



INVESTOR PRESENTATION

EQUITY RAISING FOR GROWTH

16 July 2020

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This Presentation has been prepared and is issued by BWX Limited ACN 163 488 631 (**BWX or the Company**) and is dated 16 July 2020 in relation to a Capital Raising comprising:

an offer of new fully paid ordinary shares in BWX (**New Shares**) to existing shareholders under a share purchase plan (**SPP**) under *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* to raise approximately \$10 million; and a fully underwritten placement of New Shares to institutional and sophisticated investors (**Placement**) within the Company's 15% capacity under ASX Listing Rule 7.1 to raise approximately \$40 million, together (**Offer or Capital Raising**).

The Offer is being made without disclosure to investors under and *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* and section 708A of the *Corporations Act 2001* (Cth) (**Corporations Act**) respectively.

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Macquarie Capital (Australia) Limited and Bell Potter Securities Limited are acting as Joint Lead Managers and underwriters to the Placement (**Underwriters**).

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the Underwriters will receive fees for acting in their capacity as joint lead managers and underwriters to the Placement.

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Well placed for long-term, sustainable growth

TRADING UPDATE

- On a preliminary and unaudited basis, BWX delivers FY20 guidance in challenging conditions, with revenue of \$187.6m (+25% vs pcp), EBITDA of \$30.9m¹ on a post-AASB 16 basis and \$27.5m on a pre-AASB 16 basis (+30% growth vs pcp) and statutory NPAT of \$14.1m (+48% vs pcp)
- BWX utilised its Australian manufacturing facility and engaged with its US manufacturing partners to swiftly respond to COVID-19, pivoting production to meet heightened demand for essential personal care and hygiene products
- Disciplined working capital management led to an improved net debt of \$32.0m as at 30 June 2020 (excluding AASB 16 Leases) (decreased from FY19 net debt of \$42.8m)

BRAND PERFORMANCE

- Continued market share gains with revenue growth across all core brands
 - Significant revenue growth in our Sukin brand (+55% vs pcp), driven by the launch of the Sukin brand in Target USA and gains from existing and new strategic partnerships
 - Nourished Life saw strong gains in the second half, with revenue up +26% in 2H20 vs pcp (1H20 +5% vs pcp) as the platform continues to gain momentum

NEW OPERATIONS FACILITY

- New operations and manufacturing facility ('**New Operations Facility**') presents a transformational growth opportunity and significant addition to the previously announced Three Year Strategic Plan, which is expected to deliver:
 - **Growth opportunities and attractive returns:** expected to unlock significant EBITDA growth, including a four-year payback period² and incremental earnings expected from Jul-22 onwards
 - **Manufacturing efficiencies:** an expected step change in operational and financial performance in future years, driven by production efficiencies, enhanced scale and margins
 - **Risk mitigation:** anticipated enhanced control over end-to-end supply chain, ensuring continuity of supply

EQUITY RAISING

- BWX today announces a capital raising to raise approximately \$50 million ('**Capital Raising**'), comprising:
 - A fully underwritten institutional placement to raise approximately \$40 million, with new shares issued at an offer price of A\$3.40 per share (7.1% discount to last close)³ ('**Placement**'); and
 - A non-underwritten Share Purchase Plan to raise up to \$10 million ('**SPP**') (together, the **Offer**)
- Proceeds of the Offer will be used to enhance our manufacturing capability, future-proof our supply chain by investing ~\$33.7m in the New Operations Facility and strengthen the balance sheet

OUTLOOK

- BWX expects ongoing growth in revenue and EBITDA of at least 10% in FY21 and remains well positioned for long-term, sustainable growth
- The New Operations Facility is expected to be completed in December 2021 ('**Completion**'); have a four-year payback period; and be EPS accretive in FY23 and onwards
- BWX anticipates that the New Operations Facility will assist it to deliver incremental growth on the previously announced Three Year Strategic Plan
- Outlook for FY21 NPAT will be further boosted by A\$4.5 million one-off benefit, following agreement on the final consideration payable under the compensation plan relating to the Andalou Naturals business, with no impact on the carrying value of Andalou Naturals

1. A non-IFRS measure that excludes non-recurring items relating to acquisition and restructuring expenses of \$0.1m. Reflects the newly adopted Australian accounting standard, AASB 16 Leases.
2. Payback of four years from Completion in relation to the full capital investment of \$33.7m to fund the New Operations Facility.
3. Last close as at Wednesday, 15 July 2020.

Our House of Natural Brands

Continued market share growth across all of our brands



#1 natural skincare brand in Australia

It's what we leave out that makes us special



- Revenue growth of +55%¹ vs pcp
- Launched in Target USA
- Distribution gains across Australia and international markets



#1 facial skincare brand in US natural channel

Natural beauty, precisely



- Revenue growth of +10%¹ vs pcp
- Chemist Warehouse and Australian pharmacy expansion
- Strong e-commerce growth



#1 cosmetic brand in the US natural channel

Clean beauty without the nasties



- Revenue growth of +16%¹ vs pcp
- Launched in Target USA
- Very strong e-commerce growth in the US



The #1 natural personal care and lifestyle direct-to-consumer platform in Australia

Driving the future of Natural



- Revenue growth of +15%¹ vs pcp
- 1H20 up +5% vs pcp
- 2H20 up +26%¹ vs pcp as the platform gains momentum

To accelerate a revolution so that natural wellness is the only choice

1. Unaudited, preliminary revenue for the financial year 2020.

Trading update

FY20 operational highlights

On a preliminary and unaudited basis:

NET SALES of \$187.6m
+25% vs pcp

GROSS MARGIN of 58%
+2% vs pcp

Statutory NPAT¹ of \$14.1m
+48% vs pcp

EBITDA¹ of \$30.9m

FY20 EBITDA excluding AASB 16 Leases was \$27.5m
(+30% vs pcp)

Balance sheet strengthened
\$32.0m net debt as at 30 June 2020
(excluding AASB 16 Leases)

Core brands continue strong growth trajectory



Sukin revenue **+55%** vs pcp



Andalou Naturals revenue **+10%** vs pcp



Mineral Fusion revenue **+16%** vs pcp



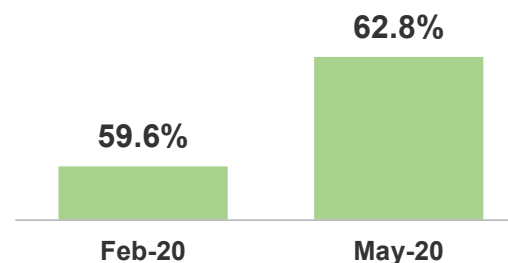
Nourished Life revenue **+15%** vs pcp



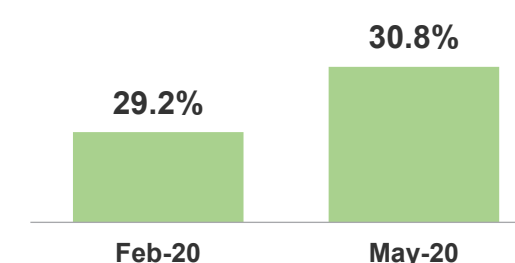
Launch of Andalou Naturals in MyChemist

Significant revenue and market share growth in our Sukin brand

Coles market share growth²



Australian pharmacy market share growth²

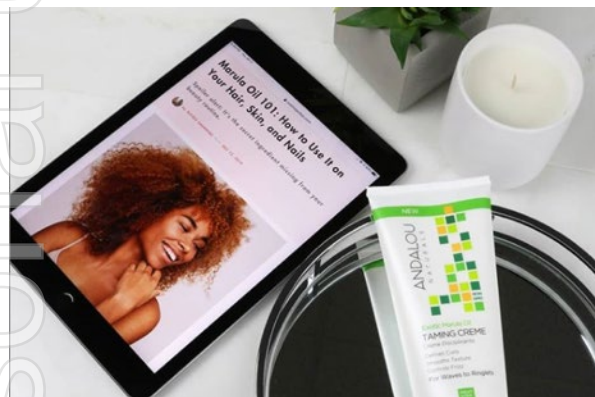


1. A non-IFRS measure that excludes non-recurring items relating to acquisition and restructuring expenses of \$0.1m. Reflects the newly adopted Australian accounting standard, AASB 16 Leases.
2. Share of Natural Skincare – IRI Scan Data, 27 June 2020.

Three Year Strategic Plan

Relentlessly focused on our four strategic pillars, BWX is dedicated to ongoing business improvements that support revenue growth to deliver a sustainable and integrated business into the future.

1. Connect to Consumers with clever marketing investment, education, and enhanced direct-to-consumer channels. We are building an internal innovation platform for new product development ('NPD') growth



2. Go Global, Go Mainstream with a balanced revenue spread in key markets, while leveraging macro economic tailwinds to support growth

3. Invest in Ourselves through added capability and more sustainable group practices. Be an employer of choice and live the values of Wellness, Diversity, Bravery, Respect, and Innovation



4. Get Clean and Get Healthy with the three-year strategy that is built from deep analytical insights and bottom-up operational plans

Transformational growth opportunity highlights

Benefits of the new facility

- ✓ **FOUR HIGHLY-AUTOMATED HIGH-SPEED, PRODUCTION LINES** (from 9 semi-automatic low speed lines) expected to drive **SIGNIFICANT PER UNIT COST REDUCTION** and **MARGIN EXPANSION**
- ✓ **TRIPLE** throughput compared to existing site, with total manufacturing capacity expected to increase to **>100M** units p.a.
- ✓ Enhanced control over end-to-end **SUPPLY CHAIN**, assisting with **CONTINUITY OF SUPPLY**
- ✓ Expected to unlock **MATERIAL EBITDA GROWTH** over and above the current Three Year Strategic Plan
- ✓ Greater automation, redeployment and upskilling to enhance **EFFICIENCIES** across staff and production, **REDUCING FUTURE COSTS** on a per unit basis
- ✓ Allows for faster, more efficient innovation cycles through investment in R&D, laboratory and pilot plant to bring our **INNOVATION TO THE MARKET, FASTER**

Attractive financial returns and savings

Expected per unit cost reduction

Group gross margin uplift from Jul-22 **~3%**



Expected to be **EPS ACCRETIVE** in FY23 and onwards

Expected payback period within **4** years¹

1. Expected payback of four years from Completion in relation to the full capital investment of \$33.7m to fund the New Operations Facility.

Transformational growth opportunity

Driving growth over and above our Three Year Strategic Plan:

Development and construction of a new BWX operations facility and support office

At **\$33.7** m Estimated capital investment

Earnings uplift expected in **FY23**

Consolidation of current sites

Located in **Melbourne**

OBJECTIVE

Deliver a **STEP CHANGE** in operational and financial performance through an efficient facility that is expected to **FUTURE PROOF CAPACITY** for the longer term, along with the expected unlocking of significant incremental **EBITDA** growth over and above the current strategic plan

EBITDA IMPROVEMENT

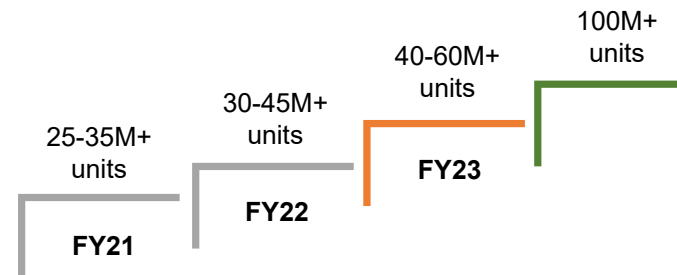
Expected per unit cost reduction
~3.0% group gross margin uplift
from Jul-22



Reduction
in per unit costs

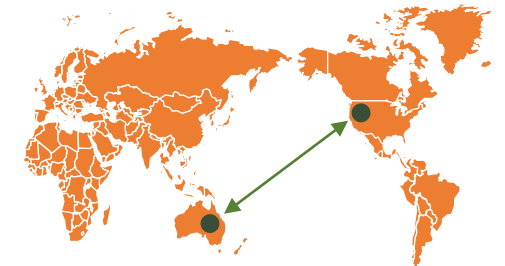
OUTPERFORM GROWTH PLAN

Expected production efficiencies, enhanced scale and margins



RISK MITIGATION

Anticipated enhanced control over end-to-end supply chain; continuity of supply



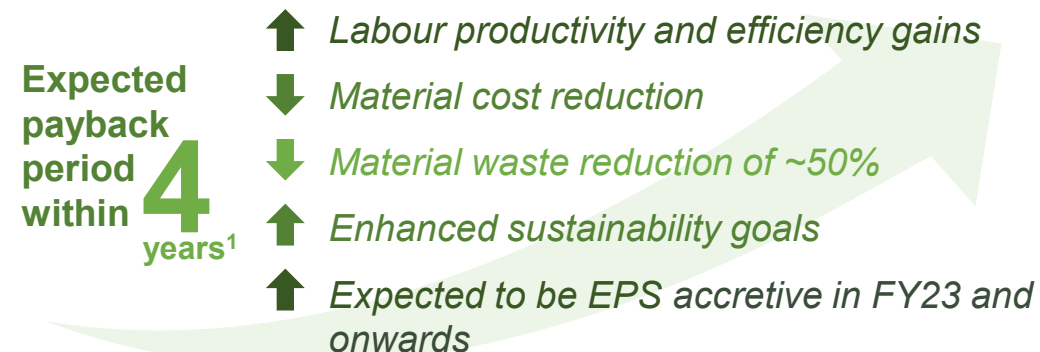
A transformational opportunity that is expected to mitigate supply risk and capacity constraints

Transformational growth opportunity (cont.)

Introducing the New Operations Facility

- Dual office and manufacturing facility strategically located in a growth corridor, along main distribution routes
 - **FOUR HIGHLY AUTOMATED HIGH-SPEED, PRODUCTION LINES** (from 9 semi-automatic low speed lines) expected to drive **significant per unit cost reduction**
 - Investment in R&D, laboratory / innovation facilities and pilot plant to bring our **INNOVATION TO MARKET, FASTER**
 - **FLEXIBILITY** and **SCALABILITY FOR FUTURE GROWTH**
- BWX has narrowed down the search to three sites ready to commence development in early FY21

Attractive financial returns expected in FY23



Expected to unlock **MATERIAL EBITDA GROWTH** over and above the current Three Year Strategic Plan

Significant expected benefits across the value chain

- ✓ **TRIPLE** throughput compared to existing site, with total manufacturing capacity expected to increase to **>100M** units p.a.
- ✓ Enhanced control over end-to-end **SUPPLY CHAIN**
- ✓ **MARGIN EXPANSION** by reducing the cost per unit
- ✓ Unlock growth to **OUTPERFORM Three Year Strategic Plan**
- ✓ Greater automation, redeployment and upskilling to **enhance EFFICIENCIES** across staff and production, **REDUCING FUTURE COSTS** on a per unit basis
- ✓ Enhanced commitment to **SUSTAINABILITY**
- ✓ Expansion supports our **STRONG INNOVATION PIPELINE**

1. Expected payback of four years from Completion in relation to the full capital investment of \$33.7m to fund the New Operations Facility.

Focused on growth



Australia

- **Sukin** further growth expected through:
 - Distribution gains in Hair and Body
 - NPD acceleration
- **Andalou** growth anticipated through distribution gains across the Discount and Traditional Pharmacy channels
- **Nourished Life** improvement via:
 - Enhanced customer experience
 - Expansion of offer resulting in greater basket size and increased conversion
 - Focus on customer database acquisition and engagement



USA

- **Andalou** growth driven by:
 - Direct-to-consumer (“D2C”) distribution channel gains
 - Launch and expansion in retail partners, Amazon, Target and Ulta
- **Sukin** distribution expansion across Wegmans, RiteAid and Publix
- **Mineral Fusion** expansion also driven by distribution gains across RiteAid, Publix and D2C



Europe, China, and South East Asia

- **Europe**
 - Enhanced distribution in D2C for **Mineral Fusion** and **Sukin**
- **Asia**
 - **Mineral Fusion** and **Sukin** distribution gains across China and South East Asia



Strategic Opportunities

- Continue to assess strategic growth opportunities in the Natural category
- Focus on partnerships / JVs to leverage the BWX brand to accelerate growth
- Opportunity to consider potential value enhancing initiatives which leverage our existing brand portfolio and capabilities



BWX Tomorrow

- Commitment to investing in the future of BWX
- Exploring investments via an incubator model, with a focus on pursuing inorganic growth via an innovation initiative focused on early-stage businesses and start ups
- Strategic focus on Natural Skincare and adjacencies

Resilience through COVID-19



Disciplined working capital management 1

- COVID-19 health and safety measures implemented in all facilities (safety of employees is our first priority)
- Highly disciplined cost and inventory management
- Already existing rigorous sales and operations planning ('S&OP') systems in place assisted in providing decision-makers with reliable and rolling forecasts

- Well funded – working capital maintained
- Improvement in current cash position vs position at the half year



Protected supply chain and pivoting production 2

- Protected and diversified supply chain for raw materials
- Production pivoted to a combination of offshore and local supply, with our position as a local manufacturer assisting our Australian business
 - Engaged with our U.S. co-packers to ensure continuity of supply
- Strong focus on responding to increased demand for certain products, with boosted production supported by the implementation of a 3rd shift and 24hr/5-day production

- Agile supply chain management has resulted in regular supply levels being maintained to customers



Domestic and offshore brand health strong 3

- Close weekly monitoring of scan data to track underlying demand for skin care, revealing strong demand domestically and offshore
- Focus on e-commerce activity to manage significantly increased online volume and align offering with changing customer behaviour, given channel switch from in-store to online

- Sukin, Andalou Naturals, Mineral Fusion and Nourished Life increasing sales



Core business supporting 'essential services' 4

- Supermarkets and pharmacies considered essential services and continuing to trade in tightly regulated movement scenarios
- Majority of our end-customers exist in the channels that have remained open
- Bricks and mortar revenue therefore continues to account for majority of global Group revenue
- We continue to work closely with our retail partners to secure supply of in-demand products

- Continue to work with retail customers to ensure supply of key products.
- Supported increased direct-to-consumer volumes



Expanded and core range meeting increased demand 5

- Alignment of category and range offering mix to changing consumer demand during COVID-19
- Continuing to manufacture essential as well as core products to supply our Pharmacy and Grocery partners
- Responding to increased demand for core and expanded range of products including Sukin Hand and Body Wash, Aloe Vera Gel and Life Basics Hand Sanitiser

- Speedy launch of hand sanitiser to support sales, now becoming part of core range
- Increased operations efficiency to support demand for key products

resilience only

COVID-specific actions

Key outcomes

Details of the Capital Raising

Capital Raising size and structure	<ul style="list-style-type: none">• Fully underwritten institutional placement (“Placement”) to raise approximately A\$40 million• Placement price of A\$3.40 per New Share (“Placement Price”), represents a:<ul style="list-style-type: none">– 7.1% discount to last closing price of A\$3.66 per BWX share as at Wednesday, 15 July 2020; and– 6.6% discount to 5-day VWAP of A\$3.64 per BWX share as at Wednesday, 15 July 2020• Approximately 11.8 million New Shares will be issued under the Placement, representing 9.5% of existing shares on issue• Non-underwritten share purchase plan (“SPP”) to raise up to A\$10 million
Use of proceeds	<ul style="list-style-type: none">• Proceeds of the Offer will be used to enhance our manufacturing capability, future-proof our supply chain by investing ~\$33.7m in the New Operations Facility and strengthen the balance sheet
Ranking	<ul style="list-style-type: none">• New shares issued under the Placement and SPP will rank equally with existing shares on issue, including entitlement to any final dividend¹ declared for the six month period ended 30 June 2020
Share Purchase Plan summary	<ul style="list-style-type: none">• Eligible Shareholders on the register at 7pm (AEST) on Wednesday 15 July 2020 in Australia and New Zealand will be invited to subscribe for up to A\$30,000 of new shares at the Placement Price, free of any brokerage or transaction costs• It is intended that the SPP be capped at \$10 million²
Underwriting	<ul style="list-style-type: none">• Macquarie Capital (Australia) Limited and Bell Potter Securities Limited are Joint Lead Managers, Underwriters and Bookrunners to the Placement

1. Final dividend subject to BWX Board approval.

2. BWX may, in its absolute discretion, scale back SPP applications above the cap amount or apply a higher cap to the SPP and scale back applications over the higher cap.

Sources & uses and pro forma capitalisation

OVERVIEW

- BWX seeks to raise equity to enable it to:
 - Fund capital investment into the ~\$33.7m New Operations Facility;
 - Provide funding for growth, enhance financial flexibility and strengthen the balance sheet; and
 - Fund transaction costs associated with the Capital Raising.
- Net debt at 30-Jun-20 was \$32.0m, representing net debt / FY20 EBITDA¹ of 1.2x
 - Pro forma for the Capital Raising, results in a net cash position \$8.0m² as at 30-Jun-20³
- Investment in capital expenditure program will be phased over an ~18 month period, with ~\$7m spent in the first 6 months and the balance over the calendar year 2021
- Pro forma liquidity post Capital Raising of \$72.2m⁴, with a range of maturities to Jul-22
- Having regard to a strong balance sheet on completion of the Capital Raising, payment of a FY20 final dividend will be considered by the Board in the ordinary course

PRO FORMA CAPITALISATION

Current bank facilities as at 30-Jun-20

(A\$m)	Drawn	ND / FY20 EBITDA ¹
Bank debt ²	60.6	n/a
Less: cash	(28.6)	n/a
Net debt / (cash)²	32.0	1.2x
Surplus liquidity	32.2	

SOURCES & USES OF CAPITAL RAISING PROCEEDS

Sources of proceeds	A\$m	Uses of proceeds	A\$m
Capital Raising proceeds	40.0	New Operations Facility capital expenditure	33.7
		Funding for growth, financial flexibility and transaction costs	6.3
Total sources	40.0	Total uses	40.0

Pro forma for new Placement as at 30-Jun-20

(A\$m)	Drawn	ND / FY20 EBITDA ¹
Bank debt ²	60.6	n/a
Less: cash	(68.6) ⁴	n/a
Net debt / (cash)²	(8.0)	Net cash
Surplus liquidity	72.2	

1. Based on FY20 EBITDA of \$27.5m excluding AASB 16 Leases.
 2. Excludes AASB 16 Leases.
 3. Pro forma net debt / FY20 EBITDA on a post-AASB 16 Leases basis of 0.2x.
 4. Does not include payment of transaction costs associated with the Capital Raising, or any one-off benefits or earn-out related payments.

Placement and SPP timetable

Event	Date ¹
Record date for SPP	7.00pm (Sydney time), Wednesday, 15 July 2020
Trading halt and announcement of the Placement and SPP	Thursday, 16 July 2020
Placement bookbuild	Thursday, 16 July 2020
Announcement of the outcome of the Placement	Friday, 17 July 2020
Trading halt lifted – trading resumes on the ASX	Friday, 17 July 2020
Settlement of New Shares issued under the Placement	Tuesday, 21 July 2020
Allotment and normal trading of New Shares issued under the Placement	Wednesday, 22 July 2020
SPP offer opens and SPP offer booklet is dispatched	Thursday, 23 July 2020
SPP offer closes	Wednesday, 5 August 2020
Announcement of results of SPP	Monday, 10 August 2020
SPP allotment date	Thursday, 13 August 2020
Normal trading of SPP shares	Monday, 17 August 2020

1. All times and dates are indicative only and subject to change.

Pro forma statement of financial position

A\$m	Reviewed as at 31 Dec 2019	Proceeds from the Capital Raising ¹	Pro forma as at 31 Dec 2019
Cash	14.0	40.0	54.0
Trade and other receivables	32.4	-	32.4
Inventories	30.9	-	30.9
Prepayments	4.9	-	4.9
Property, plant and equipment	4.7	-	4.7
Right-of-use assets ²	11.8	-	11.8
Intangible assets and goodwill	286.4	-	286.4
Deferred tax assets	5.5	-	5.5
Total Assets	390.6	40.0	430.6
Trade and other payables	20.0	-	20.0
Financial liabilities	68.3	-	68.3
Lease liabilities ²	13.8	-	13.8
Current tax liabilities	0.1	-	0.1
Employee benefits	1.7	-	1.7
Total Liabilities	103.9	-	103.9
Net Assets	286.7	40.0	326.7
Total Equity	286.7	40.0	326.7
Leverage (Net Debt³ / LTM⁴ EBITDA)	1.7x	-	0.1x

1. Does not include payment of transaction costs associated with the Capital Raising.

2. Reflects AASB 16 Leases accounting standard.

3. Net debt (\$41.4m) includes bank debt of \$55.4m less cash of \$14m.

4. Last twelve months ('LTM') EBITDA (\$24.1m) is the combined 2HFY19 EBITDA (\$14.2m) and 1HFY20 EBITDA (\$9.9m) on a pre-AASB 16 basis. A non-IFRS measure that excludes non-recurring items relating to acquisition and restructuring expenses.

Outlook

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

We remain **committed** to our **Three Year Strategic Plan**, including disciplined market prioritisation and new distribution channels, with the New Operating Facility assisting to **deliver and outperform** BWX's existing growth plans, underpinning our long term organic growth outlook



New Operations Facility is expected to deliver a step change in operational and financial performance to drive growth over and above our existing Three Year Strategic Plan, providing a **transformational growth opportunity** expected to:

- 🔄 **Unlock significant EBITDA improvement**
- 📦 **Drive growth** over and above the current strategic plan via **production efficiencies**, enhanced **scale** and **margins**
- 🌐 **Provide risk mitigation** and enhanced control over end-to-end supply chain



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. The investment in the New Operations Facility is expected to payback **within 4 years** of Completion and is expected to be **EPS accretive** in FY23 and onwards. Outlook for FY21 further boosted by **A\$4.5m one-off benefit to FY21** following agreement on the final consideration payable under the Egide Compensation Plan to the sellers of the Andalou Naturals business, with no impact on the carrying value of Andalou Naturals.



**APPENDIX A
KEY RISKS**

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Key risks

This section includes details of the key risks attaching to an investment in shares in BWX. These risks may affect the future operating and financial performance of BWX and the value of BWX shares. Before deciding whether to invest in BWX shares, you should consider whether such an investment is suitable for you having regard to publicly available information (including this Presentation), your personal circumstances and following consultation with a financial or other professional adviser. Additional risks and uncertainties that BWX is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect BWX's operating and financial performance.

You should note that the occurrence or consequences of many of the risks described in this Section are partially or completely outside the control of BWX, its directors and senior management. Further, you should note that this section focuses on the potential key risks and does not purport to list every risk that BWX may have now or in the future. It is also important to note that there can be no guarantee that BWX will achieve its stated objectives or that any forward looking statements or forecasts contained in this Presentation will be realised or otherwise eventuate. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position.

The risks described in this Section are categorised as follows:

- (1) specific risks of an investment in BWX; and
- (2) general risks and risks associated with the Offer.

SPECIFIC RISKS OF AN INVESTMENT IN BWX

COVID-19 Risk

Due to the COVID-19 global pandemic, there are a number of additional risks faced by BWX and its businesses. These include the risk of:

- (a) retail partners of BWX being unable to operate due to lockdown or mandatory quarantine, impacting sales;
- (b) BWX or its manufacturing partners being unable to operate their factories due to lockdown or mandatory quarantine, impacting supply of products;
- (c) BWX and its supply chains being interrupted due to lockdown or mandatory quarantine, impacting supply of products;
- (d) BWX not being able to effectively manage its workforce during any periods of lockdown or mandatory quarantine, impacting on its ability to execute on its business strategy;
- (e) customers of BWX ceasing to operate and BWX not being able to collect outstanding receivables or customer materially adjusting trading terms, impacting BWX's net revenue;
- (f) the demand for the higher-end products of BWX ceasing due to lockdown or mandatory quarantine, impacting on the profit margins of the BWX business; and
- (g) a general downturn in the global economy due to the COVID-19 pandemic causing consumers to reduce discretionary purchases, impacting on the overall sales of BWX.

Business Strategy Execution

BWX's success will depend on its ability to successfully execute its business strategy. BWX's future growth, profitability and cash flows depend on the ability of BWX's management to successfully execute its business strategy, which is dependent on a number of factors, including its ability to:

- develop its brands portfolio through new product development and market execution;
- ensure the brands of BWX deliver their promise of natural beauty without reliance on synthetic products while delivering efficacious results at a reasonable price;
- identify and support new and existing brands with the potential to develop into global brands;
- innovate and develop new products that are appealing to consumers;
- continue to expand its distribution channels within existing geographies to increase market presence, brand recognition and sales;
- continue to expand its distribution into direct to consumer channels;
- successfully expand into priority international markets;
- continue to expand its market presence from pharmacy in Australia to grocery and mass market, from the natural channel to the mass market in the USA and to successfully expand the Sukin brand in the mass market in the USA;
- expand margins through sales growth, the development of higher margin products and supply chain integration and efficiency initiatives;
- successfully execute on joint business plans with key customers to grow sales with select business partners;
- extend its brands into the other segments of the beauty and personal care market in which BWX competes; and
- effectively manage capital investments and working capital to improve the generation of cash flow.

There can be no assurance that BWX can successfully achieve any or all of the above initiatives or anticipated time frames. The failure by BWX to successfully execute its business strategy could have a material adverse effect on the Company's business, financial condition and results of operations.

Key risks

Completion Risk

The beauty and personal care market is highly competitive, and if BWX's customers and partners are unable to compete effectively, the Company's results may suffer. BWX faces competition from companies throughout the world, including large multinational consumer product companies. Some of these competitors have greater resources than BWX and may be able to respond more effectively to changing business and economic conditions. BWX's products compete with other widely advertised brands. Competition in the beauty and personal care market is based on pricing of products, quality of products and packaging, perceived value and quality of brands, innovation, in-store presence and visibility, promotional activities, advertising, editorials, e-commerce and other activities. BWX cannot predict the timing and scale of its competitors' actions in these areas or whether new competitors will emerge in the beauty and personal care market, including competitors who offer comparable products at more attractive prices. In addition, further technological breakthroughs, new product offerings by competitors, and the strength and success of competitors' marketing programs may impede BWX's growth and the implementation of its business strategy. BWX's ability to compete also depends on the following factors:

- the continued strength of its products and brands;
- ongoing growth and innovation in the skin care and hair care segments;
- the success of BWX's branding, execution and integration strategies;
- the successful management of new products;
- successfully entering new markets and increasing penetration in existing geographies;
- the success of business acquisitions; and
- its ability to protect the Company's intellectual property.

Product Safety and Liability

Product safety or quality failures, actual or perceived, or allegations of product contamination, even when false or unfounded, could tarnish the image of BWX's brands and could cause consumers to choose other products. Allegations of contamination or other adverse commentary on product safety or suitability for use by a particular consumer, even if untrue, may require BWX to recall a product from all of the markets in which the affected product was distributed. Such issues or recalls could negatively affect the Company's profitability and reputation.

If BWX's products are perceived to be defective or unsafe, or if they otherwise fail to meet consumers' expectations, the Company's relationships with consumers could suffer, the appeal of one or more of its brands could be diminished, and the Company could lose sales or become subject to liability claims. In addition, safety or other defects in BWX's competitors' products could reduce consumer demand for the Company's products if consumers view them to be similar. Any of these outcomes could result in a material adverse effect on BWX's business, financial condition and results of operations.

Counterparty Risk

As a manufacturing and distribution company, BWX is heavily reliant on its main customers, suppliers and strategic partners, including its distribution partners.

In Australia BWX is reliant on its retail partners who are responsible for a majority of the sales and distribution of BWX's products to Australian pharmacies, grocery, mass market and health stores and other retailers. In the US, BWX is reliant on its distribution partners who are responsible for a majority of sales and distribution of BWX's products to health stores and other retailers. These distribution partners each purchase and carry in their store networks a broad variety of BWX's product range. Each of them are large commercial entities with significant bargaining leverage in contractual negotiation. As is customary in the beauty and personal care market, BWX and/or its distributors are a party to each of their pharmacy customers' or grocery customers' standard trading terms which do not contain minimum purchase volumes. The US business of BWX has a substantial amount of direct to consumer sales which mitigates the risk of reliance on its health store customers. The Australian business of BWX has some capacity to undertake direct to consumer sales but not as much capacity as the US business. The ability to move to direct to consumer sales in the Australian business of BWX may also be hindered by the inability of Australia Post to cope with dramatic increases in demand for delivery of goods across Australia due to the COVID-19 pandemic.

Accordingly if underlying consumer demand for BWX's products diminishes then the distributors and direct customers will reduce the volume of their orders for BWX's products.

BWX's distributors may cause damage to BWX's brand reputation by breaching exclusive distribution agreements. BWX sells its products internationally through agency partners located in export markets. A failure by any of BWX's distributors or agency partners to comply with their commitments could lead to a loss of opportunities for BWX and adversely impact BWX's operating results and financial position.

Inputs for BWX's products consist of raw materials and packaging components and are purchased from various third party suppliers. The loss of multiple suppliers or a significant disruption or interruption in the supply chain could have a material adverse effect on the manufacturing and packaging of BWX's products. Increases in the costs of raw materials or other commodities may adversely affect the Company's profit margins if higher costs cannot be passed on in the form of price increases or unless the Company can achieve further cost efficiencies in its manufacturing and distribution processes.

In addition, failure by BWX's third party suppliers to comply with ethical, social, product, labour and environmental laws, regulations or standards, or their engagement in politically or socially controversial conduct, such as animal testing, could negatively impact their reputations. Any of these failures or behaviours could lead to various adverse consequences, including damage to BWX's reputation, decreased sales and consumer boycotts.

Key risks

Customer Risk

BWX and its brands rely heavily on its key retailer relationships and a loss of any one or more of these relationships may have a material adverse impact on the financial performance of BWX.

Reliance of Key Customer

A substantial portion of BWX's revenue is derived from a small number of customers based in Australia and the US. The loss or impairment of any of these relationships for any reason, a material reduction in prices or deterioration in trading terms would have an adverse affect on BWX's financial performance.

More generally, there is a risk that BWX may fail to retain customers for a number of reasons, including pricing, competition or a failure to meet consumer expectations of its products.

Reputation Risk

BWX's failure to protect its reputation, or the failure of the Company's partners to protect their reputations, could have a material adverse effect on the image of BWX's brands.

BWX's ability to maintain its reputation is critical to the image and consumer perception of its various brands. BWX's reputation could be jeopardised if it fails to maintain high standards for merchandise quality and integrity or if the Company, or the third parties with whom it does business, do not comply with regulations or accepted practices. Any consequential negative publicity may reduce demand for BWX's products.

Failure to comply with ethical, social, product, labour and environmental standards, or related political considerations, such as animal testing, could also jeopardise BWX's reputation and potentially lead to various adverse consumer actions, including boycotts. Failure to comply with local laws and regulations, to maintain an effective system of internal controls or to provide accurate and timely financial information could also damage BWX's reputation.

BWX depends on the reputations of its third party clients, which can be affected by matters outside of the Company's control. Damage to BWX's reputation or the reputations of its third party clients could have a material adverse effect on BWX's results of operations, financial condition and cash flows, as well as require additional resources to rebuild the Company's reputation.

Business Disruption

BWX is engaged in manufacturing and distributing beauty and personal care products. As a result, BWX is subject to the risks inherent in such activities, including industrial accidents, environmental events, strikes and other labour disputes, disruptions in supply chain or information systems, loss or impairment of BWX's manufacturing facility, product quality control, safety, licensing requirements and other regulatory issues, as well as natural disasters, pandemics, border disputes, acts of terrorism, and other external factors over which BWX has no control. The loss of, or damage to, the BWX manufacturing facility could have a material adverse effect on BWX's business, results of operations and financial condition.

New Facility Development and Construction Risk

The successful construction of a new manufacturing facility and headquarters in Australia to drive manufacturing efficiencies and margin improvements; meeting the anticipated business growth; and transferring products from US co-manufacturers to the new facility is key to achieving and outperforming the BWX Three Year Strategic Plan. The risks associated with building the new manufacturing facility and headquarters include the following:

- a) the anticipated cost of the facility being greater than expected due to unexpected delays, cost blowouts, interruptions, industrial action, inclement weather, lockouts, government mandated lockdowns, unavailability of raw materials or human capital due to the effects of the COVID-19 pandemic;
- b) delays due to not being able to find a suitable site, construction partner or any delays in planning permits or approvals for the site;
- c) any unexpected site contamination or the need for remediation;
- d) the expected manufacturing efficiencies do not materialise and the anticipated margin improvements are not achieved;
- e) not being able to transfer manufacturing from the current site to the new facility successfully;
- f) the unavailability or delay in the commissioning of any of the equipment required for manufacturing or the lack of skills available to commission the equipment;
- g) the inability to successfully transfer sufficient skilled employees from the existing site to the new site or the unexpected impact of higher than budgeted redundancies;
- h) the inability to successfully transfer the targeted US products to the new facility;
- i) the anticipated demand for products which precipitated the plan for the new facility does not materialise, impacting on the financial business case for the facility; and
- j) any other anticipated benefits, including reduced unit costs, not occurring.

Key risks

New Product Risk

BWX's new products may not be as successful as anticipated, which could have a material adverse effect on BWX's business, financial condition or results of operations. A failure to successfully develop and commercialise these products could lead to loss of opportunities and adversely impact BWX's operating results and financial position. Each new product launch carries risks, as well as the possibility of unexpected consequences, including:

- the advertising, promotional and marketing strategies for new products may be less effective than planned and may fail to effectively reach the targeted consumers;
- product purchases by consumers may not be as high as anticipated;
- the Company may experience product shortages and/or product returns exceeding expectations as a result of new product launches. In addition, retailer space reconfigurations may be impacted by retailer inventory management or changes in retailer pricing or promotional strategies;
- costs may exceed expectations as a result of the continued development and launch of new products, including, for example, advertising, promotional and marketing expenses, sales return expenses or other costs related to launching new products; and
- product pricing strategies for new products may not be accepted by retail customers or their consumers, which may result in sales being less than anticipated.

Growth Risk

Should the Company's growth accelerate at a higher rate than anticipated, the Company may, through lack of availability of materials or packaging, inability to scale production in a timely manner, lack of manufacturing capacity, lack of suitable labour or other unforeseen circumstances, be unable to supply its products in a timely manner to meet the demand of its customers. Should this occur the Company may risk the loss of either third party manufacturing clients or suffer a reduction in the customer base for its own products. Such events could have an adverse effect on both the reputation of the Company as well as its financial results.

Customer Credit Risk

A sudden disruption in business conditions or a general economic downturn may adversely effect the financial strength of BWX's retailer customers. A general decline in economic conditions in Australia, the US or any other jurisdiction where BWX distributes its products either currently or in the future, may negatively impact the financial position of BWX's retailer customers. The financial difficulties of a retailer customer could cause BWX to reduce or cease business with that customer. BWX may also decide to assume more credit risk relating to the receivables from that retailer customer. BWX's inability to collect receivables from one or a group of retailer customers could have a material adverse effect on the Company's business, results of operations and financial condition. If a retailer customer were to go into liquidation, BWX could incur additional costs if the Company chooses to purchase the retailer customer's inventory of BWX's products to protect its brand equity.

Reliance on Key Management

BWX, and each of its businesses, depend substantially on its key management, the loss of whose services might significantly delay or prevent the achievement of its business strategy.

The ability of BWX to retain and attract qualified individuals is also critical to its success. BWX may not be able to attract and retain suitable individuals currently or in the future on acceptable terms, or at all, and the failure to do so may adversely effect BWX's business.

Access to Equity and Debt Funding

Volatility in the financial markets could have a material adverse effect on BWX's ability to equity or debt fund its business. BWX's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally.

In addition, a deterioration in global financial markets could impact risk appetite among lending institutions which may impact BWX's ability to renew existing loan facilities or enter into new loan facilities. The Directors can give no assurance that future funds can be raised by the Company on favourable terms, if at all.

Impairment of Intangibles

BWX has a substantial amount of intangible assets on its balance sheet relating to goodwill and identifiable intangible assets. Under the relevant accounting standards BWX is required to annually test for impairment all indefinite life intangible assets. If this annual testing revealed that some or all of BWX's intangible assets are impaired to a level below their carrying value, BWX would be required to write down the value of those intangible assets. Such write downs could have a material adverse effect on BWX's financial position.

Market and Consumer Trends

Rapid changes in market trends and consumer preferences could adversely affect the Company's financial results.

BWX's continued success depends on its ability to anticipate, gauge and react in a timely and cost effective manner to industry trends and changes in consumer preferences and attitudes toward skin care products. BWX must continually work to develop, produce and market new products and maintain and enhance the recognition of its existing brands, in order to achieve a favourable mix of products. However, BWX cannot predict consumer trends which may change rapidly. Additionally, due to the increasing use of social and digital media by consumers and the speed by which information and opinions are shared, trends may vary more rapidly than in the past. If BWX is unable to anticipate and respond to trends in the market for beauty and personal care products and changing consumer demands, its financial results may suffer.

Key risks

Regulatory and Legislative Risk

BWX's business is subject to numerous laws and regulations in Australia and overseas. Changes in these laws and regulations, including their interpretation or enforcement, that affect, or will affect, the Company's business or products, including changes in accounting standards, tax laws and regulations, environmental or climate change laws, restrictions or requirements related to product content, labelling and packaging, regulations or accords, trade rules and customs regulations, could adversely affect BWX's financial results.

Regulation is specific to each geographic region. There are many important differences in regards to the suitability of key ingredients for specific markets and this can pose a risk to product registration across different jurisdictions. Animal testing for example is banned for any product being sold in the European Union, but may be or become necessary for products being sold in China.

Failure to remain up to date with these various regulatory requirements and any regulatory action or enforcement may adversely affect BWX's financial position

Intellectual Property Infringement

BWX's commercial success depends at least in part on its ability to operate without infringing, misappropriating or otherwise violating the trade marks, patents, copyrights and other proprietary rights of others. BWX cannot be certain that the conduct of its business does not and will not infringe, misappropriate or otherwise violate such rights. As BWX gains greater visibility and market exposure as a public company, third parties may allege that BWX's products, services or activities infringe, misappropriate or otherwise violate their trade mark, patent, copyright or other proprietary rights in an attempt to gain a competitive advantage. Defending against allegations and litigation could be expensive, take significant time and divert management's attention. BWX may also be required to pay substantial damages or be subject to court orders prohibiting the Company and its customers from selling certain products or engaging in certain activities.

If BWX operates its business in a way which infringes, misappropriates or otherwise violates the trade marks, patents, copyrights and proprietary rights of others, this could have a material adverse impact on the Company's business, financial condition and results of operations.

Counterfeit Products

Third parties may distribute and sell counterfeit versions of BWX's products, which may be inferior in quality and/or pose safety risks for consumers. Consumers could confuse BWX's products with these counterfeit products, which could cause them to refrain from purchasing the Company's brands in the future and in turn could adversely affect sales revenue. The presence of counterfeit versions of BWX's products in the market could also dilute the value of the Company's brands or otherwise have a negative impact on its reputation and business.

BWX believes its trademarks, copyrights, and other intellectual property rights are important to its success and its competitive position. BWX devotes resources to the registration and protection of its intellectual property and, subject to circumstances at the time, intends to pursue any parties involved in the sale of counterfeit products. However, despite these efforts BWX may be unable to prevent all counterfeiting of its products or the infringement of its intellectual property rights. For the reasons outlined above, the counterfeiting of BWX's products may have an adverse impact on BWX's business reputation and financial performance.

Insurance Coverage

BWX currently has in place what it believes are adequate levels of insurance for property, general and product liability, directors and officer's liability, and worker's compensation to protect BWX from potential losses and liabilities. There is a possibility that events may arise which are not adequately covered by existing insurance policies. In this case the Company may suffer adverse effects to its financial results as well as to the value of its brands. The Company cannot guarantee that its existing insurance will be available or offered in the future. An inability of the Company to secure such cover in the future could restrict the ability of the Company to conduct its business, and this could have a negative impact on the financial results of the Company.

Risk of Litigation, Claims and Disputes

BWX is and may in the future be subject to litigation, claims and disputes in the course of its business, including competitor disputes, consumer disputes, supplier disputes, employment disputes, contractual disputes, disputes with governmental agencies or authorities or regulators, indemnity claims, and occupational and personal claims. Any such matters could involve prosecution, defence, and settlement costs, and consume management time in the dealing with any such litigation, claims and disputes. In particular, and as previously announced, BWX is subject to a court proceeding initiated by Waterloo Capital Partners LLC in 2018 in the US regarding success fees relating to BWX's acquisitions of the Mineral Fusions and Andaiou Naturals businesses. This proceeding is still on going. Any material litigation, claims or disputes could have a material and adverse impact on BWX's financial position and performance.

Climate Change

There has been an increased frequency of natural disasters globally in recent years and it is expected that this trend will continue in the medium to long term.

BWX is exposed to a number of potential climate change related risks which include:

- increases in operating costs of assets due to carbon-pricing policies or other market mechanisms;
- disruption to BWX's access or increase in price of raw materials used in BWX's products as result of climate changes and extreme weather events;
- interruption to operations or supply chains from climate changes and extreme weather events; and
- general economic downturn caused by or impacted by climate change causing consumers to reduce discretionary spending, including consumption of BWX's products.

Key risks

The occurrence of any of these risks could result in asset impairment, lost revenue, downturn in overall sales and have an adverse impact on the financial position of BWX.

Price and Availability of Raw Materials

BWX products are composed of certain key raw materials. If the price of these raw materials were to increase materially or raw materials were to become less available due to changes in the natural environment (including climate change) or supply chain issues, it could result in a significant increase to BWX's production costs and adversely affect the business of BWX.

Unforeseen Expenditure Risk

BWX's future growth is dependent on having adequate capital available to fund its business strategy. BWX expects that the proceeds from this Capital Raising will provide sufficient capital resources to enable BWX to achieve its stated business strategy. Should BWX require additional funding, there can be no assurance that additional funds will be available on acceptable terms or at all.

Information Technology and Protection and Security of Personal Information and Data

BWX is increasingly dependent on information technology, and if the Company is unable to protect against service interruptions, data corruption, cyber based attacks or network security breaches, BWX's operations could be disrupted.

BWX relies on information technology networks and systems, including the internet, to process, transmit and store electronic and financial information, to manage a variety of business processes and activities such as production management, inventory control, financial management and reporting database management and to comply with regulatory, legal and tax requirements. BWX also depends on information technology infrastructure for digital marketing activities and for electronic communications among personnel, customers and suppliers around the world. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or other unforeseen events. If BWX's information technology systems suffer severe damage, disruption or shutdown and do not effectively resolve the issues in a timely manner, the Company's product sales, financial condition and results of operations may be materially and adversely affected and the Company may experience delays in reporting financial results.

If BWX is unable to prevent security breaches, it may suffer financial and reputational damage or penalties because of the unauthorised disclosure of confidential information belonging to the Company or to its partners, customers or suppliers. In addition, the disclosure of non public sensitive information could lead to the loss of intellectual property or damage to BWX's reputation.

Allegations of, or actual, unauthorised access or loss of sensitive data or confidential information could occur, resulting in a breach of BWX's obligations under applicable laws or regulations. Consequently, legal or regulatory actions could be initiated against BWX in connection with any such breaches. In addition, the breach could impact customer, partner or supplier trust and satisfaction. Any such allegations or breaches of laws or regulations could have a material and adverse impact on BWX's reputation, financial position or performance.

Compliance with Overseas Data Privacy Laws or Regulations

There is a risk that BWX may breach various local or overseas customer data or privacy laws or regulations, in particular, in relation to the retention of customer data.

The misuse or mishandling of customer data or infringement of applicable local or international data or privacy laws by BWX could lead to administrative action, fines or claims for damages by individuals which could have an adverse impact on BWX's reputation and financial position.

Foreign Exchange Rate Fluctuations

Fluctuations in currency exchange rates may negatively impact BWX's financial position and operating results.

Exchange rate fluctuations may affect the costs that BWX incurs in its operations. The main currency to which BWX is exposed is US dollars. In addition BWX is exposed to the Euro, the British pound and the Canadian dollar. The exchange rates between these currencies and the Australian dollar in recent years have fluctuated significantly and may continue to do so in the future.

A lower Australian dollar may increase the costs of input materials to BWX and a higher Australian dollar may decrease export demand for BWX's products.

GENERAL RISKS AND OFFER RISKS

Market and an Investment in Shares

The market price of BWX's shares will fluctuate due to various factors, many of which are non-specific to BWX, including the number of potential buyers or sellers of BWX shares on the ASX at any given time, recommendations by brokers and analysts, Australian and international general economic conditions (including as a result of the impacts of COVID-19), inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, changes in law, fire, flooding, extreme weather events, natural disasters, global geo-political events and hostilities, acts of terrorism, state of emergency declarations, outbreaks of pandemics, outbreaks of war, and investor perceptions. These factors may cause BWX shares to trade at a lower price than the issue price under the Offer.

Key risks

General Economic Conditions

The trading price of BWX shares may be adversely impacted by various factors, including new or changed governmental measures, business closures, lockdowns, quarantines, travel and other restrictions and resultant impacts on economies and financial markets. The historic share price performance of BWX provides no guidance as to its future share price performance.

Any deterioration in the domestic and global economy may have a material adverse effect on the performance of BWX's business and BWX's share price. It is possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks, may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility.

Underwriting risk

BWX has entered into an underwriting agreement with each of Macquarie Capital (Australia) Limited and Bell Potter Securities Limited (**Underwriters**) under which the Underwriters have agreed to fully underwrite the Placement component of the Capital Raising, subject to the terms and conditions of the underwriting agreement (**Underwriting Agreement**).

Prior to the completion of the Placement, there are certain events which if they were to occur (e.g. market or banking disruptions in Australia and certain overseas jurisdictions, a 10% or greater fall in the S&P/ASX 300 Index, defects in the offer documents, an adverse change (or a likely adverse change) in the financial position, results, condition, operations or prospects of the BWX group other than as previously disclosed by BWX, commencement of regulatory interventions or proceedings or proceedings being initiated by third parties in relation to the Placement or a director, non compliance by BWX with applicable laws or regulations (including fraud by BWX or its directors), material breaches of the Underwriting Agreement by BWX, etc.), may lead to the Underwriter(s) terminating the Underwriting Agreement.

The ability of an Underwriter to terminate the Underwriting Agreement in respect of some events will depend (among other things) on whether the event has or is likely to have a material adverse effect on the financial position or prospects of the BWX group or the outcome or success of the Placement (or any part of it) or the market price of, or ability to settle the Placement of, any of the Placement shares, or leads (or is, in the reasonable opinion of an Underwriter, likely to lead) to a contravention (or involvement in a contravention) by an Underwriter or liability of an Underwriter under applicable laws.

The Underwriters' obligations to underwrite are also subject to customary terms and conditions.

If the Underwriting Agreement is terminated for any reason, BWX may not receive the full amount of the proceeds expected under the Capital Raising, its financial position might change and it might need to take other steps to raise capital, including by raising additional debt.

SPP

The SPP proportion of the Offer is not being underwritten, which may result in a shortfall in the proceeds expected under the SPP. Should such a shortfall occur, BWX may need to limit the use of the funds raised under the Offer accordingly. See above 'Underwriting risk' for further explanation of the risks associated with the underwriting of the Placement.

Dividends

Any decisions regarding the payment of dividends in respect of BWX's shares is determined at the discretion of BWX's board of directors, having regard to relevant factors, which include BWX's available profits, cashflow, financial condition, operating results, future capital requirements, covenants in relation to financing agreements, as well as economic conditions more broadly. There is no guarantee that a dividend will be paid by BWX in future periods or, if paid, paid at historical levels.

Liquidity Risk

BWX is a listed entity. Therefore the ability to sell BWX shares will be a function of the turnover of the BWX shares at the time of sale. Turnover itself is a function of the size of BWX and also the cumulative investment intentions of all current and possible investors in BWX at any one point in time.

Risks of Dilution

Current shareholders in BWX who do not participate in the Offer as per their entitlement will have their percentage shareholding in BWX diluted. Investors may also have their investment diluted by future capital raisings or issues of new equity securities by BWX.

BWX may issue new equity securities in the future to finance acquisitions or pay down debt which may, under certain circumstances, dilute the value of a shareholder's interest in BWX.

**APPENDIX B
INTERNATIONAL OFFER
RESTRICTIONS**

ersonal use only

International offer restrictions

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- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

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International offer restrictions

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