnings per share	12.1	7.7

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 2020 $'000	Year ended 30 June 2019 $'000
Net profit used in calculating basic and diluted EPS	15,172	9,538

	2020 Number '000s	2019 Number '000s
Weighted average number of ordinary shares at 30 June used in the calculation of basic earnings per share	**124,249**	**124,071**
Add: effect of potential conversion to ordinary shares under options schemes	844	92
Weighted average number of ordinary shares at 30 June used in the calculation of diluted earnings per share	**125,093**	**124,163**

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NOTE 17: GROUP ENTITIES

Name	Principal activity	Country of incorporation	Interest held by the Group 2020 %	Interest held by the Group 2019 %
BWX Limited*		Australia		
Controlled entities				
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	Dormant	Netherlands	100	-

* Entity is a member of the Closed Group under the Deed of Cross Guarantee (refer to Note 18) and relieved from the requirement to prepare audited financial statements by ASIC Corporations(Wholly-owned Companies) Instrument 2016/785.

NOTE 18: 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 2020 $'000	**Year ended 30 June 2019 $'000**
Sales revenue	97,196	61,591
Cost of sales	(39,055)	(30,039)
Gross profit	**58,141**	**31,552**
Other income	14,646	1,444
Operating expenses	(25,869)	(16,650)
Profit before depreciation, amortisation, finance costs, acquisition and restructuring related expenses	**46,918**	**16,346**
Depreciation and amortisation	(2,963)	(1,763)
Finance income/(expenses)	3,226	(939)
Acquisition and restructuring expenses	(936)	(4,718)
Profit before tax	**46,245**	**10,804**
Income tax expense	(1,593)	(3,713)
Profit after tax	**44,652**	**7,091**
Other comprehensive income:		
Total items that may be reclassified subsequently to profit or loss	2,950	12,783
Other comprehensive income for the period	**2,950**	**12,783**
Total comprehensive income attributable to owners	**47,602**	**19,874**
Retained earnings at beginning of year	25,010	23,128
Profit after tax	44,652	7,091
Dividends recognised during the year	(4,970)	(5,209)
Retained earnings at end of year	**64,692**	**25,010**

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NOTE 18: DEED OF CROSS GUARANTEE CONTINUED

Statement of financial position

	Deed of cross guarantee group	
	Year ended 30 June 2020 $'000	Year ended 30 June 2019 $'000
Current assets		
Cash and cash equivalents	18,166	4,962
Trade and other receivables	23,868	18,419
Inventories	18,705	14,203
Other assets	61	61
Total current assets	**60,800**	**37,645**
Non-current assets		
Investments in other Group subsidiaries	87,334	85,136
Receivables	172,633	137,440
Plant and equipment	7,283	2,258
Intangible assets and goodwill	74,942	75,737
Deferred tax assets	1,923	4,343
Total non-current assets	**344,115**	**304,914**
Total assets	**404,915**	**342,559**
Current liabilities		
Trade and other payables	19,579	8,565
Financial liabilities	35,289	19,898
Current tax (receivable)/liabilities	9,244	1,546
Total current liabilities	**64,112**	**30,009**
Non-current liabilities		
Financial liabilities	29,497	33,860
Total non-current liabilities	**29,497**	**33,860**
Total liabilities	**93,609**	**63,869**
Net assets	**311,306**	**278,690**
Equity		
Contributed equity	237,691	235,870
Reserves	20,953	17,810
Retained earnings	52,662	25,010
Total equity	**311,306**	**278,690**

NOTE 19: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Year ended 30 June 2020 $'000	Year ended 30 June 2019 $'000
Net profit after tax	15,172	9,538
Adjustments for:		
Depreciation and amortisation	6,337	3,089
Share-based payments	958	1,649
	7,295	4,738
Changes in assets and liabilities		
(Increase) / decrease in:		
Trade and other receivables	(8,841)	(301)
Inventories	(7,640)	(153)
Other assets	908	(1,547)
Increase / (decrease) in:		
Trade and other payables	17,257	(881)
Provisions	1,444	(4,560)
Net income tax assets and liabilities	2,391	(3,067)
	5,518	(10,509)
Net cash from operating activities	**27,985**	**3,767**

NOTE 20: KEY MANAGEMENT PERSONNEL DISCLOSURES

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

	Year ended 30 June 2020 $	Year ended 30 June 2019 $
Short-term employee benefits	3,497,087	2,153,952
Post-employment benefits	119,872	117,357
Other long-term benefits	-	4,747
Share-based payments	830,564	398,474
	4,447,523	**2,674,530**

Loans to and from key management personnel

There were no loans to key management personnel of the Group, including their personally related parties, as at 30 June 2020 (2019: nil) other than employee loan plans that are detailed in the remuneration report.

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 2020 (2019: nil) other than those disclosed in the financial report.

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NOTE 21: AUDITOR'S REMUNERATION

	Year ended 30 June 2020 $	Year ended 30 June 2019 $
Assurance services		
Auditors of the Company - William Buck		
Audit of the annual financial report	151,000	130,000
Review of the interim financial report	68,000	60,000
	219,000	190,000
Other auditors	36,866	-
	255,866	190,000
Auditors of the Company - William Buck		
Taxation services	39,305	11,170
	295,171	**201,170**

The auditors of the Group and the Company are William Buck Audit (Vic) Pty Ltd and its related entities (William Buck). From time to time, William Buck provides other services to the Group and the Company, which are subject to the corporate governance procedures adopted by the Company.

NOTE 22: SHARE-BASED PAYMENTS

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:

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)

b) Grant Date Fair Value

The grant date fair value of the rights are independently determined using the Geometric Brownian Motion model and the Binomial option pricing model. It is utilised to calculate fair value at grant date factored in the expected life for the exercise of those shares in determining the fair value of the arrangement that will vest to the reserve over the course of completion of the performance milestone. Key inputs are summarised below:

Key inputs in determining grant date fair value	
Models used	(1) Geometric Brownian Motion (2) Binomial
Daily standard	4.39%
Annual volatility	70.00%

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

				Number of Shares				At Grant Date	
Type	Grant Date	Vesting Date	Opening	Granted	Forfeited	Vested	Closing	Share Price ($)	Fair Value ($)
Executive LTI Plan (CEO)[1]									
2019 Grant - 1 year	21/11/2019	1/7/2020	-	105,820	-	(105,820)	-	4.44	-
2019 Grant - 2 years	21/11/2019	1/7/2021	-	105,820	-	-	105,820	4.44	469,891
			-	**211,640**	**-**	**(105,820)**	**105,820**		**469,841**
General LTI Plan[2,3]									
2019 Grant - 3 years (CEO)	21/11/2019	21/11/2022	-	370,370	-	-	370,370	2.95	709,764
2019 Grant - 3 year	6/12/2019	6/12/2022	-	898,443	(186,772)	-	711,671	2.99	1,381,444
2019 Grant - 3 years	13/03/2020	13/03/2023	-	23,188	-	-	23,188	2.10	31,588
			-	**1,292,001**	**(186,772)**	**-**	**1,105,229**		**2,091,208**
			-	**1,503,641**	**(186,772)**	**-**	**1,211,049**		**2,561,049**

1. General LTI Plan relating to CEO was approved at the Annual General Meeting 21 November 2019. Rights were also issued to key management personnel with the same terms on 6 December 2019.
2. Fair value has been calculated using a 65% assumption on meeting continuous employment requirement from grant date to vesting date.

BWX

NOTE 23: RESERVES

	Performance Rights Reserve $'000	Foreign Currency Translation Reserve $'000	Total $'000
Balance at 1 July 2018	1,414	7,324	8,738
Exchange difference on translation of overseas subsidiaries	-	8,608	8,608
Employee Loan Plan expense	1,649	-	1,649
Performance rights vested	(1,443)	-	(1,443)
Balance at 30 June 2019	**1,620**	**15,932**	**17,552**
Balance at 1 July 2019	1,620	15,932	17,552
Exchange difference on translation of overseas subsidiaries	-	2,107	2,107
Employee Loan Plan expense	958	-	958
Performance rights vested	(716)	-	(716)
Exercise of Options	-	-	-
Balance at 30 June 2020	**1,862**	**18,039**	**19,901**

NOTE 24: COMMITMENTS FOR EXPENDITURE

Operating leases

The Group leases a number of production, warehousing and distribution facilities under operating leases. The leases typically run for a period of 10 years, with an option to extend for between 5 and 10 years further after that date. For certain operating leases, the Group is restricted from entering into any sub lease arrangements.

Future minimum lease payments

The future minimum lease payments were as follows:

	2020 $'000	2019 $'000
Not later than one year	-	3,431
Later than one year and not later than five years	-	11,294
Later than five years	-	2,129
	-	**16,854**

Commitments for the year ended 30 June 2020 have been recognised as Lease Liabilities as per AASB 16 – Leases.

Capital commitments

The Group has capital commitments of Nil (2019: NIL).

NOTE 25: SUBSEQUENT EVENTS

Dividend

A final dividend of 2.6 cents per fully paid ordinary share has been determined for the year ended 30 June 2020 – refer to Note 14.

Andalou Settlement

On 15 July 2020, the Group signed an agreement with Mark Egide and Stacey Egide, under which no further payments will 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. BWX will release accounting provisions to provide a $4.5 million (AUD) Net Profit After Tax benefit in FY21.

Equity Raising

On 16 July 2020, the Group announced its intention to raise $40 million from an institutional share placement (Placement) and $12 million from a Shareholder Purchase Plan (SPP). Of the $52 million to be raised from the Placement and the SPP, approximately $33.7 million is to be put towards the construction of a new manufacturing facility and support office with the balance to strengthen the Group's balance sheet and provide enhanced financial flexibility. The Placement closed on 17 July 2020 and the SPP closed on 17 August 2020. In connection with the Placement and SPP, the Group issued approximately 15.3 million new shares, or just under 12% of the total share capital of the Company.

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

NOTE 26: IMPACT OF COVID-19 TO OPERATIONS UPDATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing. The consolidated entity up to 30 June 2020 was able to maintain its guidance as disclosed in the market, due to measures 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 Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

NOTE 27: PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ended 30 June 2020 the parent entity of the Group was BWX Limited.

	Parent Entity	
	2020 $'000	2019 $'000
Result of parent entity:		
Profit for the period	20,837	(4,862)
Other comprehensive income	1,331	3,642
Total comprehensive income for the period	**22,168**	**(1,220)**
Financial position of parent entity at year end:		
Current assets	941	2,298
Total assets	**302,338**	**274,247**
Current liabilities	16,181	7,915
Total liabilities	**45,652**	**41,662**
Total equity of the parent entity comprising of:		
Issued capital	237,692	235,870
Reserves	10,183	8,620
Retained earnings	8,811	(11,905)
Total equity	**256,686**	**232,585**

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NOTE 27: PARENT ENTITY DISCLOSURES CONTINUED

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 18.

NOTE 28: FINANCIAL INSTRUMENTS – FAIR VALUES AND 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.

a) 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.

i) 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 2020, 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 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 2019			
Financial liabilities			
Variable-rate instruments	54,769	291	(291)
Total increase/(decrease)	**54,769**	**291**	**(291)**
At 30 June 2020			
Financial liabilities			
Variable-rate instruments	60,476	294	(294)
Total increase/(decrease)	**60,476**	**294**	**(294)**

ii) 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:

Exposure (amounts converted into AUD)	AUD $'000	USD $'000	Other $'000	Total $'000
As at 30 June 2019				
Cash and cash equivalents	5,263	5,463	1,241	11,967
Trade and other receivables	17,714	11,342	1,900	30,956
Trade creditors	(4,435)	(3,482)	(45)	(7,962)
Other payables and accruals	(5,878)	(1,296)	(439)	(7,613)
Loans and borrowings	(24,948)	(33,916)	-	(58,864)
Net exposure	**(12,284)**	**(21,889)**	**2,657**	**(31,516)**
As at 30 June 2020				
Cash and cash equivalents	19,195	6,849	2,595	28,639
Trade and other receivables	21,463	15,930	2,489	39,882
Trade creditors	(9,205)	(4,267)	(206)	(13,678)
Other payables and accruals	(12,579)	(5,606)	210	(17,975)
Deferred Income	-	(1,902)	-	(1,902)
Lease liabilities	(4,992)	(9,786)	-	(14,778)
Loans and borrowings	(61,114)	(9,219)	-	(70,333)
Net exposure	**(47,232)**	**(8,001)**	**5,088**	**(50,145)**

The following exchange rates were used to translate significant foreign denominated balances into the Group's functional currency (AUD) at the end of the reporting period:

	Reporting date spot rate	
	2020	**2019**
USD	0.6876	0.7011

Sensitivity analysis

A 10 percent movement of the Australian dollar against the following currencies at the reporting date would have increased/(decreased) pre-tax profit on translation and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	Pre-tax profits		Equity, net of tax	
	Strengthening $'000	Weakening $'000	Strengthening $'000	Weakening $'000
At 30 June 2019				
USD (10% movement)	(620)	620	(5,913)	5,913
At 30 June 2020				
USD (10% movement)	(688)	688	(8,526)	8,526

BWX

NOTE 28: FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT CONTINUED

(b) 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 2020, the Group had 39 customers (2019: 40 customers) that owed the Group more than $0.100 million each and accounted for approximately 97.8% (2019: 88.2%) 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 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 6. 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.

(c) 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 $'000
At 30 June 2019				
Cash and cash equivalents	11,967	-	-	11,967
Trade and other receivables	30,956	-	-	30,956
	42,923	**-**	**-**	**42,923**
Financial liabilities				
Trade creditors	(7,962)	-	-	(7,962)
Other payables and accruals	(7,613)	-	-	(7,613)
Loans and borrowings[1]	(17,671)	(3,350)	(33,748)	(54,769)
Deferred consideration on payments	(1,873)	-	(10,944)	(12,817)
	(35,119)	**(3,350)**	**(44,692)**	**(83,161)**
	7,804	**(3,350)**	**(44,692)**	**(40,238)**
At 30 June 2020				
Cash and cash equivalents	28,639	-	-	28,639
Trade and other receivables	39,882	-	-	39,882
	68,521	**-**	**-**	**68,521**
Financial liabilities				
Trade creditors	(13,678)	-	-	(13,678)
Other payables and accruals	(17,975)	-	-	(17,975)
Lease liabilities	(1,567)	(1,567)	(11,644)	(14,778)
Loans and borrowings[1]	(30,623)	(4,000)	(26,072)	(60,695)
Deferred consideration on payments	(39)	-	(9,818)	(9,857)
	(63,882)	**(5,567)**	**(47,534)**	**(116,983)**
	4,639	**(5,567)**	**(47,534)**	**(48,462)**

1. Excludes capitalised borrowing costs. Refer to Note 11 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 2020.

NOTE 29: 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 Andalou 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.

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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 66 to 110 and the Remuneration Report in pages 47 to 65 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 2020 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 17 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 18 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 2020.

Signed in accordance with a resolution of the directors:

Ian Campbell
Chairman

Melbourne, 21 August 2020

BWX Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BWX Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is 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 2020 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants including independence requirements* (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.

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

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 of the current period. These 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.

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

BWX

William Buck

IMPAIRMENT ASSESSMENT OF INDEFINITE LIFE INTANGIBLE ASSETS	
Refer also to notes 2 and 10	**How our audit addressed it**
The Group has a carrying value of intangible assets and goodwill of $290.3 million at 30 June 2020. The directors have determined in the current year that the Group has two distinct Cash Generating Units ("CGUs") and operates in two segments, being Australia / International and the USA. The recoverable amount for each CGU has been calculated based on value-in-use models, which use discounted cash flow forecasts. The Directors make judgements over certain key inputs, for example but not limited to revenue growth, gross margins, discount rates, long term growth rates and inflation rates. Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.	Our audit procedures included: — a detailed evaluation of the Group's budgeting procedures upon which the forecasts are based and testing the principles and integrity of the discounted future cash flow models; — testing the accuracy of the calculation derived from each forecast model and assessing key inputs to the calculations such as revenue growth, gross margins, discount rates and working capital assumptions. This is done by reference to the Board approved forecasts, data external to the Group and our own assessment; — reviewing the historical accuracy of the forecasts by comparing actual results with the original forecasts from prior years; — performing sensitivity analysis of the calculations; and — reviewing the report prepared by managements independent expert engaged to evaluate the carrying value of the USA CGU. We also considered the adequacy of the Group's disclosures in the notes to the financial report.
INVENTORY	
Refer also to notes 2 and 7	**How our audit addressed it**
The Group's inventory of $36.8 million; consisting of raw materials, packaging, work in progress and finished goods; is significant to the financial report and has increased by $7.9 million from the prior year. Inventory is required to be carried at the lower of its cost or net realisable value and is determined on a standard cost basis. The valuation of inventory involves judgement by management depending on the age and the type of product, in the main being branded skin and hair care products focused on the natural segment of the beauty and personal care market.	Our audit procedures included: — An audit of subsequent product sales to ensure inventory was valued at the lower of cost or net realisable value and ensuring costs assigned to inventory were reasonable; — An assessment of the inventory costing of raw materials, finished goods and labour overhead; — Performing inventory sample counts to ensure the existence and completeness of inventory and its condition, including cut-off procedures; and — An evaluation of management's judgement and assumptions used in determining the need for inventory provisions. We also considered the adequacy of the Group's disclosures in the notes to the financial report.

William Buck

SHARE BASED PAYMENTS	
Refer also to notes 2, 22 and the Remuneration Report	**How our audit addressed it**
In the current year the Group has issued performance rights to the Group CEO and the Executive Management team. The Group CEO plan includes service-based vesting conditions. The performance rights granted to Executive Management team have Earnings Per Share "EPS" and Total Shareholder Return "TSR" vesting conditions. Each of the arrangements which form part of the plans required significant judgments and estimations by management, including the following: — Determination of the grant date of each arrangement, and the evaluation of the fair value of the underlying share price of the company as at that grant date; — The evaluation of the vesting charge taken to the profit and loss in-respect of the vesting conditions attached to those share-based payment arrangements; and — The evaluation of key inputs into the geometric Brownian Motion model or the binomial model, including the significant judgment of the forecast volatility of the share option over its exercise period. The value of these share-based payment arrangements materially affect the disclosures in the financial report, including the vesting charge that affects disclosures of key management personnel remuneration.	Our audit procedures included: — Evaluating the fair values of share-based payment arrangements by agreeing assumptions to third party evidence. In determining the grant dates, we evaluated what were the most appropriate dates based on the terms and conditions of the share-based payment arrangements; — Evaluating the progress of the vesting of share-based payments within the service period; and — For the specific application of the geometric Brownian Motion model and the binomial model, we assessed the experience of the expert used to advise the value of the arrangement. We retested some of the assumptions used in the model and recalculated those fair values. We also considered the adequacy of the Group's disclosures in the notes to the financial report.

REVENUE RECOGNITION AND REBATE ARRANGEMENTS	
Refer also to notes 2 and 3	**How our audit addressed it**
The Group's revenue of $187.7 million for the year ended 30 June 2020 is generated primarily from the sales of manufactured health and beauty products. Contracts with specific customers can sometimes include rebate arrangements, which can be complex in nature.	Our audit procedures included: — Performance of a test of controls over the revenue significant class of transactions; — Performance of cut-off testing over revenue transactions which were recognised around 30 June 2020;

BWX

William Buck

REVENUE RECOGNITION AND REBATE ARRANGEMENTS (CONTINUED)	
The occurrence and completeness of revenue can therefore be complex predominantly driven by high volume of sales around the year end cut-off date and the nature of rebate arrangements entered into by the Group.	— Examination of rebate arrangements with key customers to verify that any rebates recognised by the Group were appropriately offset against revenue; and — Performance of detailed analytical review procedures. We also considered the adequacy of the Group's disclosures in the notes to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we accordingly do not express 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, 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.

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 has 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 statements as a whole are 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 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 these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of BWX Limited, for the year ended 30 June 2020, 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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

A. A. Finnis
Director
Melbourne, 21 August 2020

BWX

EQUITY SECURITY HOLDERS

As at 4 August 2020, the Company had 130,797,607 ordinary shares on issue[1]. 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 4 August 2020 (as named on the register of shareholders):

	Ordinary Shares	
Name	**Number Held**	**% of Issued Shares**
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	57,668,103	42.4
J P MORGAN NOMINEES AUSTRALIA	15,453,165	11.36
CITICORP NOMINEES PTY LIMITED	12,321,256	9.06
NATIONAL NOMINEES LIMITED	9,558,407	7.03
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	3,306,259	2.43
MR MARK EGIDE	3,105,885	2.28
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	2,223,398	1.63
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,974,288	1.45
MR MARK WILLIAM EAST	1,292,982	0.95
UBS NOMINEES PTY LTD	1,142,938	0.84
BNP PARIBAS NOMS PTY LTD <DRP>	1,098,591	0.81
PACIFIC CUSTODIANS PTY LIMITED <EMPLOYEE SHARE PLAN TST A/C>	1,031,068	0.76
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	946,000	0.7
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	773,312	0.57
HUMBAR INVESTMENTS PTY LTD	507,055	0.37
AUSTRALIAN NATURAL COSMETICS PTY LTD	500,000	0.37
FAIRLIGHT CAPITAL PTY LTD	427,961	0.31
ALEX & ANGEL HOLDINGS PTY LTD <ALEX + ANGEL A/C>	401,924	0.30
VINOD SOMANI	400,000	0.29
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	397,614	0.29
Total Top 20 Holders	**114,530,206**	**84.20%**
Total Other Holders	**16,267,401**	**15.80%**
Grand Total	**130,797,607**	**100%**

1. On 13 August 2020, BWX announced the completion of a $12m Share Purchase Plan pursuant to which an additional 3,529,394 shares were issued on 17 August 2020.

Substantial shareholders

The following table shows the substantial holders as notified to the Company in substantial holding notices as at 30 June 2020:

Name	Noted Date of Change	Number of Equity Securities	Relevant Interests
Bennelong Australian Equity Partners Ltd	12/06/2019	27,557,505	22.18%
NN Group N.V. and subsidiaries	23/11/2018	22,296,018	17.95%
Talamon Capital Limited	04/06/2019	6,647,389	5.35%

Distribution of equity security holders

Holdings distribution

	Number of equity security holders	
Range	**Ordinary shares**	**Options**
100,001 and over	49	-
10,001 to 100,000	503	-
5,001 to 10,000	822	-
1,001 to 5000	3,653	-
1 to 1,000	3,767	-
Total	**8,794**	**-**

Unmarketable Parcels

The number of security investors holding less than a marketable parcel of 118 securities ($4.17 on 4 August 2020) is 360 and they hold 21,091 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 2020 financial year, as at 30 June 2020:

- Number of participants: 37 participants.
- Maximum number of ordinary shares which may be issued if the performance conditions are achieved: 1,503,641.
- Participants do not have voting right.

Securities purchased on-market

There were no securities purchased on-market during the financial year ended 30 June 2020.

Unquoted equity securities

Ordinary shares

BWX Limited has no unquoted equity securities on issue at 30 June 2020.

Options

BWX Limited has no unquoted options on issue at 30 June 2020.

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

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
Ms Jodie Leonard	Non-Executive Director
Mr Rodney Walker	Non-Executive Director (appointed 1 October 2019)

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

COMPANY SECRETARY

Mr Alistair Grant (appointed 30 September 2019)

SOLICITORS

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

PRINCIPAL PLACE OF BUSINESS

2 Darby Way
Dandenong South 3175
Victoria Australia
Website: www.bwxltd.com
Telephone: +61 3 8785 6300

AUDITORS

William Buck
Level 20
181 William Street
Melbourne 3000
Victoria Australia

REGISTERED OFFICE

c/- Minter Ellison
Level 23 Rialto Towers
525 Collins Street
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Victoria Australia

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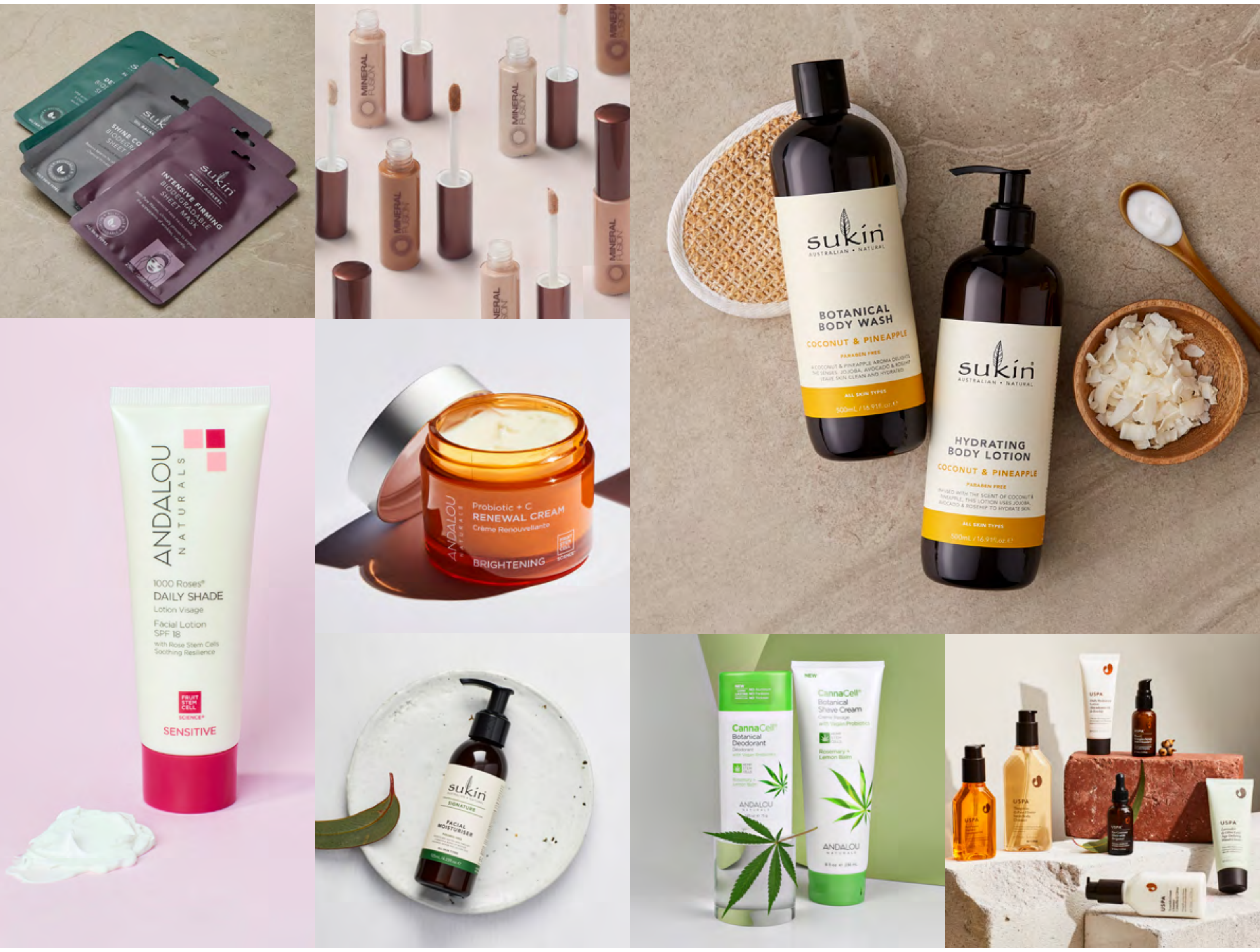
ANDALOU NATURALS
1000 Roses
ROSEWATER MASK
Masque Gel Eau de Rose
SENSITIVE

BWX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COCONUT & PINEAPPLE
ANDALOU NATURALS
1000 Roses
DAILY SHADE
Lotion Visage
Facial Lotion
SPF 18
SENSITIVE
Probiotic + C
RENEWAL CREAM
Crème Renouvellante
BRIGHTENING
sukin
SIGNATURE
FACIAL MOISTURISER
CannaCell
Botanical Deodorant
CannaCell
Botanical Shave Cream