

27 February 2023

Manager Companies
Company Announcements Office
Australian Securities Exchange Limited
Level 4, Stock Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

BWX Limited: Chairman Address and AGM Presentation – 2022 AGM

Please find attached the address of the Chairman of BWX Limited and the AGM presentation to be given at the BWX Limited Annual General Meeting to be held today. These documents were authorised for release by the Board of BWX Limited.

Yours faithfully



Alistair Grant
Company Secretary and Chief Legal Officer
BWX Limited

BWX 2022 AGM

Chairman's Speech

FY22 was a tumultuous year for BWX. In May 2022, we downgraded our FY22 profit, in June 2022 we undertook a capital raising and it was necessary to delay the lodging of our financial statements for FY22 until December last year with both a significant asset write-down and loss of profit. Although this AGM is only focussing on the 2022 financial year, for completeness, I also acknowledge our most recent revenue and profit downgrade for the FY23 financial year.

I joined BWX as the independent Chairman and non-executive director in mid-December 2022 just after BWX lodged its audited financial statements for FY22 and was restored to trading on ASX. I acknowledge that the Company has not met the expectations of our shareholders to provide sustainable and predictable financial results and to ensure that all of our statutory filing obligations were met on time. And I realise that this has frustrated you and caused considerable concern.

As independent Chairman, I would like to assure shareholders that we have spent considerable time reviewing the events that led to the problems that the company faced in FY22. It is my intention to make sure these events do not occur in the future. .

You would have also seen the announcement on the ASX platform this morning concerning the change to our CEO. I would like to welcome Thinus Keeve as our new Group CEO and Managing Director. I would like to sincerely thank Rory Gration for the time he spent as Group CEO and Managing Director and we wish him well for the future. As such, we propose to withdraw the two AGM resolutions concerning Rory's LTI package.

Why do I have such a firm belief in the Company and its recovery?

BWX has leading brands with clear consumer differentiation and acceptance. Brands like Sukin, Andalou Naturals, Mineral Fusion and Go-To have a strong consumer following. They have established themselves with both consumers and retailers alike, consistently delivering what they promised.

BWX has a new manufacturing facility which is highly modern and automated. This facility will help BWX to deliver to its customer base quality product much more efficiently and fully under the Company's control. We have commenced manufacturing Andalou Naturals at this facility which has allowed the Company to move away from using third party manufacturing. We have the capability to rapidly develop new products. Innovation, quality and cost controls will serve BWX into the future and allow it to more profitably manufacture and distribute its product range to customers. The margins that we will unlock in this new facility will allow us to invest into marketing and product development.

Third, we've undertaken a thorough review of the issues that affected BWX in FY22 so that we can avoid these same problems in the future. Here are some of the issues that we've now confronted:

1. Focus on the core business:- we have done a review of the core business to understand what we're really good at. This is what we will focus on in FY23 and beyond.

2. Capital allocation:- we believe that focussing on the most profitable parts of our business are going to make the greatest difference to shareholders. We are going to make our core business work well and ensure that we generate sustainable and predictable profits.
3. Cost structure:- we will right-size the business. This will result in significantly reducing the operating expenses.
4. Board and management team:- we are in the process of refreshing our Board and management team. Marcus Derwin has joined our Board in mid-February and we are pleased to confirm the appointment of Lisa Ronson. We extend the same welcome to Thinus Keeve, our new Group CEO and Managing Director.

Myself and the management team are fully focussed on returning this company to profitability. As mentioned in December 2022, we are currently in the process of restructuring our finances which will allow the Company to overcome liquidity constraints. We anticipate that this will be completed by the end of March 2023.

Even though this AGM concerns the FY22 financial results, I would like to address the financial results released by the Company this morning in connection with its half-year FY23 financial statements. In the first half of FY23, we achieved revenue of \$79.7 million but recorded an EBITDA loss of \$29.7 million. This EBITDA loss is due to a number of factors. These include customer de-stocking in key channels, cash constraints leading to out-of-stock as well as the effect of promotional campaigns which continue in channels even where de-stocking occurred. Operating expenses were affected by higher external costs as a result of debt restructuring initiatives, restructuring charges and higher doubtful debt provisions due to processing delays with customer claims.

We also recorded a non-cash impairment of approximately \$60 million. This is attributable to the under-performance of our brands in the key segments of the Company. While it is a non-cash item, it does reflect the poor performance and it is something on which we will focus on in the second-half of FY23 and beyond.

As announced to ASX this morning, we now expect our full-year FY23 results to be revenue in the range of \$150 to \$170 million, with Half-Two EBITDA between \$5 and \$12 million. This full-year forecast is supported by the work that has been ongoing to restructure and lower the cost base of the Company, divestment of non-core assets and the anticipated re-financing of the Company. There are risks and sensitivities around this guidance which are detailed in our ASX release this morning.

In closing, I believe that our brands are strong and supported by leading retailers and the product is desired by the consumer. With a new Board, refreshed management team and focus placed on the core businesses, the Company is well placed to return to profitability.

I would like to take this opportunity to welcome Marcus Derwin and Lisa Ronson to the Board and wish Ian Campbell well in his retirement and thank him for his assistance in the handover of the Chair role. I would also like to thank our suppliers who have supported the Company, the hardworking employees, and of course our shareholders.



ANNUAL GENERAL MEETING

27 February 2023



Transforming natural
beauty and wellness
for the world

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Chairman's Address

BWX^{leaf}



Steve Fisher
Chairman & Independent Non-Executive Director



Agenda



1. Introduction and Voting
2. Chairman's Address
3. Formal Business of AGM - voting and Q&A

Chairman's Address

BWX^{leaf}



Steve Fisher
Chairman & Independent Non-Executive Director

