26 August 2021

ASX Market Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street,
Sydney NSW 2000

2021 ANNUAL REPORT

Attached for release is the Blackmores Limited Annual Report for the year ended 30 June 2021.

Further information on Blackmores can be found at www.blackmores.com.au.

This announcement was authorised for release by the Board of Directors.

Richard Conway
Group General Counsel & Company Secretary
Blackmores Limited

BLACKMORES GROUP

Annual Report 2021

Good health changes everything

Acknowledgement of Country

We acknowledge the Traditional Owners of the land on which we live and work and pay our respects to Elders past and present. We honour the continuing culture of the Aboriginal and Torres Strait Islander people and their custodianship of the natural resources on which we rely and co-exist with all respect.

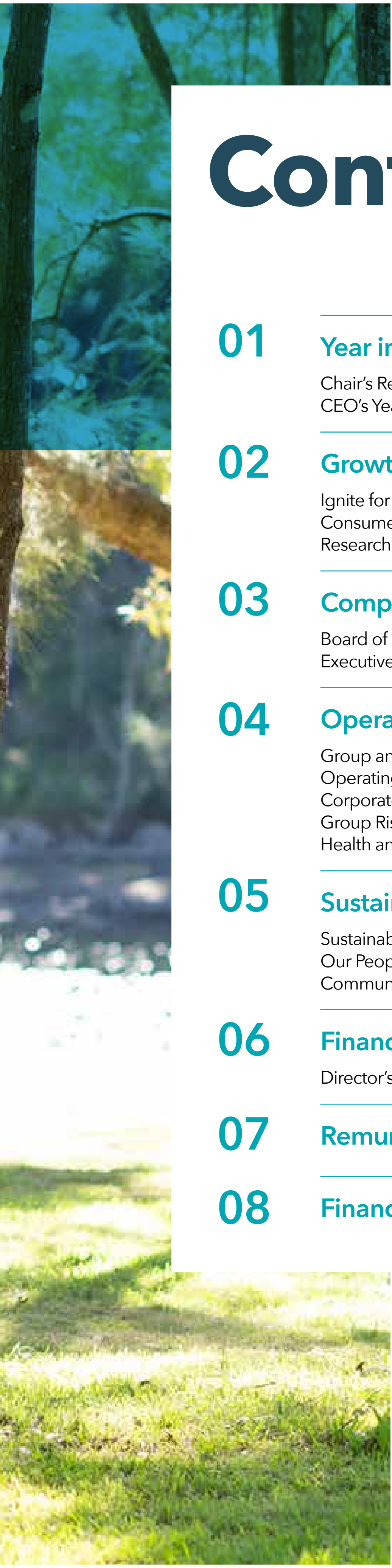
COVID-19 pandemic

Our thoughts are with those who have lost loved ones and those struggling with the day-to-day impacts of continued lockdowns and restrictions. Thank you to all frontline personnel, including the hard-working health practitioners and pharmacists at the heart of our business, for your enormous sacrifice to keep people and communities as safe and healthy as possible.

Blackmores is investing in a new masterbrand campaign in FY22 led by the simple but compelling message 'Good health changes everything' that focuses on the transformative power that good health can have on every aspect of life for everyone, everywhere.

Cover photo: Sunrise at Bungan Beach on Sydney's Northern Beaches is a favourite morning ritual for these sisters, watched on from out of frame by their mother Robyn Taylor, Executive Assistant to the CEO.

Below: Peter Tsigolis of Blackmores Institute, more commonly found behind the camera producing our award-winning online education materials, with his children Billie and Orlando, wife Simone, and playful puppy Lola.



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Blackmores Limited Annual General Meeting

Wednesday 27 October 2021
Details at blackmores.com.au/about-us/investor-centre

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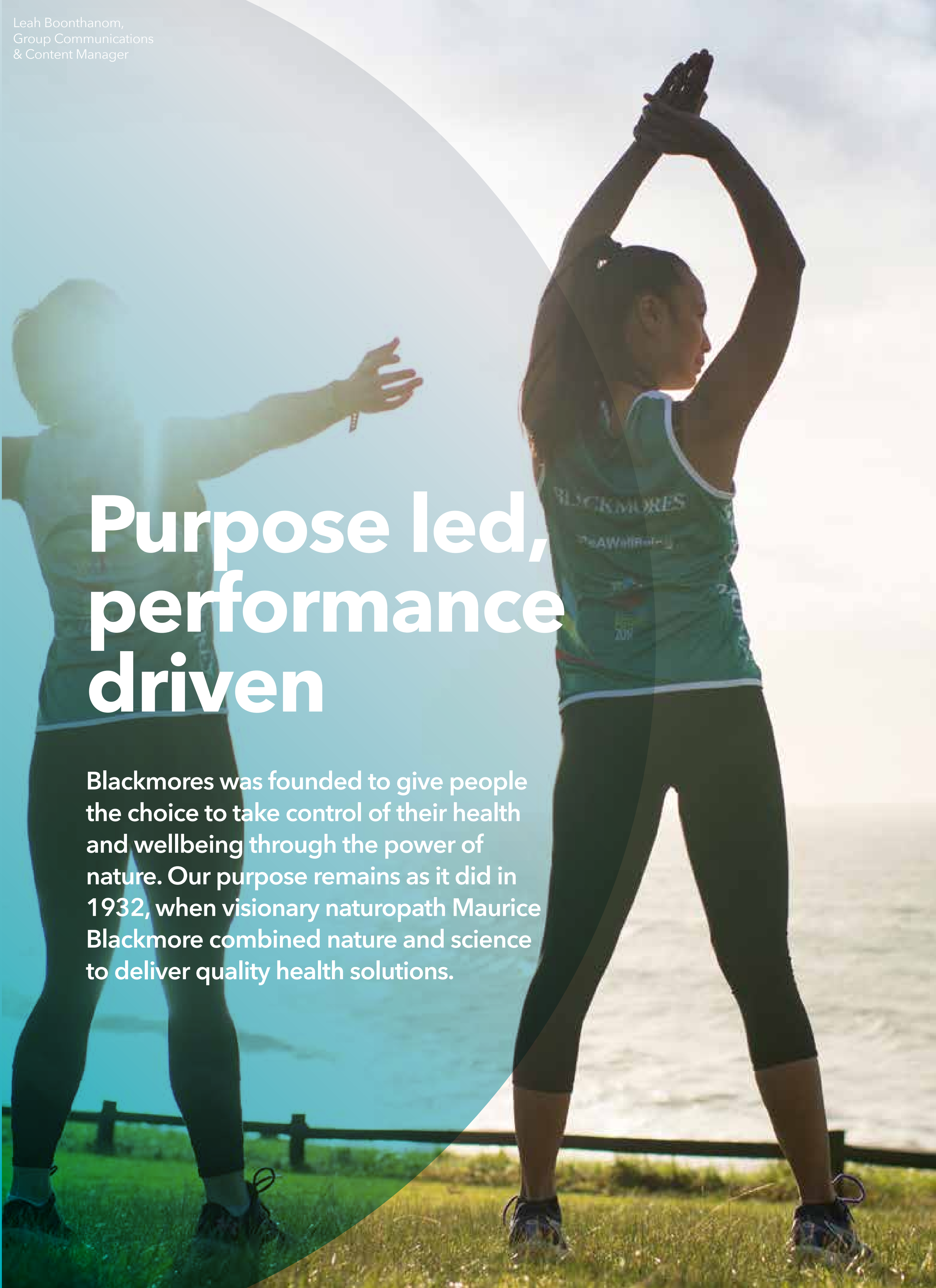


Leah Boonthanom,
Group Communications
& Content Manager

Purpose led, performance driven

Blackmores was founded to give people the choice to take control of their health and wellbeing through the power of nature. Our purpose remains as it did in 1932, when visionary naturopath Maurice Blackmore combined nature and science to deliver quality health solutions.

About

Blackmores Group is an ASX publicly-listed company employing over 1,200 people.

Our purpose

To give people a choice to make living well each day a natural way of life.

Our mission

Combine our knowledge of nature and science to deliver quality solutions to bring wellness to people and their pets everywhere, every day.

Our values

Our PIRLS company values are both behavioural and aspirational – underpinning our work practices and decisions and supported by our governance frameworks.

Our ambition

To connect 1 billion people to the healing power of nature by 2025.

Our brands

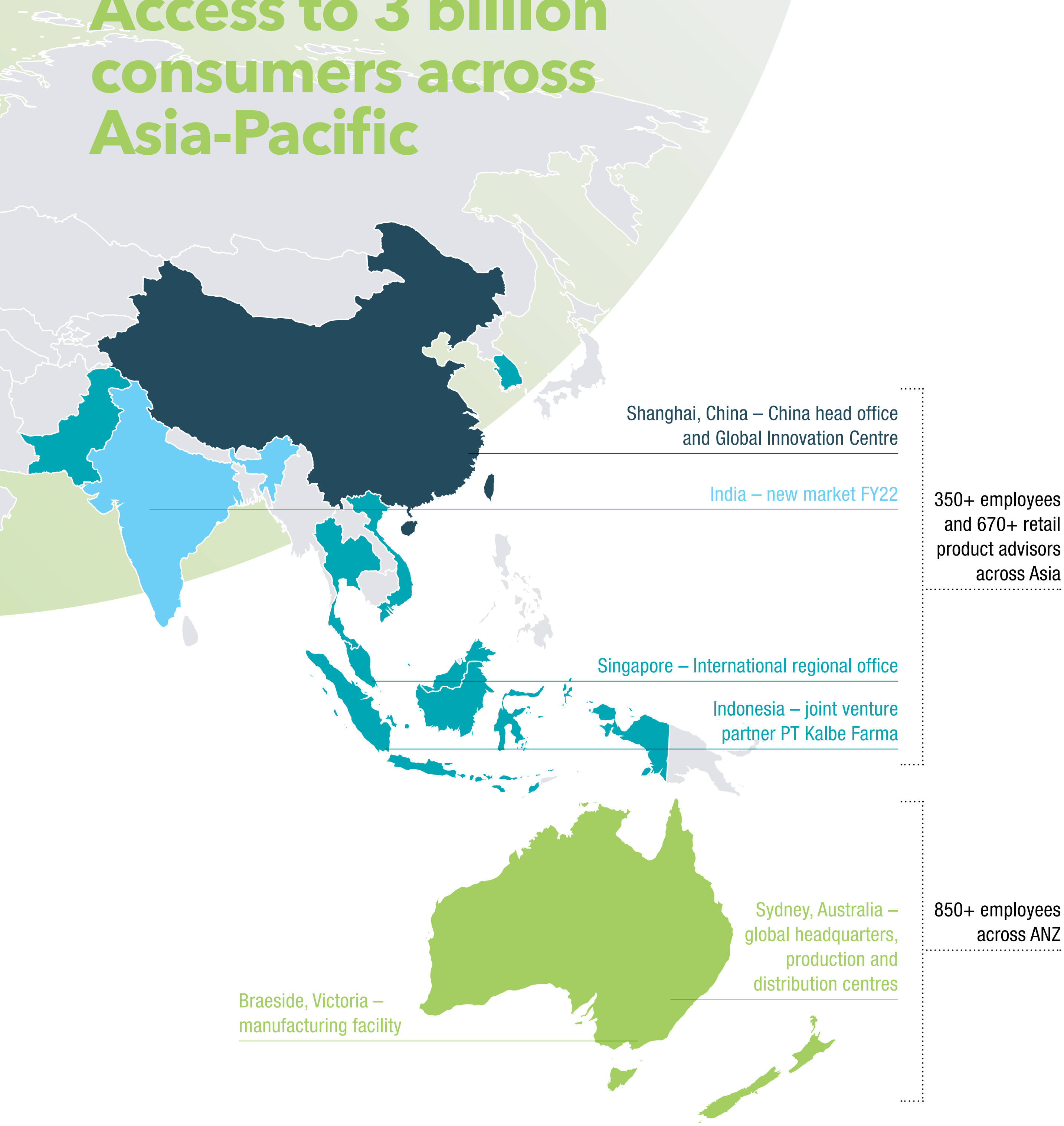
BLACKMORES
BioCeuticals
paw Pure Animal Wellbeing by BLACKMORES
impromy

Our research and education centre

BLACKMORES INSTITUTE
RESEARCH | EDUCATION | INNOVATION

Our footprint

Access to 3 billion consumers across Asia-Pacific



13 markets reached

40+ years proudly in Asia

33k+ global points of distribution

3 Australian manufacturing, packing and distribution facilities

1,200 employees

1 Global Innovation Centre in Shanghai

FY21 Financial Snapshot

$575.9m
Group Revenue
↑ 3%[1]

$25.4m
Underlying NPAT[2]
↑ 61%

$47.6m
Underlying EBIT[2]
↑ 52%

52.3%
Gross Margin
↑ 164bps

71 cents
Dividend per share[3]

$70.1m
Group net cash

1. 3% at constant FX; 1% at actual FX.
2. Excludes JobKeeper
3. Full year dividend includes final dividend of 42 cents per share (fully franked) combined with interim dividend of 29 cents per share (fully franked).

112%

Cash conversion ratio

↓ 28%

$280.6m

ANZ Revenue

↓ 14%

$163.7m

International Revenue

↑ 27%[4]

$131.6m

China Revenue

↑ 28%

27%

Group sales from e-commerce

$22m

In year savings through Leading Value Position (LVP) and improvements in OPEX

Taylor, 13, with Maisy

4. 27% at constant FX; 18% at actual FX

FY21 Company Highlights

A year of action, progress, and connecting people to the healing power of nature.

Consumer and brand

#1

Blackmores market leadership in Australia[1], Indonesia[2] and Thailand[3]

1 in 5

Australian households use our products[4]

#1

BioCeuticals is the leading practitioner brand in pharmacy in Australia[5]

Operations

2.6 billion

tablets and capsules produced at Braeside in our first full year as a manufacturer

31 million

units bottled at Warriewood packing facility

1st

imported brand in Indonesia with Halal certification by Majelis Ulama Indonesia (MUI)

1. Nielsen AU Pharmacy & Grocery MAT to 19/06/21 Domestic (Retail & Practitioner).
2. IQVIA Feb 2021 (premium brand).
3. IQVIA CHR Sell-out MAT 06/2021.
4. Nielsen Homescan MAT to 19/06/21.
5. Nielsen AU Pharmacy & Grocery MAT to 19/06/21.

Left page: Jingyi Zhang, Senior Brand Manager, Group Marketing & Innovation.

Right page: Claire Briggs, Senior Technical Manager and Vlad Stajic, Group Director Research & Technical Affairs, Blackmores Institute.

Research and education

147,000

educational touchpoints with health practitioners, pharmacy students and consumers

41

research projects exploring natural health solutions

8

education awards for the Blackmores Institute

Sustainability

25%

of energy is now from renewable sources

162

fewer tonnes of carbon emissions than prior year, even with a full year of manufacturing emissions included

98%

of packaging confirmed recyclable by Group packaging audit

01 Year in Review

Strong foundations for sustainable, profitable growth

Chair's Report

Acknowledging the continued leadership and commitment of our people.

The past twelve months has continued to be a challenging year for many of our customers, healthcare practitioners, and our people across our ANZ, China and International markets due to the coronavirus pandemic. Blackmores' focus during this time was and continues to be resolute in protecting our people and their families and the continuity of manufacturing and supply of our products to our customers and consumers. The Board acknowledges and thanks the extraordinary commitment of our people who continue to respond quickly to the changing demands of COVID-19.

Progressing our key strategic priorities

The Blackmores Executives and the teams that support them have continued to progress against a number of strategic priorities while simplifying the way we operate during a period of extreme disruption:

- divesting a number of non-core brands and businesses, including Global Therapeutics, which has enabled us to sharpen our strategic focus on our core brands,
- utilising research insights from the Blackmores Institute to enhance our innovation process and deliver outcomes that provide solutions in complementary medicine to address the health issues of our consumers
- integration of the Braeside manufacturing facility creating the opportunity for control over the supply chain to deliver products to all our market channels.

Building strength and resilience

Robust and effective corporate governance and risk management are key to our ability to deliver on our purpose and strategy. This includes the responsibility to renew the Board with skills that align to supporting management in their delivery of strategic goals.

We acknowledge and thank the contribution of Directors for their considerable service to the company who stepped down from the Board in FY21:

- Brent Wallace (Chair) in October 2020
- John Armstrong (Chair of the Audit and Risk Committee) in September 2020
- Christine Holman (Chair of the People & Remuneration Committee) in July 2021.

On behalf of the Board, I make special mention of Marcus Blackmore who stepped down from the Board in October 2020. Marcus made a significant contribution for over 57 years in both his leadership and passion for complimentary medicine, bringing choice to those people seeking natural medicine. He created an iconic Australian brand, Blackmores, which is trusted and respected in Australia, China and South East Asia, and for which we are all immensely proud to be given the honour of continuing to build.

On behalf of the past and present employees and their families, Blackmores customers, our shareholders, and our new Board, I thank you Marcus for the legacy you have created and your significant contribution to the lives of many people.

In April 2021 we announced the appointment of Wendy Stops and Sharon Warburton to the Blackmores Board. Wendy brings deep global information technology and risk management experience at a time that

the world and Blackmores becomes more digitised and data-driven and chairs our Risk & Technology Committee. Sharon brings extensive board and executive experience in corporate strategy, business operations, finance, accounting, and risk management and chairs our Audit Committee.

Our Board skills assessment is outlined in the Corporate Governance section of this Annual Report on page 43. We continue to build a full complement of skills, including from the health sector, required to support the delivery of our transformation program and Blackmores' future growth.

Business performance and dividends

During FY21 the Blackmores leadership team and our people delivered:

- the fundamentals to deal with the pandemic, and ensure the health and wellbeing of our people in all locations
- growth in key segments and markets (China and International) while addressing structural changes in the ANZ market
- simplified operations and delivered on a cost out program
- the Braeside integration with manufacturing capability to establish a competitive advantage that will be enhanced with a transformation program to deliver supply chain efficiency.

Capital management disciplines have been introduced and adopted. There has been significant progress made this year to the financial health of the business, which is now in a much better position with a strengthened balance sheet due to the successful capital raising and debt reduction. An ongoing focus on disciplined capital management and cost control will enable the business to invest in capabilities that will provide greater returns for our shareholders.

In light of Blackmores' performance and strong capital position, the Board has declared a fully franked final dividend of 42 cents per share. Combined with the interim dividend of 29 cents declared earlier in the year, total dividends for FY21 are 71 cents per share fully franked with a payout ratio of 48%.

Towards a healthier, more sustainable world

Blackmores is committed to sustainable business practices to reach Net Zero Carbon Emissions by 2030 and has taken the first steps to reducing our emissions by transitioning to renewable sources of energy. In September 2021 our Sustainability Report will be published.

We have identified areas of our supply chain that are vulnerable to the impacts of climate change, informing our supply chain resilience risk assessment and understanding the potential impacts to the business.

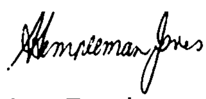
Blackmores recognises that safeguarding human rights across our supply chain is an area of great importance to our people, shareholders, customers, and the communities in which we operate. Blackmores is committed to the global effort in eliminating modern slavery in all forms. In January 2021, we published our first Modern Slavery Statement made in accordance with the *Australian Modern Slavery Act 2018* (Cth.) The statement describes the steps Blackmores took during the 2020 year to seek to minimise the risk of modern slavery occurring in our operations and across our supply chain.

Looking ahead

Our Board and the Executive Team supported by our people and our shareholders have an incredible opportunity ahead of us to build and further strengthen the Blackmores brand.

Now is the time for a heritage Australian company with strong brands and quality products to lead as a business that contributes to supporting choice for consumers owning their health and wellbeing and participating in a manner that will contribute to our economy and the communities in which we operate.

On behalf of the Board, I would like to take this opportunity to thank you for your continued support.



Anne Templeman-Jones
Chair, Blackmores Limited

CEO's Year in Review

In February 2020 we shared our Ignite for 2024 plan that sets Blackmores on the path to deliver sustainable profitable growth. Consistency over the long term requires strong footings. Our focus in FY21 was to ensure that Blackmores has foundational elements in place while dealing with the disruption caused by a pandemic.

The health and wellbeing of our employees and the communities we serve continues to be our top priority

Across many of the markets we serve COVID-19 continues to impact communities, pressure health services, and change how we work and interact with each other. Ensuring that our people are protected, feel safe and secure, and that we supply much needed health products to those most in need continues to be the focus for all of us here at the Blackmores Group.

In Australia for the past 12 months restrictions and lockdowns have led to a consumer shift, with foot traffic moving from pharmacy to grocery, and from traditional retail to online.

Today, the vast majority of our employees continue to work from home. The exception is our make, packand deliver teams as well as our frontline sales and education colleagues who have ensured that we could bring products to our consumers while observing strict and varied safety protocols. The ability of our teams to respond to the sudden and dramatic shifts in demand brought on by rolling lockdowns and border closures in each of the 13 markets we serve has been an incredible achievement.

Financial Year 2021 results

Despite the uncertain environment, Blackmores has delivered a strong result for 2021, with revenue up 3% on a constant currency basis and underlying earnings before interest and tax (EBIT) up 52%.

Across Asia revenue was up 28% at constant currency for the year, with the region now contributing 51% of sales for the Group. For the full year our International segment revenue was up 27% on a constant currency basis. The China recovery continues with far better online marketing and stronger customer events with Tmall.com and JD.com during key consumption periods, with revenue for the year up 28%.

Blackmores ANZ faced unprecedented challenges in 2021, with revenue down 14%. The vitamin and dietary supplement (VDS) category fell $200m[1] in retail sales on an annual basis. This was driven by fewer sales to travellers and international students in retail outlets and a decline in average weight of purchase. Traffic to both traditional and discount pharmacy was down, as lockdowns forced a shift to grocery channels where the average spend per trip is much lower. Sales of our largest BioCeuticals sub-brand, ArmaForce, were down as a result of pantry loading in prior year 2020 and the lack of a cold and flu season. PAW by Blackmores posted strong growth results.

Focus in ANZ is on restoring value to the marketplace in Australia via superior innovation, optimised channel pack/price architecture, investing in brand support, and partnering with retailers to deliver a superior shopper experience.

1. IQVIA Grocery and Pharmacy 12 month MAT 12/06/21

Progress against our Strategic Pillars in 2021

Drive growth in targeted segments and markets

Our aspiration is to reach 1 billion consumers by 2025 and generate $900m in sales. This ambition requires us to look at different ways Blackmores can build confidence with consumers whose needs are not being adequately served.

In FY21 we extended our range of Halal certified products which allow us to bring our products to previously under-served consumers to help improve the health of those in countries like Indonesia and Malaysia in ways that provide a deep level of Halal assurance. With unique products and benefits we will ensure that more consumers than ever before have trust in Blackmores.

Our Global Innovation Centre in Shanghai is focused on designing products for the modern career woman, a key target consumer for Blackmores in all markets we serve. This target consumer provides a clear focal point around which to build out innovations that best meet the needs of this important consumer group.

In March 2021 we launched our personalised online direct-to-consumer offer B(more), which allows consumers to consult with our online naturopaths and build personalised vitamin subscriptions, delivered straight to your door in convenient daily packages.

When it comes to our furry friends, PAW is already the most recognised pet supplement brand in Australia. We will continue to bring more innovation and education to vets, specialty retailers and pet parents alike. In the past 12 months growth in our pet health business has been driven by delivering education programs with our vets, improved programs on e-commerce and specialty pet channels, and new-to-market innovation like PAW OsteoAdvanced.

Ignite the Australian vitamin and dietary supplement (VDS) category

Despite the category challenges faced in Australia brought on by lower foot traffic in pharmacy, the lack of a cold and flu season, and the decline of the Daigou trade, the ANZ team was able to execute on the channel and pricing strategy needed to drive value with customers and improve our underlying EBIT margin by 221bps.

Our team in Australia and New Zealand remain focused on delivering the channel differentiation that is needed to drive value across the category through innovation and improving the consumer and practitioner experience offline and online, while continuing to drive the distinctiveness of our brands through stronger and more engaging messaging.

CEO's Year in Review

Transform digital commerce and operations

For many sectors, COVID-19 has highlighted that the move to a more omnipresent digital economy is much closer than what we all predicted just 12 months ago. Our e-commerce sales contributed 27% of sales in FY21. We now deliver 100% of our education content through digital channels. With a disproportionate amount of our growth to come from digitally enabled communication and sales channels as more consumers and practitioners shift their own preferences to a digital experience, our aim is that more than 40% of sales will come from online by 2024.

To stay ahead of the shift, we are exploring where technology, data and insights can enable us to move to a completely different way of working.

Our investments will be focused on technology-led innovation and superior end-to-end digitally enabled experiences, including better e-commerce platforms for our leading brands, superior digital communication and content, improved B2B e-commerce, and a superior digital health ecosystem that offers innovative, integrated and personalised health solutions beyond the pill.

Importantly, digital growth will be underpinned by operational efficiency as we move to become a connected enterprise and unlock our organisational experience, capacity and productivity via digitally enabled operations and automation.

Simplify our operations and reduce cost

At the beginning of 2020 we set ourselves a target to deliver $50m of annual gross savings ongoing by FY23. This year we delivered $22m in year savings through our Leading Value Position (LVP) program as well as changes to our organisational design to better align to our strategic growth priorities and strategic revenue management.

In April we increased our target to $55m by FY23 and are well on track to deliver our savings initiatives. We will reinvest approximately half of our productivity and cost savings to fuel growth, while delivering a higher standard of performance more consistently over time.

We simplified our portfolio through brand divestments and streamlining of our product offerings. By the end of calendar year 2021 we will reduce our SKU count by 40%. During the year IsoWhey/Wheyless and Global Therapeutics were divested.

Blackmores is in a much better financial position than just 12 months ago. A move to a much stronger balance sheet, good operating cash flow and a relentless focus on cost control means that our financial health is very strong and provides us more freedom to invest in core capabilities that will generate a better return for our shareholders over time.

Strengthen our supply chain

Following the acquisition of our Braeside facility in 2019, Blackmores became a vertically integrated manufacturing, distribution, sales and marketing organisation for the first time in 89 years. This was a bold strategic move and led to significant change not only in manufacturing and supply but in product development, business planning, compliance and regulatory affairs impacting everything we do at Blackmores.

Blackmores now has more than 65% of volume own sourced, made and packed and over the past 12 months we delivered a record volume of 2.6b standard-unit doses.

We are proud of our investment in Australian-based advanced manufacturing capabilities.

We will continue to accelerate the necessary supply costs savings to ensure important improvements such as factory efficiencies, portfolio simplification, reformulation of our products and procurement savings to drive manufacturing efficiency for the Group.

To safeguard product orders in transit, Woolcool liners provide effective insulation using a waste product from the wool industry which is 100% compostable with a recyclable cover for lower impact on the planet.

Delivering natural health solutions, while protecting nature's precious resources

Blackmores has a rich heritage in demonstrating our commitment to environmental and social responsibility. This year we've accelerated our corporate citizenship initiatives to deliver on our vision for a world where people and nature thrive together.

For Blackmores Group we have three areas that underpin our commitment to a cleaner, safer, and more equitable world. To reach Net Zero Carbon Emissions by 2030, we have mapped a clear pathway and taken the first steps to reducing our emissions by transitioning to renewable sources of energy. This included decommissioning the gas-fired trigeneration plant which was the primary source of energy for our Warriewood Campus for the last decade.

Addressing our packaging emissions is another important workstream. Packaging medicines requires materials that protect the efficacy of every ingredient for the shelf-life of the product. Even though more than 98% of our current packaging is recyclable, we have an ambition to have 100% recyclable packaging by 2025.

We have deepened our supply chain transparency to assess and address the risk of modern slavery. This involved people from across our business and many of our suppliers engaging in training and education programs and implementing new procurement systems that support a structured approach to risk assessment and supplier audits.

With a zero tolerance policy of gender-based harassment, discrimination and bullying, we are committed to targeted and ongoing training of all our people at all levels of our organisation and our diversity and inclusion policy and strategy is supported by a steering group. I am pleased to announce that in 2021 we achieved our gender leadership targets and continue to provide equal opportunity to our people regardless of gender, ethnicity and age. Importantly, we have no gender remuneration gap and are committed to maintaining this.

The Blackmores Group transformation is well underway. We have simplified our operating model and are more focused than ever on delivering sustainable, profitable growth.

Our Blackmores team has always been known for its resilience and passion for natural health. There is no other time in our history where this has been more evident and where our mission to connect 1 billion consumers to the healing power of nature by 2025 is more relevant.

I look forward to continuing to share progress on our journey with all our shareholders, customers and consumers.

Wishing you, your family and pets good health,

Alastair Symington
CEO and Managing Director

Family members of our employees: Indica, 11, (centre) joins Olive, 11, and David Finch for a park kick-around.

02 Growth Strategy

Focused on 3 core brands, key markets, and 5 consumer growth platforms

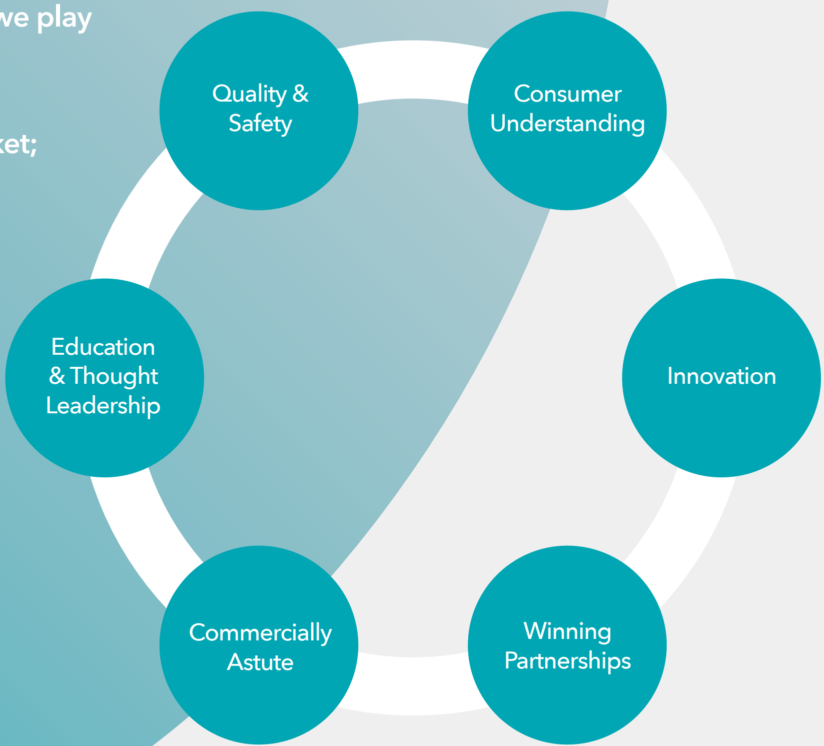
Ignite for Growth 2024

Our ambition is to connect 1 billion people to the healing power of nature and deliver $900m of net sales.

Our Goals

1. Consumers
   To be the most loved, trusted and chosen brand in the categories we play
2. Growth
   Consumption ahead of the market; sustained profit performance
3. Our People
   Ranked #1 employer of choice in the health industry
4. Sustainability
   Net Zero Emissions by 2030
5. Value
   Shareholder return ahead of the market (EPS)
6. Health Leadership
   Ranked #1 thought leader in natural health

World-Class People & Culture



3 core brands
Blackmores
BioCeuticals
PAW

Focus markets
Australia
South East Asia
China
India

5 consumer growth platforms

- Core
- Modern Parenting
- Everyday Mental Wellbeing
- Move
- Pet Health

Growth Strategy

Our Priorities

STRATEGIC PILLARS

1. Drive growth in targeted segments and markets

2. Simplify our operations and reduce cost

3. Strengthen our supply chain

4. Ignite the Australian VDS opportunity

5. Transform digital commerce and operations

Strategic milestones achieved in FY21

Demonstrating strong progress on our transformation and growth strategy

- **Double digit revenue and profit growth in China and International markets**
- **Increased brand investments in Australia and Asia**
- **Portfolio simplification – sale of non-core brands and ~500 net SKU rationalisation from 1,400>900**
- **Organisational redesign completed, delivering $15m in run rate OPEX savings**
- **Braeside integration**
- **Supply chain enhancements delivering $11m in-year cost savings**
- **Implemented channel-based pricing strategy**
- **E-commerce now represents 27% of Group sales**
- **B(more) direct-to-consumer platform launched**

Blackmores' strategic targets by FY24

Blackmores' transformation will deliver key strategic targets

- **Reach 1 billion consumers and $900m of net sales**
- **International and China markets to contribute >60% sales and fully operational in India, Philippines, Vietnam**
- **Ongoing portfolio optimisation towards more productive SKUs**
- **$55m in annualised OPEX and COGS savings by FY23**
- **Future proof supply chain, automation and continuous improvement at Braeside plant**
- **Market leading customer and practitioner experience**
- **Gross profit margin in the high-50s and EBIT margin mid-teens**
- **Omni-channel excellence with e-commerce >40% of total Group sales**

Consumer-led Innovation

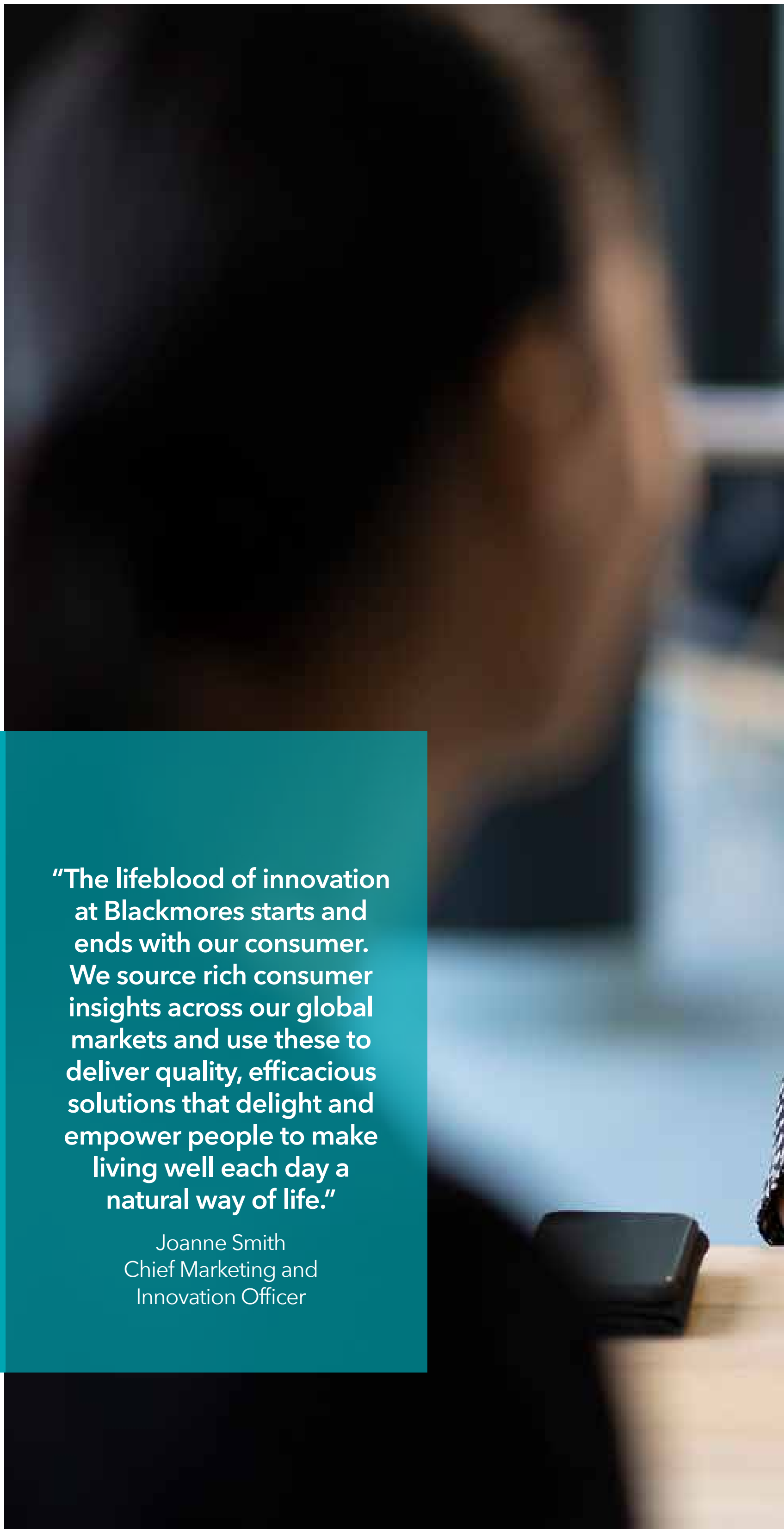
Our approach to innovation

Our three-year innovation ambition is to drive sustainable growth through brilliant ideas that answer the needs of our consumers across our markets.

The revamp of our innovation process in FY20-21 was geared around our five Consumer Growth Platforms using local consumer insights.

The Blackmores Innovation Engine is an end-to-end delivery framework – processes, systems, and resources – designed to bring big ideas to market with efficiency and clarity to deliver our three-year growth ambition. Ultimately, we want to bring consumer-led ideas to our markets quickly.

Consumer-led innovation taps into trends, behaviours, and demands that lead to ideas for products, services and ways of doing business. It starts and ends with what consumers want.



Innovation in FY21

25 scalable, global ideas identified in 6 months to be developed in FY22

Global Innovation Centre in Shanghai delivered local market consumer insights

High value net sales target for innovation over the next 3 years sparked by deep consumer insights

"The lifeblood of innovation at Blackmores starts and ends with our consumer. We source rich consumer insights across our global markets and use these to deliver quality, efficacious solutions that delight and empower people to make living well each day a natural way of life."

Joanne Smith
Chief Marketing and Innovation Officer

Humera Ahmad, Group Product Development Director, Group Marketing & Innovation.

Asia

In FY21 we delivered blockbuster innovations across Asia.

- Blackmores Power Up: Currently available in Singapore, Taiwan and Hong Kong. A unique herb blend found in clinically-studied doses to boost healthy testosterone levels in men and developed in response to research that men want increased performance and confidence.
- Blackmores Ultra Body Shaper: Now #1 selling product in Hong Kong and Taiwan. Formulated with patented African Mango Seed extract and clinically shown to reduce weight and fat in 4 weeks by breaking down fats and carbohydrates.

China

Our Global Innovation Centre in Shanghai fast-tracked the launch of a Blackmores premium line of products specifically designed for the modern parenting consumer growth platform. The range features highly targeted formulations to meet consumer needs across conception, pregnancy, breastfeeding, and children's health.

Australia

Our innovation centered around support for immunity and stress in response to the heightened needs of our consumers during the pandemic.

- Blackmores Run Down Rescue: A multi-action formula that relieves tiredness, supports energy levels and immune system health specially formulated with a blend of vitamins, minerals, plant and mushroom extracts, Siberian ginseng and vitamin C.
- Blackmores Sleep Sound Magnesium: A triple-action sleep product that relieves muscle tensions, spasms and symptoms of stress.
- BioCeuticals D3 Vegan Spray: Provides a therapeutic dose of Vitamin D3 to support healthy bone development and healthy cardiovascular and immune system function for vegan consumers.

Pet health

- PAW Digesticare SB: Contains a probiotic yeast that can be given in conjunction with antibiotics to reduce duration and occurrence of antibiotic-associated diarrhoea and help support digestive system health in dogs.

Looking forward

We have a strong three-year global innovation pipeline targeted to deliver significant net sales growth across the business by FY24.

Research and Education

Our vision is to be the leading authority on natural health education and research.

Blackmores Institute is committed to conducting and supporting research that builds the evidence base, translates into practice and improves public health.

We strive to push the boundaries of understanding, evidence and application in our focus areas to identify natural medicine opportunities and future demand trends. We use our research outcomes to build authority and leadership in the industry and with consumers.

Evidence-based responses to health needs

More than ever, consumers are interested in their own health and wellbeing and Blackmores Institute is responding with support for customers and practitioners.

Our thought leadership is based on evidence-informed education, from singular consumer interaction online through to institutional partnerships and government advisory boards. We recognise our unique position in the health industry between pharmaceutical and fast-moving consumer goods.

Our expanding partnerships and research programs across Asia and in Australia are adding to the global knowledge base of complementary medicine. The focus is on healthcare practice, discovery and innovation, novel ingredients and product development.

Advancing the science of complementary and integrative medicine

Blackmores Institute is on a mission to bring safe, effective and affordable health solutions to the masses. Our global research is focused on bringing greater understanding of how integrative medicine, complementary medicine, and lifestyle choices can improve public health outcomes.

Key research undertaken in FY21 included clinical trials for vision improvement, memory, pre-diabetes and birth defects, as well as pharmacokinetic studies and literature-based projects including a systematic review of gut long axis.

Blackmores strengthened its collaboration with CSIRO who conducted a narrative synthesis of the evidence for our Impromy health and weight management program, confirming significant weight loss of 6-10% and improvements in blood pressure and blood glucose. In FY22 Impromy will continue a partnership with Charles Perkins University on inter-generational obesity in Australia focused on infant and maternal health outcomes.

BLACKMORES INSTITUTE
RESEARCH | EDUCATION | INNOVATION

FY21 Achievements in Research and Education

41 research projects exploring natural health solutions

8 excellence in education awards, including Complementary Medicines Australia – Most Outstanding Contribution to Education and Training

147k educational touchpoints with health practitioners, pharmacy student and consumers

27k course completions in our Complementary Medicine Education (CMEd) program across Australia, Malaysia and Thailand

Partnerships with 19 leading universities and academic institutions across Australia and Asia

"The right health choices change your life and the people around you. Our research is about creating new knowledge, and sometimes pushing the boundaries of what we think we can do with supplements."

Dr Lesley Braun (pictured at right)
Global Director of Blackmores Institute and member of Australian federal taskforce to develop national roadmap for medical products including pharmaceuticals and complementary medicine.

By sharing knowledge through science communication, we empower people to make healthy choices.

Blackmores Institute was well positioned to adapt to online training from the outset of the pandemic, with virtual learning platforms already assessed and in use and additional skilled virtual facilitators quickly trained to ensure we continued delivering best-in-class education through FY21.

Our Complementary Medicine Education (CMEd) program for pharmacists across Australia, Malaysia and Thailand had 27k completions, while our BeCertified micro-credential, product-focused retail training had 23.4k completions with exceptional feedback. In Australia, we ranked number one for retail education and training (Advantage Survey September 2020).

Blackmores Institute further employs digital communication strategies, podcasting, journal publication and conference keynotes to continue to extend our global reach while building depth and breadth.

Naruemol Roongaphirakkul, New Product Development Manager, Blackmores Thailand.

03 Company Leadership

Committed leadership making a difference

Board of Directors

Anne Templeman-Jones

BCOM, EMBA, MRM*, CA, FAICD

Chair and Independent Non-Executive Director

Appointed Chair of Blackmores on 28 October 2020

Board Committees:
Audit Committee (Member), People & Remuneration Committee (Member), Risk & Technology Committee (Member)

Anne brings a wealth of corporate experience and is currently serving as a Non-Executive Director of Commonwealth Bank of Australia, GUD Holdings Limited and Worley Limited.

During her 30-year executive career, Anne has held a number of leadership positions in corporate and private banking with domestic and offshore banks including Westpac Banking Corporation, Australia and New Zealand Banking Group Ltd, and Bank of Singapore.

Anne is the former Chairperson of Commonwealth Bank's financial advice companies and has served on the boards of The Citadel Group Ltd, Cuscal Ltd, HT&E Limited, Pioneer Credit Ltd, Notre Dame University, TAL Superannuation Fund, and HBF Limited (private and general insurance companies).

Anne has significant experience in strategy, financial and non-financial risk, and corporate governance. Anne is also a Director of the Cyber Security Research Centre Ltd.

* Masters of Risk Management

Alastair Symington

BEC, PG DIP INTL, BUS, MAICD

Group Chief Executive Officer and Managing Director

Appointed: 1 October 2019

Alastair joined Blackmores as Group CEO and Managing Director in September 2019. He brings deep global FMCG experience with leadership roles in health and beauty categories across multiple geographies.

Prior to joining Blackmores Alastair was the Senior Vice President of APAC, Latin America and the Middle East for Coty based in Dubai. He has extensive experience in commercial operations across multiple geographies during his time at P&G and Coty having held roles in Market Strategy and Planning across APAC (P&G) based in Singapore, Managing Director China Wella (P&G), based in Shanghai, Head of Emerging Markets (Wella) P&G, based in Geneva, and SVP Consumer Beauty, Coty based in Dubai. Alastair started his career in Australia and has a deep understanding of consumer retail and brand marketing in the local market having held roles at both at Nestle and Gillette.

Alastair has a Bachelor of Economics and a Post-Graduate Diploma in International Business from Monash University, and is a member of the Australian Institute of Company Directors.

David Ansell

BA (COMMUNICATION), GAICD

Independent Non-Executive Director

Appointed: 22 October 2013

Board Committees:
People & Remuneration Committee (Chair), Risk & Technology Committee (Member)

David has enjoyed a highly successful career in consumer-facing organisations in Australia, Asia and the United States.

David played a pivotal role in the start-up years of Foxtel, was CEO of advertising agency Saatchi & Saatchi, Managing Director of Mars Incorporated in Australia, and President of a global Mars unit based in the United States.

David has a strong operating and supply chain skill set and a deep understanding of brand and customer strategy. David recently stepped down as Managing Director of Jacobs Douwe Egberts Peets, after six years running Australia and New Zealand's largest pure play coffee Company. Since then, he has led the acquisition of the Campos Coffee Company, which he now Chairs as an Independent Director.

David is a former Director of the peak body of cycling in this country, Cycling Australia, where he served for five years until early 2020.

Sharon Warburton

BBUS (ACCOUNTING & BUSINESS LAW), FCA, FAICD, FAIB

Independent Non-Executive Director

Appointed: 28 April 2021

Board Committees:
Audit Committee (Chair), People & Remuneration Committee (Member), Risk & Technology Committee (Member)

Sharon joined the Board in April 2021 and is Chair of the Audit Committee. She has extensive board and executive experience in corporate strategy, business operations, finance, accounting and risk management, along with significant expertise in governance and remuneration.

She is currently a Non-Executive Director and Chair of the Audit and Risk Committee of Wesfarmers Limited, as well as being a Non-Executive Director of Gold Road Resources Limited and Worley Limited.

Sharon has also been a part-time member of the Takeovers Panel since 2015, and is an Adjunct Professor in Leadership and Strategy at Curtin University's Faculty of Business and Law.

Wendy Stops

BAPPSC (INFORMATION TECHNOLOGY), GAICD

Independent Non-Executive Director

Appointed: 28 April 2021

Board Committees:
Risk & Technology Committee (Chair), Audit Committee (Member), People & Remuneration Committee (Member)

Wendy joined the Board in April 2021 and is Chair of the Risk & Technology Committee. She brings deep global information technology, operational and risk management experience with leadership roles in Asia-Pacific and operational and risk management globally.

Wendy is currently a Non-Executive Director with the Coles Group and Fitted for Work, a Council Member of the University of Melbourne, Chair of the Industry Advisory Board for the Melbourne Business School's Centre for Business Analytics, a member of the Digital Experts Advisory Panel for the Department of Prime Minister and Cabinet's Digital Taskforce and a member of the AICD's Governance of Technology & Innovation Panel.

She was previously a Non-Executive Director of the Commonwealth Bank of Australia (2015-2020) and Altium Ltd (2018-2019).

Executive Team

Alastair Symington

Group Chief Executive Officer and Managing Director

Appointed in October 2019
Prior to joining Blackmores Alastair was the Senior Vice President of APAC, Latin America and the Middle East for Coty based in Dubai. Alastair is a global business leader and passionate brand builder with more than 25 years of consumer goods experience in health and beauty across multiple geographies. Having started his career at Nestle in Australia, he then moved to Gillette and then Procter and Gamble (P&G) in 2005. In 2008 Alastair moved to Singapore as Head of Strategy and Planning across the APAC group for P&G beauty and grooming categories. In 2012 Alastair moved to Shanghai as China Managing Director for Wella (P&G). His role expanded in 2014 to take on responsibility for all Wella emerging markets which consisted of more than 80 markets across APAC, Latin America, Middle East and Africa and Central Eastern Europe and relocated to Geneva, Switzerland. In 2016, Alastair joined Coty as part of the merger between P&G specialty beauty brands and the former Coty company, as Senior Vice president. He relocated to Dubai and led the formation of the Coty consumer beauty division. As a CEO that has led other CEO's Alastair has proven track record at leading teams and operating in the highly competitive consumer goods sector here in Australia and across Asia Pacific.

Alastair has a Bachelor of Economics and a Post-Graduate Diploma in International Business from Monash University, and studied Mandarin while living and working in Shanghai. He is passionate about finding ways to connect more people to holistic health solutions, believing that healthy people and their pets naturally lead to a healthier planet.

Cecile Cooper

Chief Governance Officer

Cecile is committed to sustainability and good governance at Blackmores, championing both throughout her 30-year career with Blackmores. As Chief Governance Officer, Cecile is responsible for regulatory affairs, medical and product safety, government and public affairs, and work health and safety.

As one of Blackmores' longest serving employees, Cecile knows the business inside out. Over recent years, she has been especially passionate about embedding sustainability across the business. She has held a variety of senior positions within Blackmores, including 13 years as Company Secretary, Director of Corporate Affairs, Business Manager for Product Development, Marketing and Sales and Finance Manager.

Cecile is a Chartered Secretary and a Certified Practicing Accountant with a Bachelor of Business (Accounting) and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. She is a graduate of the Australian Institute of Company Directors, serves on the Governance Institute of Australia's Legislation Review Committee, and is the Chair of CCNB Limited, a not-for-profit community care organisation. Cecile was awarded the Rotary Paul Harris Fellow in 2015.

Dean Garvey

Managing Director, International

An experienced commercial operator, Dean is responsible for driving international growth across our Asia markets (excluding China), including new entries through direct investment or distribution partners. He is based at our international hub in Singapore, leading a team of almost 800 people in Hong Kong, Indonesia, South Korea, Malaysia, Pakistan, Singapore, Taiwan, Thailand and Vietnam. Prior to this Dean was Blackmores' Deputy Managing Director Asia since 2014, spearheading our joint venture with Kalbe Farma in Indonesia of which he is President Director. Dean is passionate about learning about new cultures and helping pioneer the natural health industry in Asia. Before joining Blackmores, he was General Manager for Sales and Marketing at Vodafone Australia and held senior roles in M&A advisory both in-house with SingTel Optus and professional services firms. Dean has degrees in commerce and chemical engineering from the University of Sydney and is a Chartered Accountant.

Gunther Burghardt

Chief Financial Officer

Gunther Burghardt was appointed CFO in January 2020. He is a successful finance and business leader with more than 27 years' experience in the consumer goods, food and beverage industries. His diverse global career includes leading teams in finance and information technology and in commercial and operations functions. Prior to joining Blackmores, Gunther was Executive Vice President Operations at Treasury Wine Estates (TWE), based in California, USA. At TWE he also held various senior finance roles working across regions including Asia, Europe, the Americas and Oceania, and also held the role of Group CFO during his time there. Earlier in his career Gunther held senior roles at Mondelez International (formerly Kraft Foods), Reckitt Benckiser and Procter & Gamble. Gunther holds a Bachelor of Business Administration, Finance and Accounting from Wilfrid Laurier University in Canada, and has fellowship from the University of Melbourne Graduate School of Accounting and Industry partnerships. Originally from Canada, he enjoys being active in the great outdoors and believes pets improve wellbeing and engagement with life.

Jane Franks

Chief People Officer

Jane joined Blackmores in October 2018 in a newly created CPO role, responsible for developing and executing the Blackmores' people strategy. As guardian of the employee value proposition, she delivers a strategic focus on culture, capability and talent across all global markets. Passionate about people, performance and making a difference, Jane is an accomplished executive with over 20 years' experience in the financial services and consumer products sectors across HR, strategy, and business management roles. She has a strong track record of building partnerships to improve business performance through change and transformation, improving leadership and organisational capabilities of the future and embedding rigorous talent practices. Prior to joining Blackmores, Jane was HR Director for Diageo Australia and before that held senior roles across the Westpac Group for over 15 years. She has a Bachelor of Business and membership of the Australian Institute of Company Directors and Australian Human Resources Institute.

Jeremy Cowan

Chief Operations Officer

Jeremy joined Blackmores in July 2018 and has a strong record of generating value through supply chain strategies and continuous improvement. His exceptional leadership and strategy capability is linked to extensive functional and technical acumen across end-to-end supply chain, encompassing sales and operations planning, manufacturing, logistics, and strategic sourcing. He is skilled at developing high performing teams and nurturing positive workplace cultures. Prior to joining Blackmores, Jeremy was Asia Pacific Sourcing Director of Nando's and before that enjoyed a 20-year career with Mars Incorporated in various Supply Chain and Sourcing Director roles across multiple segments based in both Australia and the USA. A keen triathlete who completed his first full Iron Man race in 2018, Jeremy has a Bachelor of Commerce degree from Deakin University with an Accounting and Economics major.

Executive Team

Joanne Smith

Chief Marketing and Innovation Officer

Holding a stellar track record in global brand building and innovation, Joanne drives marketing excellence and consumer-led innovation for Blackmores and is a proud champion of holistic health. With over two decades of commercial and global marketing leadership expertise, Joanne's key strengths include business and brand development, consumer-centric global growth strategies and transformational organisational change. Prior to joining Blackmores in March 2020, Joanne was Global Marketing Director at DuluxGroup, driving the Selley's brand across Australia, New Zealand and Asia. She has held executive marketing positions with well-known consumer brands, including Regional Director for Johnson & Johnson (Asia) and Global Marketing Director for Unilever (USA) leading the Dove brand globally. Joanne has a Bachelor's degree in Marketing from the University of Technology Sydney and a MBA with an International Business major.

Kitty Liu

Managing Director, China

With a strong marketing pedigree and reputation for great brand strategy and business growth, Kitty has more than two decades of experience with blue chip multi-national organisations including General Mills, Mead Johnson, Yum! and Unilever. She has successfully implemented omni-channel strategies across e-commerce, including JBP experience with Alibaba and Tencent. As VP, Marketing Strategy and Sales Operation for Mead Johnson Nutrition, she reshaped the infant and child nutrition product portfolio and sales strategy in China, achieving double-digit top line growth by gaining share in the winning channels of e-commerce B2C and mother and baby store chains. Kitty's roll-up-her-sleeves approach to leadership combined with a MBA means she is passionate about delivering results and keen to foster a performance culture where all team members feel supported to reach their full potential. She is a firm believer in gender equity and the importance of building a strong pipeline of talent to support future business growth.

Ayumi Uyeda, Managing Director of Australia and New Zealand, left the company on 9 July 2021, with CEO Alastair Symington assuming responsibility for the ANZ business until a replacement is appointed.

Adjunct Professor Lesley Braun

Director, Blackmores Institute

Lesley is responsible for education and research programs across the Blackmores Group. She is an Adjunct Professor at National Institute of Complementary Medicine (Western Sydney University) and the National Centre for Naturopathic Medicine (NCNM) Southern Cross University, and has held various positions at The Alfred Hospital, Monash University and RMIT University. Lesley was Vice President of the National Herbalists Association of Australia, an Academic Board Member of Endeavour College, and former member of key industry groups including the Australian Therapeutic Goods Advisory Council, Advisory Committee for Complementary Medicine, the National E Health Transition Authority (NeHTA) medicines terminology group, Clinical Oncological Society of Australia, and Advisory Committee for the Australasian Integrative Medicine Association. She is a current member of the Menzies Research Catalyse Program, Pharmaceutical Society of Australia, Australian Institute of Company Directors, International Women's Forum. Lesley also sits on course advisory committees for the nutrition degrees at Endeavour College and Think Group. She is the main author of four bestselling textbooks including Herbs and Natural Supplements – an evidence-based guide, founding Editor-in-Chief of the journal Advances in Integrative Medicine, and was a regular columnist for the Australian Journal of Pharmacy for 20 years. She was named CEO Magazine's Health and Pharmaceutical Executive of the Year in 2018.

Richard Conway

Group General Counsel & Company Secretary

A passion for the consumer products industry saw Richard join Blackmores in July 2021 as its Group General Counsel & Company Secretary. Richard leads Blackmores' legal and compliance functions, as well as providing company secretarial support to the Blackmores Board of Directors.

Richard is a seasoned corporate and commercial lawyer and experienced governance professional. Most recently, he spent almost six years working in a range of operational and strategic legal roles at Coca-Cola Amatil including as General Counsel of its Australian business unit and as Deputy Group General Counsel and Group Company Secretary. Richard's private practice legal experience includes public and private M&A roles based in London, Moscow and Sydney for Freshfields Bruckhaus Deringer and Herbert Smith Freehills.

Richard is an admitted lawyer in New South Wales, England and Wales and is a member of the Governance Institute of Australia.

BaLong Nguyen:
Team Leader,
Bungarribee
Distribution Centre

04 Operating & Financial Review

Investing in efficiency and growth

Group and Divisional Financial Results

Blackmores delivered revenue of $575.9m up 3%* driven by strong China and International growth, with Net Profit After Tax (NPAT) of $28.6m up 89%.

*in constant currency

Growth has been driven by International up 27% (in constant currency) and China up 28%, but offset by the ANZ region down 14% over the prior year which continues to be impacted by the loss of daigou trade and a mild cold and flu season.

A focus on optimisation of price, product mix, trade spend, and a savings program in Cost of Goods Sold (COGS) has driven a 1.6% increase in gross profit margin and a 83% increase in EBIT.

A structural change in the VDS market has seen a shift from traditional channels to e-commerce and growth markets in Asia. We have also benefited from higher growth in our Asia markets including China, which now represent 51% of Group sales.

Tight cost control aligned with restructuring activities has seen Group-wide supply chain and OPEX savings programs deliver meaningful results.

Australia & New Zealand (including BioCeuticals)

Australia and New Zealand revenue of $280.6m was down 14% on the prior corresponding period, with reported EBIT down 15%. Sales in the region were impacted by the ongoing effects of COVID-19 including border closures and a reduction in retail foot traffic and sales from international students and visitors.

COVID similarly has changed shopper behaviour and foot traffic in grocery where the average spend per trip is much lower. This has driven a period of heightened promotional activity as these channels have sought to maintain greater share of consumer vitamin spend.

BioCeuticals was impacted by the prolonged lack of cold and flu season and lower replenishments rates for ArmaForce, though BioCeuticals remains Australia's leading practitioner brand in Australian pharmacy[1].

These declines have been tempered by strong growth in sales of our PAW brand as it continues to gain momentum.

Blackmores brand metrics remain strong. Blackmores is the leading VDS brand with 12.3%[2] share of market and the most trusted VDS brand in Australia for the 13th year running[3] and in New Zealand too.

International

Our International business delivered strong revenue growth of 27% at constant currency (18% at actual FX) to $163.7m, with reported EBIT growth of 48%.

The strong result was driven by significant growth across our key markets of Indonesia, Thailand and Malaysia due to the increase in consumer demand for immunity products which has been accelerated by COVID-19 with low levels of containment across several of the markets in the international segment.

Top line growth has also been supported by the investment in more Product Advisors (now totalling 679) as well as more targeted price/pack initiatives to deliver net sales per unit uplift.

Lower numbers of overseas travellers impacted sales in our smaller markets of Singapore and Hong Kong.

Market innovation in the region included the launch of Ultra Body Shaper (now our top-selling product in Hong Kong and Taiwan) and Power Up (which became our top-selling product in Singapore within six weeks of launch).

Good progress is being made with our Halal strategy across South East Asia. Blackmores is the only imported brand with halal certification by Majelis Ulama Indonesia (MUI) – two-thirds of our product range is certified.

China

China revenue is up 28% to $131.6m with the segment posting reported EBIT of $14.3m compared to a break-even result in the prior year.

The result was driven by FTZ growth of 34%, with this channel now accounting for more than 70% of net sales.

Performance across e-commerce platforms was very strong in both the Double 11 and 618 online shopping festivals. This performance is a result of ongoing investment in innovation as well as local capabilities to deepen CBEC and digital health performance. Blackmores was a top 4 VDS brand across all CBEC platforms in China during both these e-commerce events[4].

Blackmores is committed to more investment in brand and OPEX to build capability in this market.

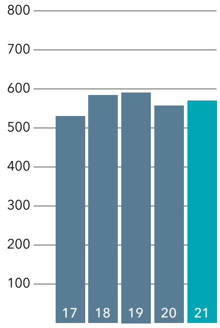
We remain focused on driving brand awareness and product innovation in key product categories (e.g. fish oil, joint and kids) to underpin momentum in China. As part of this focus, our Global Innovation Centre established in Shanghai is providing us with rich local insights.

1. Nielsen AU Pharmacy & Grocery MAT to 19/06/21 (Practitioner sales only).
2. Nielsen AU Pharmacy + Grocery MAT 9/06/21 Domestic (Retail & Practitioner).
3. Reader's Digest Most Trusted Brands Surveys 2009 to 2021.
4. Smartpath 2/8/21.

Revenue[1]

$575.9 million

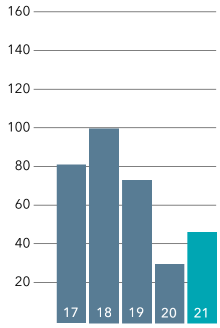
The Group delivered revenue of $575.9m across all divisions and brands, up 3%[2] on the prior year.



EBIT[3]

$45.8 million

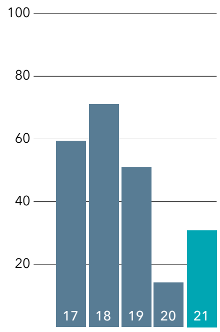
Earnings before interest and tax of $45.8m was up 83% compared to the prior year.



NPAT[3]

$29 million

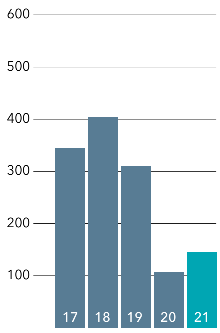
Net profit after tax attributable to shareholders of $29m, up 89% on the prior year compared to $15m.



EPS[3,4]

148 cents

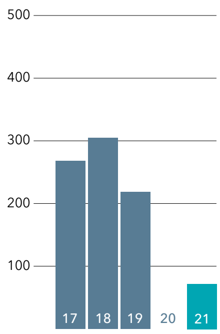
Earnings per share of 148 cents were up 71% on the prior year[1].



Dividends per share

71 cents

Dividend represents payout ratio of 48% for the year ending 30 June 2021.



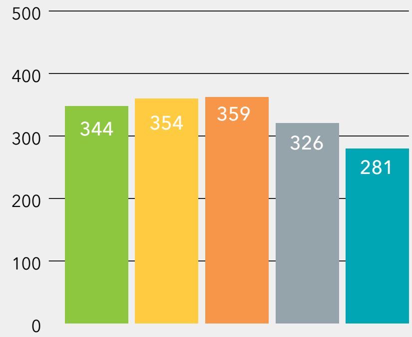
1. FY21 and FY20 exclude revenue from the discontinued operation.
2. 3% at constant FX; 1% at actual FX.
3. FY20 restated for change in accounting policy arising from IFRIC Saas clarification, EBIT - $4.3m, NPAT - $3m, and EPS - 17.2 cents.
4. Basic EPS from continuing and discontinued operations.

01

Australia & New Zealand

REVENUE

$281 million

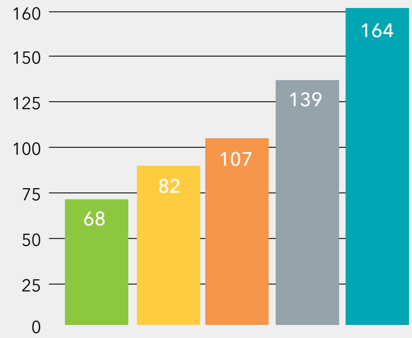


02

International

REVENUE

$164 million

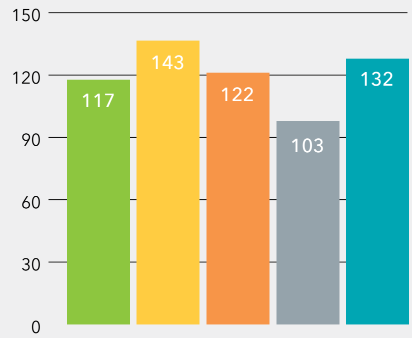


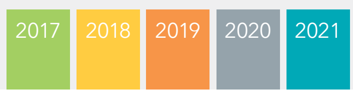
03

China

REVENUE

$132 million





Operating Review

The ongoing delivery of our growth strategy will enable Blackmores to return to sustainable, profitable growth and support shareholder value creation.

About Blackmores Group operations

16 sites
13 markets

Accountable to 20+ regulatory authorities

Make
Manufacturing at Braeside, Victoria – a 30,000m^2 soft gel and hard tablet manufacturing facility producing 65% of our volume

Pack
Group headquarters at Warriewood – a 25,000m^2 purpose-built facility where most products are packaged and quality checked

Deliver
Distribution centre at Bungarribee, Western Sydney – a 16,000m^2 warehouse processing 3500 orders per week

Overview

This year we continued to execute against our growth strategy to return Blackmores to sustainable, profitable growth and shareholder value creation, mindful of uncertainty around COVID-19. Our decision to vertically integrate our manufacturing has:

- secured a manufacturing footprint in Australia for an iconic local brand
- provided certainty for many Asia-registered products
- enabled strategic supply solutions (including how we reach under-served groups)
- optimised sequencing and minimal wastage through manufacturing 100% of our own Blackmores product volume.

Braeside year 1 – performance highlights and challenges

Despite pandemic restrictions, our Braeside facility is delivering excellent performance across all metrics. Operational performance is meeting or exceeding expectations in efficiency, uptime, scrap levels, plant performance and delivery.

In FY21, Braeside achieved an all-time record production increase of 24% year-on-year over the plant's entire 30-year operating history.

Towards FY24, we will continue to streamline operational performance and product mix.

Read more about our first full year as a manufacturer on the opposite page.

Ensuring complete business continuity

Across end-to-end production which is comprised of make, pack and deliver, owning complete supply chain facilities has enabled greater internal management of COVID risk.

Controlling facilities and working conditions ourselves delivered zero disruption or downtime due to the pandemic restrictions or fluctuating consumer demand. While the global supply chain - both inbound and outbound - was marked by unpredictable delays, our maturing IBP process has supported FY21 performance and confidence in supporting growth across Australia, China and international markets.

Like many other businesses, COVID has caused unforeseen issues and complexity across the supply chain, ranging from delays with inbound raw materials or packaging to our ability to move finished goods to consumers in a predictable way.

FY21 has seen 100% business continuity across production. We took proactive and preemptive measures around segregation, splitting shift times, and social distancing. Across every part of our operations, we protected our people so that in turn we could protect our ability to make and sell products.

Control of our make, pack and deliver environments has resulted in zero production downtime because of COVID.

Our Leading Value Position (LVP) program identifies where value can be unlocked in the business to fuel growth

Our Leading Value Position (LVP) program has seven individual workstreams – plan, source, make, pack, deliver, quality and facilities.

LVP is evolving Blackmores' culture to be one of questioning, challenging how and why we do things, and looking to extract value to help fuel our growth.

Our LVP work has identified areas where value can be unlocked to fuel our growth strategy. This value comes from continuous improvement initiatives across our supply chain including our direct and indirect spend categories, underpinned by evolving maturity in our IBPprocess.

In FY21 we set a target of extracting $10m of value that, if not for the LVP work and focus, would still be costing the business. This year we have delivered $11m of savings through LVP and we're setting another >$10m LVP target in FY22.

Supplying the right product at the right time supports amazing growth.

Integrated Business Planning (IBP) progress

We're committed to the ongoing maturity and evolution of the Integrated Business Planning (IBP) process so we can better plan for our own customers. The IBP process is the glue that connects demand and supply in our business.

Our process has transformed over the past two years. Our planning horizon is at 6-9 months, with an aim to shift to two years to better supply against a longer-term, more accurate view of demand – minimising out-of-stocks for customers.

We're proud to support amazing growth through supplying the right product at the right time, particularly in many of our international markets. Despite some challenges with BioCeuticals reformulations resulting in some out of stocks in the past year, we have every confidence in supporting growth in FY22 and beyond across Australia, China and International markets.

Dr Jing Lin, Head of Formulation Development at our Braeside Manufacturing Facility and author/co-author of several industry patents.

Braeside:
2.6 billion doses in FY21

A key investment in our supply chain

Our manufacturing plant in Braeside, Victoria is our single biggest investment for the year – a 30,000m^2 soft gel and hard tablet manufacturing facility. FY21 is our first full year of operations in manufacturing, and it has proved a valuable strategic investment in securing our supply chain and staying responsive to consumer demand.

"We're thrilled with the first full year of operation. By having 100% of our own volume in the facility, we have certainty in demand," said Jeremy Cowan, Chief Operations Officer.

"We can optimise production sequencing and changeovers to minimize downtime and scrap generation. We can capital invest to improve uptime efficiency and all conversion metrics over time because we are in control of our own destiny."

- Australian first technology with a high-volume, state-of-the-art tablet press and continuous coater
- A record-breaking 2.6b doses produced in FY21
- 65% of Blackmores volume is now own sourced, made and packed
- The only known soft gel and hard tablet facility in Australia with Halal certification for Majelis Ulama Indonesia (MUI) to serve consumers in our fast-growing Indonesia market
- Supply cost savings through optimisation projects, SKU simplification, and product reformulation

Corporate Governance

Approach to corporate governance

Our Board and all levels of management are committed to continuously improving our governance practices in line with the needs of our business and stakeholders, aligning accountability and stronger risk management within the business.

Our corporate governance framework, illustrated in the diagram on this page, strives to achieve the right balance between accountability, delegation and oversight to ensure effective and timely decision making.

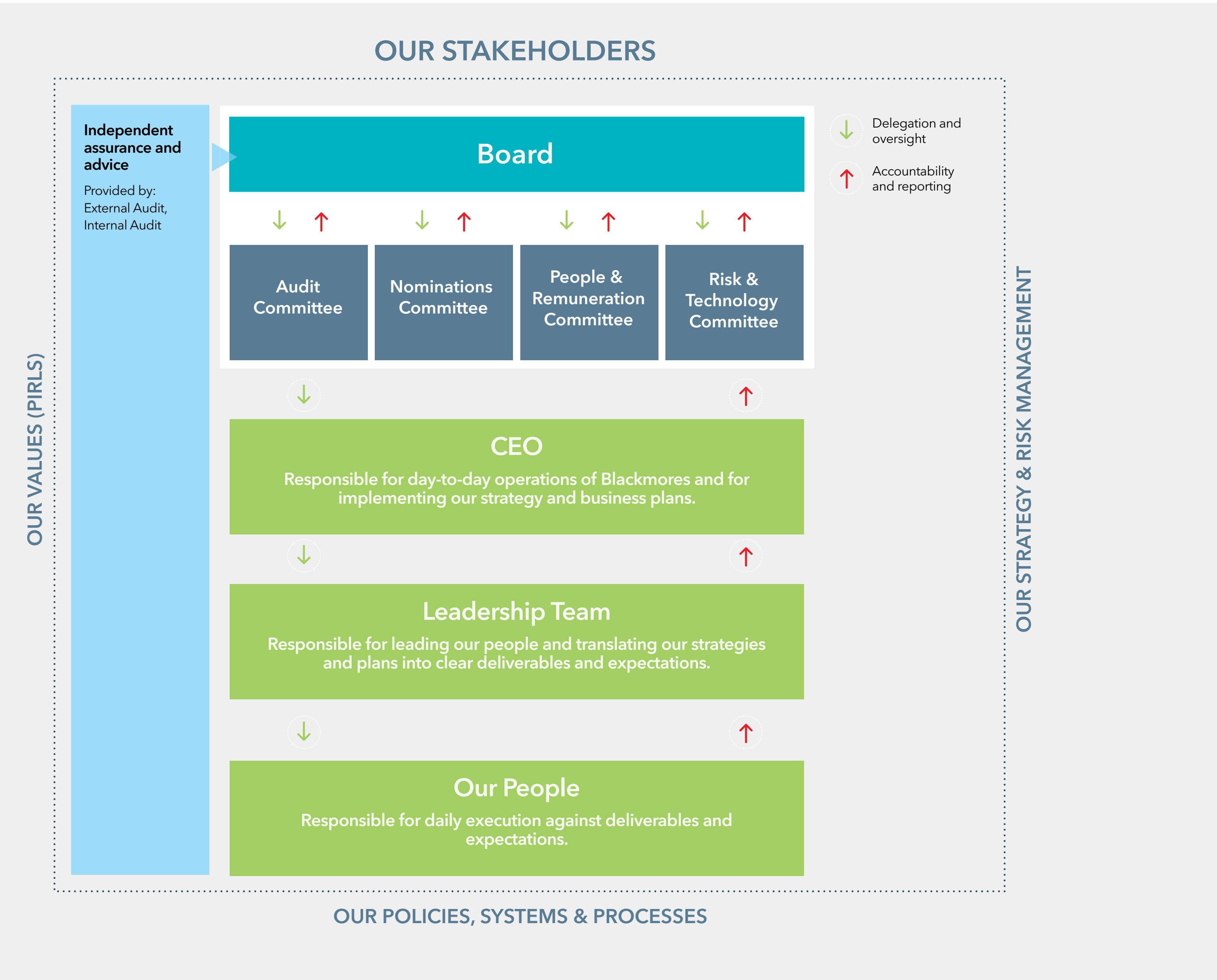
The Board is responsible for setting Blackmores' strategic direction, ensuring good governance and oversight and instilling a culture that considers and fairly balances the needs of all our stakeholders.

Responsibility for Blackmores' day-to-day management and performance is delegated by the Board to the CEO and from the CEO to other levels of management via a comprehensive delegation of authority framework.

While the Board is responsible for establishing and maintaining the corporate governance framework, good governance is also the responsibility of the CEO and other members of our Executive Team.

Detailed information about corporate governance at Blackmores is provided in our Corporate Governance Statement available at www.blackmores.com.au/about-us/investor-centre/corporate-governance.

Corporate Governance Framework



Board skills and experience

Robust and effective governance and risk management are essential to our ability to deliver on our purpose and strategy. Applying these fundamental principles through the Board renewal process enabled us to identify the uplift in skills that was needed across a combinations of disciplines. The Board skills matrix below sets out the current skills and experience we consider essential to the effectiveness of the Board and its Committees, and we will continue to use this framework to identify potential Board candidates in our ongoing renewal process with a commitment to and focus on improving the way we operate to achieve our Environment, Social and Governance (ESG) goals.

Blackmores Board skills matrix

Skill and experience				Relevance to Blackmores
Leadership		5	Leading successful business outcomes and high standards of corporate governance, as demonstrated by sustained success in a senior leadership role such as CEO level or similar position in an organisation of significant size or complexity.	Setting strategy, driving performance in senior leaders for effective decision making.
Manufacturing, supply chain and consumer products	3	2	Deep experience in manufacturing, logistics, distribution channels and/or consumer products sectors particularly in Asia.	Appreciation of the operating environment, including opportunities, challenges and constraints for our business.
Health		2	Experience in the health sector (services or regulator) or consumer health products. Exposure to regulation in health sector (e.g. TGA or similar regulator in overseas jurisdictions).	Appreciation of the framework within which our business operates, including key industry concepts and regulation.
Strategy/Global perspective		5	Having a global perspective through exposure or responsibility for leading international operations, particularly in the Asia-Pacific region.	Insight into and ability to shape our approach to harnessing key growth opportunities outside Australia.
Enhanced customer or consumer outcomes	2	3	Experience in understanding the needs of customers and/or consumers and how technology can enhance outcomes.	Ensuring customer and consumer needs are front of mind at all levels.
Governance	1	3	Experience as a Non-Executive Director of at least two other listed entities (Australia or overseas) and an understanding of legal and regulatory frameworks underpinning corporate governance principles.	Understanding of the local and offshore listed environment and associated corporate governance frameworks to operate effectively as a Director.
Digital Technology and Operations	2	2	Experience in technology strategies and innovation and how they can be utilised to deliver greater efficiency. Cybersecurity is included in this.	Supporting our technology strategy and cybersecurity.
Financial Acumen	2	3	Understanding of the financial drivers of the business, experience in financial accounting, reporting, corporate finance and internal controls, and capital markets.	Assessing financial and capital management initiatives, particularly in addressing complex issues.
Risk management	1	3	Experience in identifying, assessing and monitoring systemic, or emerging risks, strategic risks and both operational and financial risks.	Assessing our risk profile and monitoring our decision making to ensure we operate within our risk appetite and adapt to new risks as they emerge.
ESG	3	2	Understanding potential social and environmental risks and opportunities.	Influencing decision making to support sustainable practices and positive environmental and social outcomes.
M&A	3	2	Experience in major acquisitions, divestments, mergers, etc., including strategy, due diligence, valuation and/or integration.	Assessment of inorganic growth opportunities in the context of our organic growth strategy.
People & Culture		5	Oversight of the Group culture and the Code of Conduct.	Understanding organisational culture, succession planning and renumeration and reward frameworks.

Practiced/direct experience   High competency, capability, knowledge and experience

Group Risks

Overview

We operate in a dynamic and evolving environment. Our operations – domestic, international and digital – continue to present both opportunities and risks that could materially impact the business.

Part of a strong governance framework is understanding the risks that have the potential to have the greatest impact on our business. In FY21 we focused on gaining a more sophisticated understanding of these risks, both current and emerging, and putting in place strategies that ensure we protect our brands, our business and our people.

Risk Management Framework

Overseen by the Board and the Board Risk & Technology Committee, Blackmores Risk Management Framework supports the identification, management and reporting of material risks. Risks are identified that have the potential to impact the delivery of business plans and objectives and are assessed using a risk framework that considers the likelihood and consequence of occurrence using consistent risk assessment criteria.

The framework incorporates a 'Three Lines of Accountability' model for managing risks and controls and considers both financial and non-financial risks across strategy, operations and compliance. This includes consideration of risks in areas such as health and safety, environment (including climate change), information technology and cyber, finance, reputation and brand, legal and compliance, and social impacts.

The content and status of risk profiles and mitigation plans is considered and updated, in line with changes to our environment and operations, through regular reviews by management. All employees are responsible for making risk-based decisions and managing risk within our Board approved risk appetite and specific limits.

The Board reviews Blackmores material risks each quarter and assesses the effectiveness of the Company's risk management framework annually in accordance with the ASX Corporate Governance Principles and Recommendations.

The material risks faced by the Group that may impact on our ability to achieve our key strategic priorities are outlined in the Material Risks section on the following pages.

Risk governance overview

The diagram below sets out an overview of risk governance and management at Blackmores across three levels of accountability together with key responsibilities of the Board, Group Executive Team, Group Risk and the business.

RISK LEADERSHIP

BOARD OF DIRECTORS

(Assisted by Board Committees)

Sets and communicates expectations for risk management	Endorses Blackmores' mission, values, strategy and Code of Conduct underpinning our culture and ways of working	Approves Blackmores' risk policy, framework and appetite and ensures appropriate processes are in place	Provides oversight of risk exposures and response plans	Monitors the effectiveness of Blackmores' overall governance program

ACCOUNTABILITY

Executive Team

Sets business direction, manages and resolves material business risk issues, and reports to the Board as required	Provides recommendations to the Board on risk policy, frameworks, appetite, and processes via Executive Risk, Assurance & Compliance Committee	Manages risks and fosters a proactive risk culture and accountability for management of risk within agreed appetite levels	Implements effective risk management within business units and across major projects

1st line of accountability	2nd line of accountability	3rd line of accountability
PEOPLE AND OPERATIONS	**OVERSIGHT FUNCTIONS**	**INDEPENDENT ASSURANCE**
Owns and manages risks.	Oversees and sets frameworks and standards. Monitor risk and provide assurance.	Provides independent assurance of frameworks and controls effectiveness.
Business Units Group Services	Group functions: Risk Strategy People & Culture Safety, Health & Wellbeing Sustainability Legal & Compliance Finance	Internal Audit External Audit

Group Risks

Material risks

During FY21 we continued to face heightened uncertainty and complexity across our operations in light of the COVID-19 pandemic. The broader impacts as a result of both global and domestic economies and businesses continues to unfold and increases the risk landscape, requiring ongoing response and management across many of our existing material risks to minimize impacts. We have been adapting our response and taking an agile approach in the way we work and the decisions we make.

Throughout we have been purpose-led and focused on doing the right thing and prioritizing customer, business partner and team safety. We are ensuring continuity of our operations and supporting activities, including our supply chain to provide our products and services to our customers and maintain our financial resilience in response to changes in global markets.

We continue to remain vigilant when considering our responses and the impact on team members, customers, suppliers, regulatory requirements, and the communities we serve.

Below describes the specific key material risks where the Board and management focus their efforts. It includes a mix of existing and emerging risks that could materially impact the execution and success of Blackmores strategy.

Risks	Description	Key actions we are taking
Laws, regulations and geopolitical landscape	Blackmores operates in a highly regulated industry in all markets in which goods are manufactured and sold. Changing geopolitical landscapes and regulations in each of these jurisdictions may impact many aspects of our operations, including tax assessment and dividend payments to the Group and all aspects of the supply chain (access to raw materials, production, manufacturing, pricing, marketing, advertising, labour, distribution, and product sales). Remaining compliant with, abreast of, and responsive to changes (some of which can significantly impact the nature of operations in these markets) requires diligent monitoring and responsiveness by the business.	• We have a defined Compliance Framework, Risk Framework, and Assurance program supported by company policies, standards and procedures. • We employ specialised and experienced resources and teams (Legal, Quality, Regulatory, Safety etc.) – both in-market and within corporate operations to oversee and educate stakeholders of relevant regulatory requirements and monitor potential changes. Where required, we also engage specialist advisors to support legal and regulatory oversight for new and emerging markets. • Our Executive Risk, Assurance and Compliance Committee (RACC), the Board Risk & Technology Committee and the Board, provide oversight of key aspects of our legal and regulatory frameworks and operations. • We actively engage with key government, industry and regulatory bodies to stay abreast of regulatory and policy changes. • We utilise a supplier selection process and flexible supply chain practices are overseen by specialist technical and quality resources. • We have expanded our risk assessment to monitor the additional risks of broadening our international markets beyond our existing primary markets, which has been undertaken to diversify and lessen our dependence on these key markets. • Our customer base, supply base, route to market, and product base is strategically diversified and we continue to focus on reducing key partner and supplier dependencies where appropriate and establish dual sourcing for key inputs to mitigate the impact of any unanticipated regulatory or geopolitical changes.
Reputation and brand	The strength of Blackmores' brand and its portfolio is key to business success. Managing the reputation of brands, and mitigating events that may damage brands (e.g. inaccurate media coverage, product quality issues, counterfeit product, third party supplier negligence or incidents, unsatisfactory supplier performance, etc. is critical to Blackmores' ongoing success.	• Blackmores takes pride in its company and brand values and mission, ensuring that our strategy (supported by company policies, standards and procedures) remain consistent with these core values. • Our marketing principles are clearly defined and aligned internal review and approval processes oversee all product claims, marketing and communications material development. • We utilise a structured Supplier Quality Assurance (SQA) and selection program, have many long-term supplier relationships and apply audits and training • Through our acquisition of the Braeside manufacturing plant, we are increasingly gaining more control over our end-to-end supply chain. • We employ specialised and experienced technical, quality, assurance and product safety teams overseeing over 30 tests and quality assessments on every product. • Blackmores ensures product supply chain traceability technology, tamper evident bottle seals, and ongoing testing over the shelf life of every production batch • We are compliant with and subject to periodic external certification audits & accreditations (TGA & Equivalent overseas bodies). • We maintain current Crisis Management, Business Continuity, Disaster Recovery, Complaints Handling and Product Recall procedures. Our consumer advisory line responds to all consumer product information queries. • Our consumer insights and innovation team monitor brand health, media (including social/digital) and consumer trends, sharing timely insights with relevant teams. • Blackmores has established brand and intellectual property protection strategies in place protecting our brands and products.

Risks	Description	Key actions we are taking
Cybersecurity and data management	Data and information security is essential to protect business critical intellectual property and data privacy. Continuing advances in technology, systems, and communication channels mean increasing amounts of private and confidential data are now stored electronically. This, together with increasing cyber-crime, heightens the need for robust data security measures.	• Our specialised Cybersecurity and supporting teams monitor, assess and respond to continually evolving cyber threats to evolve and keep pace with changing security needs. • The business uses ongoing technology and software updates, including automated patching with incorporated security services to protect our data and technology services. • Blackmores ensures restricted and segregated management of sensitive personal, business, supplier and customer data. We have defined data governance, classification and encryption (where relevant) standards. • Further enhancing our Security Awareness program by introducing annual employee cyber/information security training and phishing simulations. • User access reviews, vulnerability management program and penetration testing across Group information systems to continually assess our cyber posture. • The business has implemented and tested disaster recovery procedures to be followed in the event of a cyber incident in order to restore critical services • External cyber-attack simulations and assessments provides valuable information to improve overall Group security. • We are uplifting IT Security Governance by implementing new security policies and guidelines. • We have an ongoing program of work with the objective to continually enhance cyber security and data management across the organisation. • Blackmores collaborates with a range of government and industry bodies to provide insights and support to strengthen our cyber resilience.
Key partnerships	Blackmores relies on select key markets and customers (distributors and retailers) to support sales and delivery of strategic initiatives. Suboptimal performance of these markets or key customers, and/or detrimental shifts in market power, could have a significant impact on Blackmores' ability to deliver against strategic initiatives.	• Blackmores has a deliberate multi-country and diversified customer base with a focus on continued channel expansion, particularly throughout Asia, in addition to ANZ. • We are diversifying our go to market options with both offline and online channels for customers and end consumers. • We place focus on brand health, category growth through innovation, and listening and responding to consumer needs to drive demand through our sales channels. • We invest in strong and multifaceted customer relationships via joint business planning processes to support and align internal and external partner incentives.
People and culture	Blackmores' ability to deliver on strategic targets is reliant on retaining and attracting experienced, skilled, and motivated talent. It also requires strong, resilient, and effective leaders as the business grows at pace.	• Our Code of Conduct, People and Culture strategy and supporting programs work to create an environment and attract and retain talent consistent with and aligned to our stated values and mission. • We have a rolling workforce and succession planning process, established talent and performance management cycle including employee development, career planning and capability mapping. • Our incentive and reward programs are aligned to Blackmores' vision and growth initiatives, and actively used to celebrate team member performance and contribution. • We use our leadership capability to ensure our culture is driven by a consistent tone from the top and aligned incentives. • Our attraction and retention program is prioritised towards skills and capabilities critical to business growth.

Group Risks

Risks	Description	Key actions we are taking
Safety, health and wellbeing	Blackmores cares about the physical and psychological safety, health and wellbeing of our customers, team members and business partners, including employees of our suppliers. We are committed to creating a safe and supportive environment for everyone working with, using, and impacted by our products and brand. Throughout the COVID-19 pandemic and in the last 2 years in particular, Blackmores has ensured that measures were in place to protect our team members and business partners as a matter of priority.	• Safety, health and wellbeing is at the heart of Blackmores business. We emphasis and embed it in everything we do, from our values and mission to our day-to-day operations. • We have defined employee safety and wellbeing policies supporting frameworks, standards and procedures. All facilities are fitted and equipped with relevant personal protective equipment to meet our defined standards. We also have established flexible workplace and work from home policies and procedures in place as well as secure remote working capabilities. • We have established safety, health and wellbeing focused leadership training programs, KPIs, and periodic monitoring and reporting. Our team members have ongoing access to mental health and wellbeing resources and support, and all complete safety, health and wellbeing induction and periodic refresher training. • Our supply chain processes include embedded safety, health and wellbeing standards that apply to our supplier strategy and selection procedures. The business is trained in current Crisis, Business Continuity and Disaster Recovery procedures in the event of an emergency. This and other related business resilience policies, frameworks and standards, have been updated to reflect learnings from the pandemic and strengthen responses. • Blackmores actively monitors and is guided by Government directives and trusted sources advice. A range of responses has been established throughout the pandemic including activation of our Business Crisis Management Team (BCMT) to specifically address employee and business partner safety and wellbeing needs throughout the COVID-19 pandemic. Our response strategy has included employee and visitor body temperature screening upon entry, social distancing measures, workforce rotation and segregation systems, additional mental health and wellbeing support, and regular employee communications.
Consumer and marketplace	Unanticipated changes in consumer preferences and demand, or competitive pressures that significantly alter the market landscape (e.g. COVID-19, online channel growth, acquisitions, aggressive price wars) can have adverse effects on the business' ability to capture growth opportunities or effectively manage inventory and supply.	• Our strategy is focused on high growth categories, markets and channels, investing in strong and multifaceted customer relationships via joint business planning processes. Customer demand and demand shifts (particularly during COVID-19) are closely monitored, including the use of IT applications used by our in-market product advisors in our Asian markets. • Our integrated business planning processes include portfolio reviews and global volume alignment processes, to best manage inventory and safety stock in line with demand. As part of our response to Covid-19 driven changes in demand and supply chain disruption, we increased our safety stock in all markets and rapidly adapted production to meet demand shifts. • Our brand portfolio and product strategy includes consistent pricing guidelines, product prioritisation via portfolio rationalisation and targeted investment in consumer marketing. • Our online channel development and capability uplift initiatives, joint business partner planning, and direct to consumer marketing programs are building our digital channel in line with shifting consumer trends. • Our 'Blackmores Institute' research and education centre of excellence, is dedicated to finding new evidence based solutions that support the quality use of natural medicine to improve public health. • Our consumer insights and innovation teams track consumer trends, conduct product research, and manage our innovation pipeline to ensure we are focused on current consumer health and wellness needs.
Significant business interruption	Blackmores' current scope of operations could expose it to a range of business disruption risks, such as environmental catastrophes, pandemics (such as COVID-19), natural and man-made hazards and incidents, or politically motivated violence or actions. Significant business disruption could result in Blackmores' sites or employees being harmed or threatened, loss of key infrastructure, impacts to supply chain, manufacturing and inventory shortages or loss, financial and reputation impacts.	• Blackmores maintains current and cyclically updated Crisis, Business Continuity and Disaster Recovery plans, supported by training and simulations for relevant team members. • The business use primarily cloud-based, resilient and fail safe IT systems supporting remote working capabilities. • We continuously monitor and respond to threats to continuity of operations via embedded 'business as usual' processes including site audit, repair and maintenance, our health and safety framework, compliance, risk and assurance programs, multi-regional sourcing and production strategy, IBP process and safety stock maintenance, market, political and media monitoring insights, • Blackmores maintains comprehensive insurance coverage to minimise the financial impact of unforeseen events and enable timely recovery to business as usual operations.

Risks	Description	Key actions we are taking
Climate and sustainability	Blackmores' high quality and sustainability standards together with limited availability of natural ingredients, puts pressure on the continuous supply of some key products. Blackmores' ability to effectively respond to and manage the impacts of climate related change and changing markets is key to the company's values, commitments and growth initiatives.	• Blackmores has defined a strong Sustainability Charter and science-based approach to understanding the resilience of key ingredients. • Our sustainability program includes defined and tracked commitments for sustainable sourcing, packaging, waste management and process efficiencies, clean energy and net zero carbon emissions (by 2030). • We undertake regular climate-related scenario assessments to progress ongoing adaptive measures. • Specialised and experienced internal sourcing and procurement teams oversee the Supplier Quality Assurance (SQA) and selection program as part of our ethical and sustainable supply chain program. • Blackmores has worked to strengthen supplier relationships and contracts and continues to mitigate our dependency risks with our raw material supplier base. • We aim to have flexible manufacturing options via a combination of Blackmores owned facilities and outsourced arrangements.
Business transformation	The business continues to focus on transformation initiatives that support effective and efficient end-to-end processes. Delivery of these initiatives will be critical to Blackmores' ability to optimise our existing asset base and drive efficiencies while sustaining growth.	• Blackmores has defined business transformation initiatives including key process optimisation and supporting information technology and digital system upgrades aligned to the business strategic growth ambitions. • Our business transformation program is supported by an approved capital investment plan, and Executive led Transformation Office overseeing resource allocation and governance of key projects and initiatives. • Our people and culture strategy and initiatives, including workforce planning, the leadership framework, talent management and training program is aligned to our business transformation initiatives.
Financial and treasury	Major events in financial markets (e.g. fluctuations to currency, interest rates, FX, cost of capital, banking/commercial credit, etc.), economic, political, social and/or major business event (e.g. product recall, pandemics like Covid-19 etc.) can significantly impact the business' profitability, cash flow and results. Our ability to hold sufficient liquidity to ensure the fulfilment of all payment obligations, and the management of capital and availability of funding, are important requirements to support business operations and growth.	• Blackmores has a number of established processes and controls embedded within financial operations to support the production of financial statements. These processes are also subject to reviews and independent audits, the results of which are reported to the Board Committees. • Board and management have introduced a defined capital management plan that provides a governance structure as it relates to decisions on capital and operating expenditure, cash flow monitoring and dividends to ensure the ability to deliver the strategic plan. • We have a defined and established Treasury Policy and supporting processes to effectively manage treasury risks including liquidity, funding, interest rates, foreign currency and funding risks. These risks are managed within the day-to-day operations of the Treasury function. • Financial targets are set and regularly reviewed to measure progress. This includes monthly updates to our 12-month rolling analysis and projections of financial results including scenario analysis across key factors (e.g. leverage ratios, FX movements, etc.). This enables the business to proactively manage risks and pursue opportunities. • The business' diversified supply base, customer base and routes to market also act as natural hedges to many financial risks, and are risk assessed by the business during selection and onboarding.

Health and Safety

Overview

As an industry leader, Blackmores has a robust regulatory and safety framework. In the past year we have been building on our capabilities and strengthening frameworks across the business to ensure they align with our strategy into FY24.

This alignment delivers on the commitment we have given our consumers regarding product safety and our aspiration to build a world-class operation supported by best-in-class systems and processes.

Part of a strong governance framework is understanding the risks that have the potential to have the greatest impact on our business. In FY21 we focused on gaining a more sophisticated understanding of these risks, both current and emerging, and putting in place strategies that ensure we protect our brands, our business and our people.

Work health and safety

Blackmores Group has significantly uplifted capability in workplace health and safety with a new function reporting to the Chief Governance Officer. This reflects the changing risk profile following the 2019 acquisition of our Braeside manufacturing facility.

The development of this function resulted in improved systemisation of safety data reporting and management with a new data management system being within key manufacturing sites.

The data captures incidents, hazards, and near miss events across all sites in Australia and New Zealand and has resulted in a significant increase in reporting.

The increased reporting has enabled trend modelling and more accurate root cause identification. Compared to the prior reporting year, distribution teams have been able to reduce their overall exposure to safety incidents.

On-site physiotherapists and exercise physiologists have been introduced to evaluate employees' functional work capacity and assist with ergonomically-appropriate stretching and body movements to maintain work fitness and reduce strains and sprains.

A workplace healthcare provider has been appointed to provide injury triage services so that our employees receive immediate medical assistance from qualified practitioners.

Further training for Blackmores' mental health first aid attendants has been provided as well as a focus on training new recruits to become qualified in offering mental health first aid.

Continuous support for employees has been extended throughout all lockdowns and periods of increased workplace restrictions and social distancing as a response to the pandemic. This included online exercise classes, mediation sessions and an Employee Assistance Program to support the wellbeing of our people.

Product safety and pharmacovigilance

As Australia's most trusted VDS brand, our consumers trust us with their health.

In recognition of that privilege, we are committed to best-in-class consumer healthcare and product safety through a pharmacovigilance program underpinned by a legal and regulatory framework.

Our brand reputation rests on the quality and safety of our products. Historically, our brands have had different approaches to product safety. In FY21 we have developed one product safety standard for all brands across all markets.

Our Group-wide product safety processes align all phases of the product lifecycle – from new product development and dose tolerances through to product safety warnings and reporting adverse reactions.

Throughout the year, the safety team conducted reviews on over 300 ingredients and over 480 products.

Operating in a COVID-safe environment

Our Business Continuity Management Team (BCMT) continued to operate in FY21, bringing senior functional leaders together within the Australian Inter-Service Incident Management System framework to steer our business response. The BCMT are guided by the core principle of ensuring the safety and wellbeing of our people.

Blackmores sites were subject to strict COVID-safe procedures, including split shifts, increased hygiene and sanitation and temperature testing.

We continue to follow government guidelines in each jurisdiction. Teams across Asian locations continue to be in lockdown with remote-first working models, while teams in China are largely back on site. In Australia, we continue to operate a hybrid working model to manage ongoing lockdowns and restrictions – some employees choose to be in the office several days a week and alternate with working remotely. Our people continued to adapt well to remote working, and were supported with resources to inspire resilience, connectivity and continuity across the business.

Clockwise from top: Carlo Falcone, Quality Technician, Group Operations.

Karen Sammut, Distribution Operation, Bungarribee Distribution Centre.

Martin Hussey, Head of Regulatory Operations, Braeside.

Alex Lintner Nolan, Social Media Manager, Blackmores Australia.

05 Sustainability, People & Community

Building healthier, sustainable communities

Sustainability

Blackmores recognises the strong connection between healthy people and a healthy planet.

Overview

With a vision of a world where people and nature thrive together, we are committed to reducing our impact on the environment and making a positive contribution to the communities in which we operate.

Our commitment to ethical corporate growth takes into account our responsibilities to our employees, customers and consumers, our supply chain, and the general community.

Learn more about sustainability at Blackmores in our 2021 Sustainability Report to be released in September at **blackmoressustainability.com.au**

Our Goals

Our key initiatives

—

Net zero carbon emissions by 2030

—

Ethical and sustainable supply chain

—

100% recyclable packaging by 2025

Sustainability progress FY21

Emissions down, even with first full year of manufacturing impact

- Group carbon emissions were down by 162 tonnes. Though a modest 1% decline, the prior year contained only eight months of emissions from the recently-acquired Braeside manufacturing facility.
- Our Net Zero Carbon Emissions by 2030 initiatives have already facilitated a 24.7% reduction in the Group's footprint trajectory, compared to the prior year, had the Net Zero pathway not progressed.
- 25% of energy is now from renewable sources, up from 8% the prior year.
- 86% of corporate fleet now hybrid vehicles.

Taskforce on Climate-related Financial Disclosures (TCFD) progress

- Developed a Financial Sensitivity Model to quantify potential climate impacts on future earnings to inform reporting in line with the TCFD and identify areas of focus for our sustainable sourcing program.

Driving efficiencies and waste avoidance

- Shipper optimisation project at Blackmores' Braeside manufacturing facility removed 3.5 metric tonnes of cardboard and 780kg of plastic bags from our processes.

Strong sustainable supply chain progress

- Completed sustainability risk assessments on 100% of raw material, packaging, packing and contract manufacturing suppliers.
- Engaged 41% of tier one direct suppliers in our Partnering for Adaptation program to collaborate on climate risk and biodiversity impacts.
- 345 human rights training modules completed to uplift employee capability and awareness.
- First supply chain biodiversity risk assessments undertaken.
- Published our first Modern Slavery statement.

Sustainable packaging

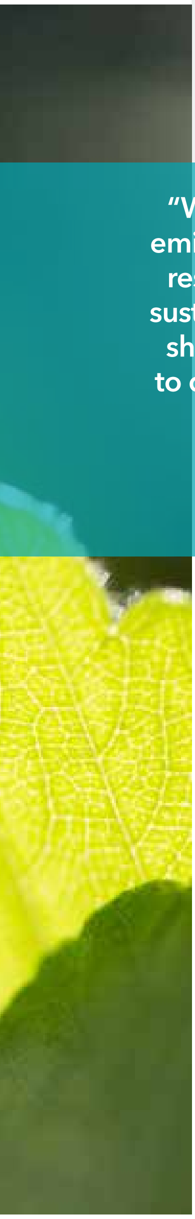
- Undertook our first comprehensive Group packaging audit, confirming more than 98% of current packaging is recyclable. Affirmed our commitment to 100% recyclable packaging by 2025.
- The Australasian Recycling Label was added to a further 115 products and now appears on 51% of Australian and New Zealand products. Exceeding our 2025 target.

Improving safety and sustainability systems

- Introduced a new safety management system resulting in increased reporting on hazards and capturing 'near miss' incident data.
- Developed a Group Energy Management System and Energy Management Plan, building capability with the potential to halve future Group carbon emissions.
- Transitioned our Environmental Management System to a Sustainability Management System, incorporating human rights protection.

"We made clear progress to take control of our emissions and to assess human rights and climate resilience in our supply chain. But the strongest sustainability outcome over the year has been the shared passion of the greater Blackmores team to deliver on our vision for a world where people and nature thrive together."

Raffaele D'Alisa
Director Communications and Corporate Citizenship



Ethical audits

Deepening our understanding of human rights in supply chains

At Blackmores, we're proud of the care we show for our people. We believe our employees should work here because they choose to, be paid fairly, enjoy good working conditions in a safe workplace and have the right to share their concerns without fear. Our goal is a future where every worker in our broader supply chain has those same rights.

In FY21 our sustainable and ethical sourcing focus has been on progress towards a goal of zero exploitation within our supply chain. We continued to commission ethical audits – including independent on-site human rights and sustainability audits using the Sedex Members Ethical Trading Audit (SMETA) protocol.

The protocol evaluates all aspects of responsible business practice in the global supply chain including labour standards, health and safety, the environment, and business ethics.

Tilly, 9, from our Blackmores community.

Our People

"The resilience our people have shown, the resolve that they have, is profound."

Jane Franks, Chief People Officer

In FY21 Blackmores Group had 1200+ permanent full-time, part-time, and fixed-term employees in 13 markets across Asia Pacific.

A year of transformation and change has been marked by new ways of working. Our key priorities were the health and safety of our essential manufacturing workers on-site through evolving restrictions, and on engaging office-based employees working remotely.

Employee feedback and connection opportunities included check-in and engagement surveys, leadership sessions, town hall meetings and our Staff Liaison Committee.

A year of building capability

We invested in building new capabilities critical to delivering our Group strategy in strategic sourcing, revenue management, marketing and innovation.

We also invested in our China and international markets to deliver on the potential of these growing regions.

Our FY21 investment in new talent has already begun delivering on its promise with both China and international regions exceeding their targets, and positive forecasted impacts through FY22.

1


2

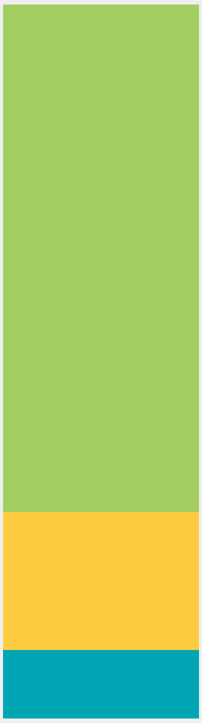

6


4


3


5


1. Erin Zhang, Operation Director (left) and Kitty Liu, Managing Director, Blackmores China. 2. Cliff Sollis, Area Leader, Production Encapsulation at our Braeside Manufacturing Facility. 3 Watsaya Wisetsakdakorn, Senior Brand Manager, Blackmores Thailand. 4. Robyn Taylor, Executive Assistant to CEO. 5. Matt Minor, Head of Data & Analytics, Group IT. 6. (L-R) Kalbe Blackmores Nutrition – Windy Hendrawan, Graphic Designer; Mei Sari, Marketing Staff; Rizky Wijaya, Trade Marketing Supervisor; and Harnadiemas Fikrinurinsyah, Trade Marketing Manager.



70%

Experimental Learning
New and challenging experiences

20%

Social Learning
Communities, networks, coaching and mentoring

10%

Formal Learning
Learning courses, classes and training programs

Learning and professional development

Our philosophy includes a 70/20/10 learning framework for all employees.

In FY21, we built best-in-class leadership coaching capabilities which have proved vital to leading the organisation through transformation.

We launched a world-class marketing capability program, Vitality Brand Masters, and built a first-ever bespoke Blackmores sales capability curriculum to accelerate growth across sales disciplines.

Learning and growth remains a key pillar in FY22.

As part of our upcoming Wellbeing project, we have created the Natural Health Simplified employee education program. By supporting everyone that comes into Blackmores to learn about their own health and wellbeing, we stay connected to our naturopathic principles and heritage and create healthy people who advocate for our brand.

Diversity, equity and inclusion

We are proud of our progress on our diversity, equity and inclusion agenda – including gender diversity goals and understanding cultural diversity for continued business improvements.

Gender equity

We have robust governance in place to support gender equity with our flexible working philosophy and gender-equal policies for parental leave and domestic violence. After closing a 19% wage gap in FY20, we maintained gender pay parity in FY21. We have a roadmap to improve gender diversity across critical STEM functions over three years.

We are on track to achieve our 2025 diversity targets of 40/40/20 which means we aim to ensure all levels are made up of 40 per cent women, 40 per cent men, and 20 per cent any gender (which may vary depending on industry talent pool or reflect those who identify as non-binary).

Blackmores Diversity FY21	2021
Females on the Board[1]	60%
Females in senior executive positions[2]	50%
Females in senior management positions[3]	54%
Female employees[4]	59%

1. As at 12 August 2021.
2. As at 31 July 2021.
3. Count includes CEO.
4. Count excludes CEO.

In FY22, we will seek a citation as an Employer of Choice by the Workplace Gender Equality Agency (WGEA) in Australia. As a 70% female organisation with a core consumer base of predominantly females, this citation reflects our commitment to all genders.

Cultural diversity and inclusion

We take pride in bringing to life a broader definition of inclusion, equity, and diversity. We aim to reflect the diversity of our consumer base in our employee base across the Group.

Our first diversity, equity and inclusion survey this year reflects our commitment to stay informed and intentional in our workplace practices – to nurture a culture where all perspectives are heard, valued and respected.

To continue improving our global mindset and understanding of key growth regions we:

- offered multi-language options in key communications and employee surveys
- increased cultural events across all locations including Lunar New Year, Ramadan and Songkran to celebrate the rich diversity of our markets and people
- made plans to limit conflicts between key events with local holidays or customs
- built workforce plans to align local leadership with an increasingly diverse consumer base.

Focused on engagement

Our quarterly check-in surveys and employee engagement survey provided insights to understand what we are doing well and where we need to improve our everyday experiences and workplace culture.

Employee health and wellbeing

In a business founded on naturopathic principles, the health and wellbeing of our people is a priority. As the impact of the pandemic continues to provide new challenges, cross-functional teams have rallied to support colleagues across all sites and markets.

We engaged 250 employees in an online resilience program in partnership with Ripen Resilience, trialled access to a Healthy Minds wellness curriculum which will continue in FY22, and supported leaders with training in managing mental health and conversations around wellbeing.

We offer all employees naturopathics consultations and support and are looking forward to extending a range of new initiatives and support to help employees activate and sustain great health and wellbeing.

Community

Making a difference by building healthier communities.

Overview

Blackmores Group is a values-led organisation that gives back to the communities where we operate. We strive to make a difference by building healthier communities, supporting charitable organisations and inspirational individuals who are helping to create a brighter future.

Our continued commitment to community in FY21 is reflected in our support for a range of charities and social causes, including Quest for Life Foundation in Australia, Bumi Sehat Foundation in Indonesia, The Cardiac Children Foundation in Thailand and Royal Guide Dogs Australia.

Providing product through the pandemic

As the pandemic continued to impact many of our markets, we were unable to continue many of our long-term community initiatives. We shifted focus to providing immunity products like vitamin C to frontline and healthcare workers, and to the underprivileged whose need for nutritional support may have increased.

Product donations worth $3m RRP were made to Westmead Hospital and Foodbank in Australia; Chiangmai Provincial Public Health Office and Samutsakhon Provincial Public Health Office in Thailand; and Taipei Far Eastern Memorial Hospital, Taipei Medical University Hospital, and Taipei City Hospital in Taiwan.

Building a Better Life in Thailand

Since 1997 Blackmores has partnered with The Cardiac Children Foundation of Thailand to help save the lives of kids in need with congenital heart disease. Through our FY21 Better Life Project we ran a consumer campaign, raising a 300k baht donation for seven children to have surgery in addition to the 27 children we already helped in past years. During Ramadan, we provided post-fast meals to 70 orphan Muslim children at Bann Alkawthar Foundation in northern Thailand.

40 years of hamper history

Started 40 years ago by Marcus Blackmore, each year we partner with the Rotary Clubs of Manly and Upper Northern Beaches to provide festive food hampers to local families doing it tough over Christmas. To keep supporting people in need through COVID-19, we had to do it differently.

In December 2020 as a COVID-safe alternative to our Blackmores and Rotary volunteers assembling the hampers themselves, we enlisted help. Sunnyfield offer commercial packing solutions and employment opportunities for people with intellectual disability. Four hundred hampers were packed and given to 17 local charities for distribution to families in need.

Celebrating women and wellbeing

The Blackmores Mercie Whellan Women and Wellbeing Awards celebrate women who have made an outstanding contribution to their local community by improving the mental health and wellbeing of others.

Run annually in partnership with CCNB – a not-for-profit, community-based organisation – the annual awards recognise individuals and support registered charities of their choice.

Congratulations to the 2021 winners – Jo Westh, Founder of 4 Voices; Margie Bestmann, Mental Health Advocate; and Fatima Merchant, Mental Health Youth Ambassador.

Cancer Council's Biggest Morning tea

Employees across the Group were delighted to support the Cancer Council's Biggest Morning Tea by hosting events across our Australian offices. Together we raised $6000 for the cause and this amount was matched by the business.

Matched donations employee scheme

Our employees are encouraged to be part of a giving program where 0.5% of their taxable pay is deducted into an interest-bearing trust account. Blackmores matches this amount and twice yearly, the employee nominates a registered charity to receive the donation. In FY21 Blackmores Group employees donated $181,000 to registered charities of their choice.

Healthy furry friends

In FY21, we donated PAW shampoo and conditioner products to animal shelters across NSW, including RSPCA and Riding for Disabled.

Our commitment ranges from hampers for humans to products for animal shelters.

Blackmores in the community: Supporting Quest for Life

Blackmores is proud to invest in healthy communities by supporting not-for-profit organisations like the Quest for Life Foundation. Founded by Petrea King, the Foundation is a small organisation that accomplishes a great deal across trauma support and recovery.

"I have been doing this kind of work for many decades, inspired by my own near death experience with acute myeloid leukemia soon after my brother Brenden's suicide. As a qualified naturopath, herbalist, clinical hypnotherapist, yoga and meditation teacher my patients have included people living with cancer and other life-challenging illnesses, grief, loss, trauma, depression, anxiety and tragedy," Petrea says.

"The last year has been very challenging – our work has doubled as we respond to community need. We've extended our support to bushfire victims, and wildlife carers, and to Principals and teachers who are struggling to manage children who are acting out parental stresses."

Petrea says the Foundation moved fast to shift services and programs online – including three-day resilience programs and weekly meditations – as their work grew across new areas of trauma.

We are so very grateful to Blackmores. We share the same philosophy of healthy living – our programs are based on evidence-based healthy lifestyle practices as well as managing the mind and emotions," she says.

By enabling enable people and communities to heal by equipping them with the skills to overcome their challenges, Quest for Life is making a profound and positive difference.

Find out more at questforlife.org.au

"We're here to assist people at the lowest ebb in their life. Without help from Blackmores, we'd be leaving a lot of people isolated without good support."

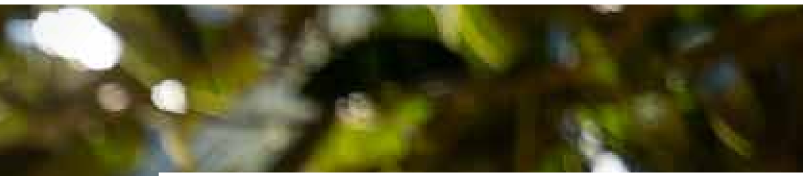
Petrea King, Founder of Quest for Life Foundation (pictured below right)

Top: Blackmores has helped 34 children with congenital heart disease to have life-saving surgery through our ongoing support of The Cardiac Children Foundation of Thailand.

Right: Christmas charity hampers 2020 – (pictured left to right) Stephen Robb, General Manager of Employment Services at Sunnyfield; Marcus Blackmore; David Brown, Past President of Rotary Club of Manly; and Alastair Symington, Blackmores CEO.

Bonnie Macqueen, Brand Manager, ANZ.

06 Financial Report



5 Year History

$'000	2021	Restated[8] 2020	2019	2018	2017
Revenue	**575,916**	568,353	588,914	579,535	530,550
Earnings before interest, tax, depreciation, and amortisation (EBITDA)[1]	**71,643**	44,485	87,322	106,556	90,773
Depreciation and amortisation[1]	**25,853**	19,396	10,768	8,848	8,223
Earnings before interest and tax (EBIT)[1]	**45,790**	25,089	76,554	97,708	82,550
Net interest expense[1]	**3,528**	5,913	4,995	3,931	4,182
Profit before tax	**42,262**	19,176	71,559	93,778	78,372
Income tax expense	**13,398**	6,123	20,947	27,281	22,962
Discontinued operations	**4,650**	2,962	2,818	2,726	2,618
Gain/(loss) attributable to non-controlling interests	**4,895**	907	(39)	(782)	(985)
Profit after tax attributable to shareholders of Blackmores Limited (NPAT)[2]	**28,619**	15,108	53,469	70,005	59,013
Net (cash)/debt	**(70,054)**	37,345	94,484	49,532	44,717
Shareholders' equity	**373,156**	299,499	207,292	192,875	177,541
Total assets	**560,422**	550,831	493,624	464,850	412,174
Current assets	**321,629**	303,357	308,222	302,507	258,662
Current liabilities	**144,172**	130,501	153,205	174,467	142,556
Net tangible assets (NTA)	**265,534**	182,458	122,508	123,860	107,369
Cash generated from operations	**80,390**	69,629	51,806	90,131	95,310
Number of shares on issue ('000s)[7]	**19,366**	18,678	17,362	17,227	17,226
Earnings per share (EPS) – basic (cents)[2]	**148.1**	86.4	309.2	406.4	342.6
Ordinary dividends per share (DPS) (cents)	**71**	-	220	305	270
Share price at 30 June	**$73.47**	$77.95	$78.95	$142.50	$95.84
NTA per share	**$13.71**	$9.77	$7.06	$7.19	$6.23
Cash conversion ratio[3]	**112.2%**	156.5%	59.3%	81.5%	100.7%
Return on shareholders' equity[4]	**7.7%**	5.0%	25.8%	36.3%	33.2%
Return on assets[5]	**8.2%**	4.8%	16.0%	22.3%	20.2%
Dividend payout ratio	**47.9%**	-	71.2%	75.0%	78.8%
Gearing ratio[6]	**(23.1%)**	11.1%	31.3%	20.4%	20.1%
EBIT to revenue ratio	**8.0%**	4.4%	13.0%	16.9%	15.6%
Effective tax rate	**31.7%**	31.9%	29.3%	29.1%	29.3%
Current assets to current liabilities (times)	**2.30**	2.32	2.01	1.73	1.81
Net interest cover (times)	**13.0**	4.2	15.3	24.9	19.7
Gross interest cover (times)	**12.5**	4.1	14.6	23.4	18.9
% change on prior year					
Revenue	**1.3%**	(3.5%)	1.6%	9.2%	(10.9%)
EBITDA	**61.1%**	(49.1%)	(18.1%)	17.4%	(37.8%)
EBIT	**82.5%**	(67.2%)	(21.6%)	18.4%	(40.6%)
NPAT	**89.4%**	(71.7%)	(23.6%)	18.6%	(41.0%)
EPS	**71.5%**	(70.5%)	(27.9%)	18.6%	(41.0%)
DPS	**NMF**	(100%)	(27.9%)	13.0%	(34.1%)

1. Excluding the discontinued operation (Global Therapeutics).
2. Including the discontinued operation.
3. Calculated as cash generated from operations divided by EBITDA.
4. Calculated as net profit after tax divided by closing shareholders' equity.
5. Calculated as EBIT divided by average total assets.
6. Gearing ratio is calculated as net debt divided by the sum of net debt and shareholders' equity.
7. Number of shares on issue at year end.
8. The year ended 30 June 2020 has been restated as a result of change in accounting policy detailed in note 1.7. No other prior years have been adjusted.

Directors' Report 2021

Directors' Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in all financial instruments issued by Blackmores as at the date of this report.

DIRECTORS	FULLY PAID ORDINARY SHARES	SHARE RIGHTS
David Ansell	1,413	-
Wendy Stops	2,500	-
Alastair Symington[1]	18,536	73,986
Anne Templeman-Jones	652	-
Sharon Warburton	-	-
Total	**26,014**	**73,986**

1. A Symington's holdings include 13,650 Restricted Shares and 73,986 Share Rights under the Executive Performance Share Plan.

SHARE RIGHTS GRANTED TO DIRECTORS AND SENIOR EXECUTIVES

Selected Senior Executives are invited annually by the Board to participate in the Executive Performance Share Plan (EPSP). Under this plan, eligible Senior Executives are granted rights to acquire shares in Blackmores.

Refer to the Remuneration Report on page 86 for more details.

The following table sets out all rights granted to Directors and Senior Executives during the year ended 30 June 2021.

	2021[1] NUMBER
Executive Director	
Alastair Symington	38,364
Senior Executive	
Gunther Burghardt	7,386
Total	**45,750**

1. Includes rights granted under the 2021 financial year (FY21) Long-Term Incentive Plan (LTI). Provided specific performance objectives and hurdles are met rights vest over the three-year period commencing 1 July 2020 to the year ending 30 June 2023.

SHARE OPTIONS

During and since the end of the financial year, no share options were in existence and no new share options were granted to Directors or Senior Executives of Blackmores.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Information about remuneration of Directors and Key Management Personnel is set out in the Remuneration Report of this Directors' Report, on pages 66-87.

COMMITTEE MEMBERSHIPS

As at the date of this report, the Company had an Audit Committee, a Nominations Committee, People and Remuneration Committee and a Risk and Technology Committee. Members of the Board acting on the Committees during the year were.

Audit Committee:
- Sharon Warburton, Chair[5]
- David Ansell
- Wendy Stops[3]
- Anne Templeman-Jones[4]
- John Armstrong[6]
- Christine Holman[8]
- Brent Wallace[9]

Nominations Committee:
- Anne Templeman-Jones, Chair[4]
- David Ansell
- Wendy Stops[3]
- Alastair Symington
- Sharon Warburton[5]
- John Armstrong[6]
- Marcus Blackmore[7]
- Christine Holman[8]
- Brent Wallace[9]

People & Remuneration Committee:
- David Ansell, Chair[2]
- Anne Templeman-Jones[4]
- Christine Holman[8]
- Brent Wallace[9]

Risk & Technology Committee[1]:
- Wendy Stops, Chair[3]
- David Ansell
- Anne Templeman-Jones[4]
- Sharon Warburton[5]
- John Armstrong[6]
- Christine Holman[8]
- Brent Wallace[9]

1. The Risk Committee was renamed Risk and Technology Committee effective April 2021.
2. David Ansell was appointed Chair of the People and Remuneration Committee 28 July 2021.
3. Wendy Stops joined as a Non-Executive Director 28 April 2021 and was appointed Chair of the Risk and Technology Committee.
4. Anne Templeman-Jones joined as a Non-Executive Director 28 October 2020 and was appointed Chair of the Board and the Nominations Committee.
5. Sharon Warburton joined as a Non-Executive Director 28 April 2021 and was appointed Chair of the Audit Committee.
6. John Armstrong resigned as a Non-Executive Director 8 September 2020.
7. Marcus Blackmore resigned as an Executive Director 23 October 2020.
8. Christine Holman resigned as Non-Executive Director 28 July 2021.
9. Brent Wallace resigned as a Non-Executive Director 27 October 2020.

Details of current Board Committee memberships are set out on pages 30-31.

Directors' Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

COMPANY SECRETARIES

Richard Conway, LLB (Hons) and BA, Certificate in Governance Practice.

Mr Conway joined Blackmores in July 2021 as its Group General Counsel and Company Secretary. Richard leads Blackmores' legal and compliance functions. Mr Conway was previously Deputy Group General Counsel and Group Company Secretary at Coca-Cola Amatil Limited. Richard's private practice legal experience includes public and private M&A roles based on London, Moscow and Sydney for Freshfields Bruckhaus Deringer and Herbert Smith Freehills.

Mr Conway is an admitted lawyer in New South Wales and England & Wales and is a member of the Governance Institute of Australia.

Cecile Cooper, BBus, Dip Inv Rel (AIRA), CPA, GAICD. Ms Cooper joined Blackmores in 1991. Ms Cooper resigned as Company Secretary 26 July 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Blackmores Group in the course of the financial year was the development, sales and marketing of natural health products for humans and animals including vitamins, and herbal and mineral nutritional supplements. The Blackmores Group has operations in Australia, New Zealand and Asia.

RESULTS

The Financial Report for the years ended 30 June 2021 and 30 June 2020 and the results herein have been prepared in accordance with Australian Accounting Standards.

The statutory net profit after tax (NPAT) of the Blackmores Group for the financial year was $28.6m (2020: $15.1m).

A review of the operations of the Blackmores Group during the financial year and the results of those operations is set out in the Operating and Financial Review on pages 36-51 inclusive.

DIVIDENDS

The amounts paid or declared by way of dividend since the start of the financial year are:

- a final dividend of nil cents per share in respect of the year ended 30 June 2020
- an interim dividend of 29 cents per share fully franked in respect of the year ended 30 June 2021 was paid on 12 April 2021
- on 26 August 2021, the Board declared a final dividend for the year ended 30 June 2021 of 42 cents per share fully franked. The record date for the dividend will be 9 September 2021 and the payment date will be 24 September 2021. This will bring total ordinary dividends for the year ended 30 June 2021 to 71 cents per share fully franked (2020: nil cents per share).

GROUP STRATEGY

A refreshed strategy was approved during the 2021 financial year. The three-year FY24 growth strategy is to deliver sustainable, profitable growth. The strategy is set out in the annual report on pages 20-23.

CHANGES IN STATE OF AFFAIRS

During the financial year, there was no significant change in the state of affairs of the Blackmores Group other than that referred to in the Consolidated Financial Statements or notes thereto and elsewhere in the Annual Report of the Blackmores Group for the year ended 30 June 2021.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Impact of COVID-19 pandemic

The full impact of the COVID-19 pandemic continues to evolve at the date of this report. Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers and industry. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to accurately estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021-22 financial year.

Although the Group cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues it may have a material adverse effect on the Group's results of future operations, financial position, and liquidity for 2021-22.

Final dividend

A final dividend was declared as described in note 4.5 on page 129.

There has not been any other matters or circumstances, other than referred to in the Consolidated Financial Statements or notes thereto, that has arisen since the end of the financial, that has significantly affected, or may significantly affect, the operations of Blackmores Limited, the results of those operations, or the state of affairs of the Blackmores Group in future financial years.

Directors' Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

CORPORATE GOVERNANCE AND RISK

In recognising the need for the highest standards of corporate behaviour and accountability, the Board of Blackmores endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Blackmores' Corporate Governance Statement is available on its website at blackmores.com.au (go to 'Investor Centre', then click 'Governance & Board of Directors'). See also pages 42-43.

The material risks that could affect Blackmores' future financial performance and their potential impacts are set out in the Operating and Financial Review on pages 44-49.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, Blackmores paid a premium in respect of a contract insuring the Directors, the Company Secretary and all Executive Officers of the Blackmores Group against any liability incurred in their role as Director, Company Secretary or Executive Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. Blackmores has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an Officer or auditor of the Blackmores Group against a liability incurred as such an Officer or auditor.

DIRECTORS' MEETINGS

The number of Directors' meetings held (including meetings of Committees of Directors) during the financial year is as follows

	BOARD OF DIRECTORS		AUDIT COMMITTEE		RISK & TECHNOLOGY COMMITTEE		NOMINATIONS COMMITTEE		PEOPLE & REMUNERATION COMMITTEE	
DIRECTORS	H	A	H	A	H	A	H	A	H	A
David Ansell	17	16	5	5	4	4	2	2	5	5
Wendy Stops [2]	3	3	3	3	1	1	-	-	-	-
Alastair Symington	17	17	-	-	-	-	2	2	-	-
Anne Templeman-Jones [3]	9	9	6	6	3	3	1	1	3	3
Sharon Warburton [4]	3	3	3	3	1	1	-	-	-	-
John Armstrong [5]	6	6	2	2	1	1	1	1	-	-
Marcus Blackmore [6]	8	7	-	-	-	-	1	1	-	-
Christine Holman [7]	17	17	8	8	3	3	2	2	5	5
Brent Wallace [8]	8	8	2	2	1	1	1	1	2	2

H: Number of scheduled meetings held during the time that the Director held office or was a member of the committee during the year.
A: Number of meetings attended.

1. The Risk Committee was renamed Risk and Technology Committee effective April 2021.
2. Wendy Stops joined as a Non-Executive Director 28 April 2021.
3. Anne Templeman-Jones joined as a Non-Executive Director 28 October 2020.
4. Sharon Warburton joined as a Non-Executive Director 28 April 2021.
5. John Armstrong resigned as a Non-Executive Director 8 September 2020.
6. Marcus Blackmore resigned as an Executive Director 23 October 2020.
7. Christine Holman resigned as Non-Executive Director 28 July 2021.
8. Brent Wallace resigned as a Non-Executive Director 27 October 2020.

All Non-Executive Directors who are not members of the standing Board Committees are invited to attend the standing Board Committee meetings. The independent Non-Executive Directors met separately during the financial year.

Details of current Directors, their experience, qualifications, Directorships of other listed entities and current Board Committee memberships are set out on pages 30-31, 43.

STATEMENT OF NON-AUDIT SERVICES

The Directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 7.2 to the Consolidated Financial Statements.

Directors have accepted a statement from the auditor that it is satisfied that the provision of these services did not breach the independence standards included in the Corporations Act 2001. Based on this statement from the auditor and having regard to the nature and fees involved in the provision of these non-audit services, the Directors are satisfied that the provision of non-audit services during the year by the auditor (or other person or firm on the auditor's behalf) did not compromise the audit independence requirements of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration is set out on page 88 of this Annual Report.

ROUNDING OFF AMOUNTS

In accordance with the Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191, the amounts in the Directors' Report and the Financial Report are rounded off to (and expressed in) the nearest thousand dollars, unless otherwise indicated.

Amounts in the Remuneration Report are actual dollars.

2021 Audited Remuneration Report

Letter from the Chair of the Board's People and Remuneration Committee (PRC)

Dear Shareholder,

On behalf of the Board, I am pleased to present to you our 2021 Remuneration Report. The Report outlines performance and remuneration outcomes for Blackmores Key Management Personnel (KMP), encompassing the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), and Executive and Non-Executive Directors.

A YEAR OF PROGRESS

In a challenging year, Blackmores made solid progress against our strategic priorities, despite the ongoing impact of COVID-19. We did so while prioritising the health and safety of our employees and customers in all of our markets.

Statutory EBIT in FY21 was positively impacted by the receipt of income from government subsidies related to COVID-19, such as JobKeeper. The Board used its discretion to exclude these subsidies for the purposes of STI determination and Profit Share.

Throughout the year, management continued to strengthen the foundations of our business, simplifying the portfolio, divesting non-core assets, investing behind key opportunities and importantly, ensuring our supply chain remained capable of servicing our customers and consumers. We experienced positive growth in China and International, offset by performance in ANZ.

While we still have much to do to unlock the full potential of our brands, our employees, and our business, we are confident in our direction.

Against this backdrop, we continued to offer a competitive remuneration framework while strengthening the alignment between remuneration and stakeholder outcomes.

During FY21, the PRC engaged an external third party remuneration consultant to provide remuneration benchmarking. The Board approved a change to the metrics for LTI to better align outcomes for Senior Executives with those of shareholders. Further it was agreed that the remuneration disclosure in the statutory annual report in section 8 provided for the aggregate reporting for non KMP to avoid duplication.

FY21 REMUNERATION OUTCOMES

1. **Fixed Remuneration**

   There were no increases in FY21 to the fixed remuneration of the current Executive Team, including the CEO.

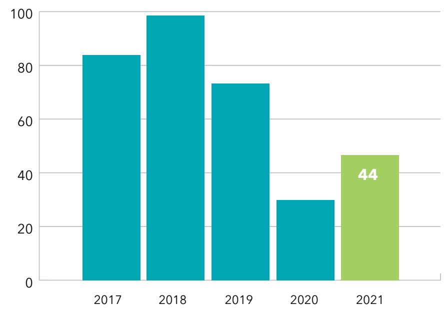
2. **STI Plan**

   Under the current remuneration framework, EBIT is the key performance measure, with a gateway threshold of 90% of Group Budgeted EBIT to be met before any STI award becomes payable. The STI plan also includes three Group performance financial measures by which the Executive Team and key leaders' KPIs are measured, once the gateway has been achieved:

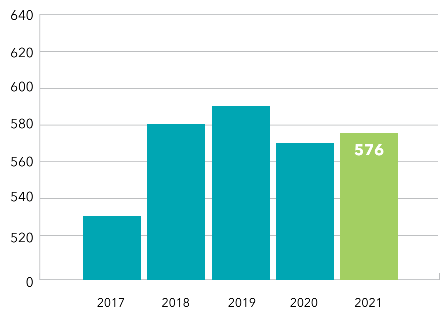
- Group Reported EBIT (weighting: 50% of the overall pool)
- Group Reported Net Sales (weighting: 25% of the overall pool)
- Group Net Working Capital as a percentage of Net Sales (weighting: 25% of the overall pool)

Blackmores' EBIT, Net Sales and Net Working Capital as a percentage of Net Sales for FY21 and as compared over the past five years are shown in the following graphs. Note, the EBIT graph is prior to changes for the IFRIC Cloud computing clarification consistent with how the targets were initially set.

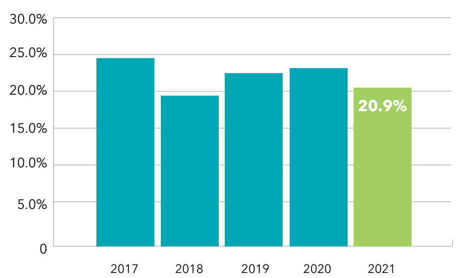
EBIT ($M)



NET SALES ($M)



NET WORKING CAPITAL AS A % OF NET SALES



Letter from the Chair of the Board's People and Remuneration Committee (cont.)

FY21 STI outcomes

The business delivered an EBIT outcome that fell marginally short of the budgeted gateway.

In contemplating any executive variable pay decision and the use of discretion, the Board took a number of factors into consideration with respect to:

- the current framework,
- broader information on corporate performance and impact on stakeholders (the customers, investors and employees) and applying an independent assessment by the independent Directors,
- a set of principles that were designed to provide fairness and clarity aligned in allocating any performance recognition, and
- timely signals to executives and employees on performance and conduct that is in the long-term interests of the company.

The Board has used its discretion to deem the gateway as being met to allow for a reduced payment of STI to fairly reflect both the financial outperformance of both the International and China business units, recognising the group operational support and adjusting for the underperformance of the ANZ business.

The Board also took into consideration the results that were delivered:

- during a time of extreme change including the integration of Braeside and the introduction of manufacturing and supply change management,
- the disruptive impact of COVID-19 to business activity, and the adjustments to the operating model that were made to ensure employee work place safety and to accommodate new consumer buying practices,
- the operational team and those of our people in the supply chain of "make, pack and deliver" to meet the increased demand for product in the overseas markets.

Adjusted FY21 STI

An Adjusted STI pool of $2.7m, being 40% of maximum targeted STI, was created and then allocated as follows:

Allocation	% of STI pool
CEO and CFO	8%
ANZ non-KMP Executives	14%
ANZ teams (excluding sales commissions teams)	8%
Group functions	32%
China and International (Executive and teams)	38%
	100%

The Board considers the exercise of discretion and the manner in which it has been allocated as fair and equitable, in line with STI plan rules for assessing performance and differentiating those who delivered on financial and non-financial performance notwithstanding the degree of difficulty of the change experienced during the year.

FY21 STI payments

STI payments were awarded to the CEO and CFO as follows:

- CEO $156,000 representing 20% at Target STI and 5.7% of the adjusted pool
- CFO $62,500 representing 20% at Target STI and 2.3% of the adjusted pool

They did not achieve their individual financial targets but the Board considered their performance across their individual non-financial KPI's for the following company Strategic objectives:

- building a world class organisation,
- rejuvenating Australia,
- simplification of the supply chain, and
- the cost out and the integration of Braeside

The Board considers the exercise of discretion and the manner in which it has been allocated for the CEO and CFO as fair and equitable, against those others who delivered on financial and non-financial performance and to reflect greater proportionality for the leadership accountability they have for the overall business results and personal performance.

FY21 STI plan and outcomes are also detailed on pages 73 and 77.

3. LTI Plan

The LTI plan has a three-year performance period. The FY19 plan did not vest due to the threshold performance hurdle of 5% three-year compounded annual growth rate (CAGR) in EPS not being met.

4. Profit Share Plan

Under the long-standing Profit Share plan, up to 10% of forecast NPAT is paid to Blackmores employees. In FY21 a total payment of $0.8 million, equivalent to three days' incremental salary was paid. In noting payments, the CEO chose not to receive profit share in FY21.

5. CEO Recognition Grants

In addition to the discretionary STI payments, the Board approved a one-off recognition grant of share rights to twelve individuals who were non-Executive Team members, identified by the CEO in July 2020, for their FY20 performance and critical future contribution to the Company. These share rights totalled $695,214, and were valued as a percentage of fixed remuneration received. The fair value of the rights was accounted for over the vesting period which was 12 months on 14 August 2021. Conditions related to tenure and maintenance of minimum performance level were required for qualification.

Letter from the Chair of the Board's People and Remuneration Committee (cont.)

6. **Non-Executive Director fees**

   There were no increases to Non-Executive Director fees in FY21. As a result of an independent review of Non-Executive Director fees conducted in FY20, an increase was made to the Board Chair fee in FY21 to $305,000, inclusive of superannuation, which was effective from 28 October 2020 upon the appointment of the new Chair.

   Based on a reassessment of the Committee structure in FY21 and to ensure oversight and governance of risk, compliance and delivery on strategic pillars, the Board created separate Audit and Risk and Technology Committees. The existing fee structure applies to this new Committee.

APPROACH TO FY22 REMUNERATION

Looking forward to FY22, we are committed to simplifying our framework, rewarding outperformance and maintaining full transparency in all aspects of remuneration to our KMPs and Executive Team, to reflect our strategy, our values, and our growth ambitions.

1. **Fixed Remuneration**

   Other than the Board Chair fee, there will be no increases to the fixed remuneration of the CEO, CFO, and the Executive Team in FY22. Increases to the Superannuation Guarantee rate from 9.5% to 10.0% as of 1 July 2021 are absorbed within the total fixed remuneration, with base salary reducing and superannuation contributions increasing by the commensurate 0.5%.

   There will be no increases to Non-Executive Director fees in FY22. Increases to the Superannuation Guarantee rate from 9.5% to 10.0% as of 1 July 2021 are absorbed within the Non-Executive Director fees, with cash fee reducing and superannuation contributions increasing by the commensurate 0.5%.

2. **Short-Term Incentive (STI) and Long-Term Incentive (LTI) Framework**

   Insights from the benchmarking review undertaken by the external remunerations consultants, and feedback from our shareholders during the year were taken into consideration in reviewing the alignment of potential total remuneration outcomes for CEO, CFO and the Executive Team, with those of value for shareholders.

   2.1 FY22 STI changes

   The Gateway threshold for incentive payments has been increased from 90% to 95% of reported EBIT and must be met before the plan will activate.

   Group performance measures for both financial and non-financial are aligned to our five strategic pillars, and will be weighted

   - CEO and CFO: 70/30 financial and non-financial
   - other Executive Team members: 60/40 financial and non-financial.

   The financial measures are:

   - Group Reported EBIT (weighted 50%)
   - Group Reported Net Sales (weighted 25%)
   - Group Net Working Capital (weighted 25%)

   The non-financial measures will be aligned to delivery on progress across the five strategic pillars.

   2.2 FY22 LTI changes

   The Long-Term Incentive framework remains a three-year plan. However to align more closely with market benchmarking data, the LTI metrics have been amended as follows:

   - CEO LTI (% of FAR): at threshold 50% (no change), at target 100% (no change), and at maximum is reduced from 200% to 150% (% of FAR)

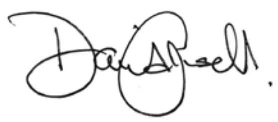
   - CFO LTI (% of FAR): at threshold 50% (increased from 10%), at target 60% (increased from 20%) and at maximum is increased from 80% to 100%.

3. **New Employee and Director Share Rights Plan**

   The People and Remuneration Committee on behalf of the Board, undertook a review of the various employee share plans in place at Blackmores in FY21. As a result of the review, the multiple plans, being the Staff Share Plan and Staff Share Acquisition Plan will be decommissioned with no further participation offerings made under these two plans post FY21.

   Commencing in November 2021, Blackmores will offer a new Employee and Director Share Rights Plan designed to provide the opportunity for eligible Australian employees, including Senior Executives and Directors, to acquire rights to receive shares through sacrificing a portion of their remuneration. This will allow eligible Australian employees and Directors the opportunity to become shareholders and share in the success of the group, aligning the interests of employees and Directors with those of shareholders and providing employees and Directors, the opportunity to acquire shares in a tax-effective manner. A similar scheme is being explored for Blackmores' International employees.

On behalf of the Board and the People and Remuneration Committee, I invite you to read the 2021 Remuneration Report and welcome your feedback on our approach to, and disclosure of, Blackmores' remuneration arrangements.



David Ansell
Chair, People and Remuneration Committee

2021 Audited Remuneration Report

1

INTRODUCTION

The Directors of Blackmores Limited present the Remuneration Report for the Blackmores Group. The report outlines Blackmores' remuneration framework and the outcomes for the year ended 30 June 2021 (FY21) for Blackmores' KMP.

The report has been prepared in accordance with the requirements of section 300A of the Corporations Act 2001. In this report the following terms and phrases have the meanings that are references for FY21 and the comparative year where applicable, as indicated below:

Role definitions

Directors	Executive Directors and Non-Executive Directors
Executive Directors	Former Executive Director Marcus Blackmore and the Chief Executive Officer
Senior Executives	Executive Directors and the other executives defined as Key Management Personnel (KMP) who have authority and responsibility for planning, directing and controlling the activities of the Blackmores Group, directly or indirectly
Key Management Personnel (KMP)	CEO and CFO, Executive Directors and Non-Executive Directors
Executive Team	CEO and the direct reports to the CEO

Other definitions

Exercised	Owned
Granted	Assigned to, but not yet vested
Vested	Met performance and service criteria and available to be exercised, but not yet owned

2021 Audited Remuneration Report

Key Management Personnel

The following table lists the KMP during FY21.

Non-Executive Directors	
Anne Templeman-Jones	Non-Executive Director, Chair of the Board (appointed 28 October 2020), Chair of the Nominations Committee, member of the Audit Committee, Risk and Technology Committee, and People and Remuneration Committee
David Ansell	Non-Executive Director and member of the Risk and Technology Committee, People and Remuneration Committee, and Nominations Committee (appointed as Chair of the People and Remuneration Committee on 28 July 2021)
Wendy Stops	Non-Executive Director, Chair of the Risk and Technology Committee (appointed 28 April 2021), member of the Audit Committee, Nominations Committee, and People and Remuneration Committee (appointed 5 August 2021)
Sharon Warburton	Non-Executive Director, Chair of the Audit Committee (appointed 28 April 2021), member of the Risk and Technology Committee, Nominations Committee, and People and Remuneration Committee (appointed 5 August 2021)
Former Non-Executive Directors	
Brent Wallace	Non-Executive Director, Chair of the Board, Chair of the Nominations Committee, member of the Audit Committee, Risk Committee, and People and Remuneration Committee (ceased as KMP on 27 October 2020)
John Armstrong	Non-Executive Director, Chair of the Audit Committee, Risk Committee, and member of the Nominations Committee (ceased as KMP on 8 September 2020)
Christine Holman	Non-Executive Director, Chair of the People and Remuneration Committee, member of the Audit Committee, and Nominations Committee (ceased as KMP on 28 July 2021)
Executive Director	
Alastair Symington	Chief Executive Officer and Managing Director and member of the Nominations Committee
Former Executive Director	
Marcus Blackmore	Executive Director and member of the Nominations Committee (ceased as KMP on 23 October 2020)
Senior Executive	
Gunther Burghardt	Chief Financial Officer

FY20 Remuneration Report feedback

At the FY20 AGM, Blackmores recorded a yes vote of 96.27% on the resolution to adopt the FY20 remuneration report which took into account the strong support from proxy advisors and shareholders on the remuneration approach. Additional disclosure details in relation to Board skills as relevant to the company strategy is detailed in 'Section 4 Operations' of this annual report.

2021 Audited Remuneration Report

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SENIOR EXECUTIVE REMUNERATION FRAMEWORK

The remuneration framework links remuneration outcomes to both the Group's performance and the individual's performance and behaviour. It also provides the opportunity to share in the success and profitability of Blackmores in alignment with increased shareholder wealth. The key elements of the FY21 framework are illustrated below.

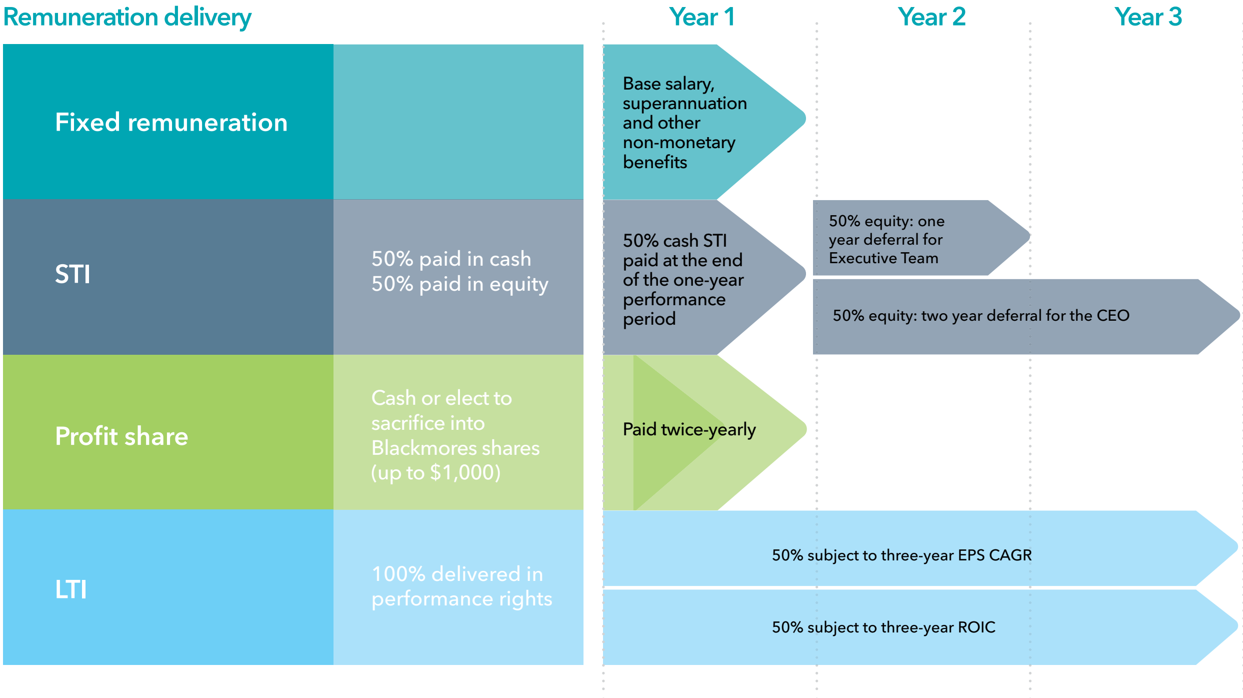
BLACKMORES' REMUNERATION FRAMEWORK

- Rewards the achievement of strategic goals, financial targets, operational performance and behaviour gateway
- Attracts and retains talented Senior Executives
- Aligns Senior Executives to the enhancement of Blackmores' earnings and shareholder wealth

BLACKMORES' REMUNERATION STRUCTURE

	Fixed Remuneration	Short-term Incentive (STI)	Staff Share Plan[1]	Profit Share	Long-term Incentive (LTI)
Purpose	To attract and retain key talent by providing reasonable and fair remuneration	To reward high performance aligned to improving company performance in the short to mid-term	To allow all eligible permanent employees and Senior Executives to purchase shares in the company, matched by the Company to provide a benefit to the participant	Whole of organisation plan for eligible permanent employees, which recognises and rewards the collective contribution employees make to the Blackmores Group	To motivate and align Executives with the long-term interests of Blackmores' shareholders
Link to performance	Targeted to be reasonable and fair, taking into account Senior Executives' responsibilities, experience and individual and Company performance. Benchmarked annually through independent review against companies with relative size and scale of Blackmores' operations. Market data of three comparator peer groups is considered: 1. comparative market capitalisation; 2. bespoke company selection; 3. Australia and New Zealand consumer staples companies.	Linked to clearly-specified annual Group targets and individual objectives and behaviours	Share ownership directly aligns participant interests with those of Blackmores' other shareholders	Award is dependent on forecasted Group NPAT achieved for the period ending November and May, aligned to Blackmores' business strategy and objectives.	Aligned to long-term earnings and returns targets
Performance measures		The STI scheme is designed around appropriate Group level performance benchmarks based on quantitative and qualitative gateway measures. A Group STI pool is determined based on three key performance measures: Group EBIT, Group Net Sales, and Group Net Working Capital.	The matching ratio is normally one share for every three shares purchased during the financial year. The total cost to the Company is capped at $500,000 for the matched shares.	A pool of up to 10% of Group NPAT is available to be shared among eligible employees, including Executives	Three-year Earnings Per Share (EPS) CAGR (weighting: 50%) and three-year Return on Average Invested Capital average of a 3 year performance period (ROIC) (weighting: 50%)
Delivery	Base salary, superannuation, and any non-monetary benefits (including fringe benefits tax)	Comprises cash payments and as applicable to the CEO, CFO and other members of the Executive Team, there is a deferral of a portion of the award into equity	The matched shares are delivered following the completion of the annual service period and subject to vesting.	Cash paid twice a year. All eligible permanent employees in Australia, including Senior Executives, may purchase up to $1,000 of Blackmores' shares each year under the Staff Share Acquisition Plan[2] with money that would have otherwise been received under the Profit Share Plan.	Performance rights.

1. The Staff Share Plan will be decommissioned with no further participation offerings made under this plan post FY21. Further detail is outlined in the Chair introductory letter on page 63, item number 3.
2. The Staff Share Acquisition Plan will be decommissioned with no further participation offerings made under this plan post FY21. Further detail is outlined in the Chair introductory letter on page 68, item number 3.



Minimum shareholding requirement (MSR)

In order to assist in aligning the interests of the Executive Team, including the CEO and the Non-Executive Directors, with the interests of the Company's shareholders, the Board approved a minimum shareholding requirement (MSR) Policy Guideline in June and August 2020, respectively. Under the guideline, the KMP and Executive Team are encouraged to build a minimum shareholding in the Company and maintain it during their tenure.

For the CEO and the Executive Team, the policy requires shareholdings equal to 100% and 50% respectively of their total fixed remuneration within 5 years of their appointment. For determining whether the minimum shareholding has been met, the calculation is based on the share price at the time of purchase.

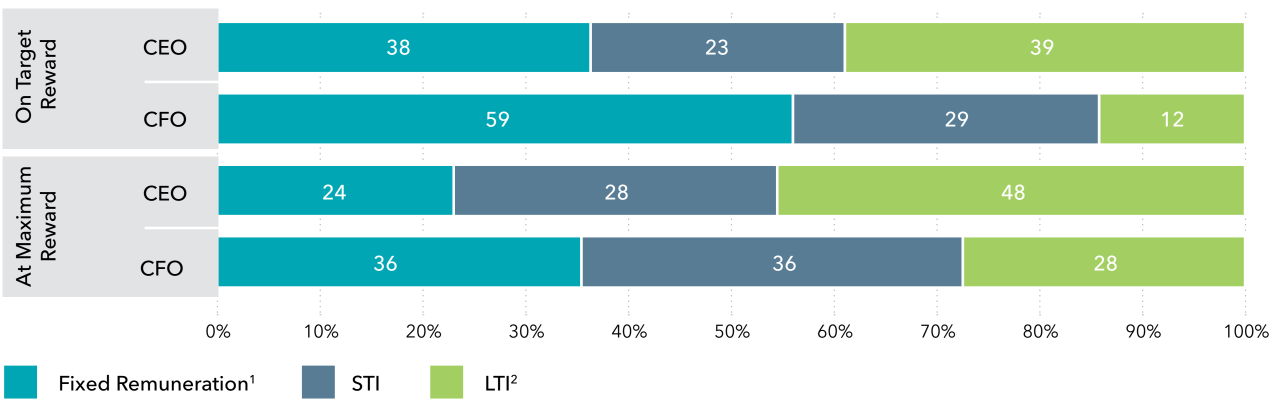
Non-Executive Directors are required to build minimum shareholding equal to 100% of their annual Non-Executive Director base fees including superannuation but not including Committee fees, within 3 years of their appointment. For determining whether the minimum shareholding has been met, the calculation is based on the share price at the time of purchase.

Senior Executive Remuneration Mix

In determining the mix of Senior Executive remuneration, the Board aims to find a balance between:

- Fixed (not at risk) and performance (at risk) remuneration
- Short and long-term remuneration
- Remuneration paid in cash and equity.

Blackmores' target and maximum Senior Executives' remuneration mix, as a percentage of total remuneration[3], is outlined below.



1. Fixed remuneration includes cash, superannuation and non-monetary benefits (including fringe benefits tax).
2. LTI value is expressed as the % of Fixed Annual Remuneration as at the start of the three-year performance period.
3. Total is the aggregate reward (Fixed Annual Remuneration plus STI plus LTI). Note, in a format that more accurately reflects the remuneration mix, profit share is separately disclosed on page 80.

2021 Audited Remuneration Report

Short-term Incentive (STI) – Details

The following table outlines the details of the STI plan. Specific information relating to the actual award outcomes are set out in the table on page 77.

What is the STI and who is eligible to participate?	The STI plan provides eligible employees with a 50% cash and 50% equity award for annual performance against measured targets set at the beginning of the performance period. Eligible employees include the Executive Director, Senior Executives, Executive Team, and other nominated employees (for other nominated employees, STI awards are delivered as 100% cash).

What is the amount the eligible employee can earn?	% of Fixed Annual Remuneration (FAR)	Chief Executive Officer	Chief Financial Officer
	Target	60	50
	Maximum	120	100

What were the performance conditions for FY21?	**Gateway measures:** In order for any STI to be paid, certain minimum threshold levels of performance (gateways) at the Group level must be met for: 1. Quantitative: Group Budgeted EBIT; and 2. Qualitative: A discretionary gateway determined by the Board to decide whether Blackmores has performed satisfactorily in the areas of brand reputation, safety, and quality. **Group STI pool:** The total Group STI pool is determined based on the STI target at a % of fixed remuneration, and the business must also meet three key performance measures: • Group Reported EBIT (weighting: 50% of the overall pool) • Group Reported Net Sales (weighting: 25% of the overall pool) • Group Net Working Capital as a percentage of Net Sales (weighting: 25% of the overall pool) Each of the above three measures has its own corresponding threshold, target and stretch performance levels and corresponding payout level. **Region/Functional pool:** Each region (ANZ, China, International) / function is then allocated a proportion of the Group pool relative to other markets/functions. **Individual assessment:** Individual performance is rated against personal KPIs to determine an individual's STI outcome. Senior Executives are not awarded any STI in the instance of not meeting minimum individual performance expectations. The person to whom a Senior Executive reports to assesses that individual's performance by reviewing his or her individual KPIs, key tasks and performance indicators and the extent to which they have been achieved.
Why were these performance measures chosen?	EBIT performance is a well-recognised measure of financial performance and a key driver of shareholder returns. Group measures align employees with the overall Group objectives and performance. The pool funding mechanism is based on overall Group performance against three key business metrics. Individual performance drives performance at local market/function level which contributes to Group level performance. The plan aims to drive a performance culture and allows for greater differentiation at both the local market/function and individual levels and recognises contributions that have led to success of the broader Blackmores Group.
When are performance conditions tested?	Performance conditions are tested and calculated by Blackmores at the end of the financial year, verified by Blackmores' auditors and published in the Group's Financial Statements before any payment is made. This method was chosen to ensure transparency and consistency with disclosed information. Individual KPIs are set at the start of each financial year and the Board reviews performance assessments for Senior Executives and the Direct Reports to the CEO.
Does the Board have an Executive Clawback Policy?	The Board has adopted a Clawback Policy that is applicable to STI participants with a view to further aligning the interests of KMP with the long-term interests of Blackmores. In the event of any deliberate misstatement or manipulation of results in the Financial Statements for any of the immediately preceding three financial years after assessment, the Board may require that STI participants repay all or part of the STI award and withhold the payment or allocation of all or part of an unpaid STI.

2021 Audited Remuneration Report

Staff Share Plan – Details

The following table outlines the details of the Staff Share Plan[1]. Specific information relating to the actual award outcome is set out in the table on page 85.

What is the Staff Share Plan and who is eligible to participate?	All eligible permanent employees in the Group, including Senior Executives, can elect to contribute between $1,000 and $10,000 to be used to purchase shares in the Company. At the end of the financial year, the Company will normally provide a benefit by applying a matching ratio to the shares purchased by each participant for that financial year.
What is the amount the Senior Executive can earn?	The total benefit an Executive can earn is determined by the number of matched shares the Company will provide. This number is subject to the maximum capped total cost to the Company. In order to be eligible to receive matching shares, an Executive must be employed by the Company at 30 June of the relevant financial year and have purchased shares during the year which remain in the plan as at the vesting date (which is normally 31 July).
What is the amount the participants can earn?	The matching ratio is normally one share for every three shares purchased during the financial year. The total cost to the Company is capped at $500,000 for the matched shares.
What is the purpose of this plan?	Increasing Senior Executive's shareholding in Blackmores directly aligns their interests with those of Blackmores' other shareholders.
When are the matching shares provided?	Matched shares are provided following completion of the annual service period and subject to vesting (vesting date is normally 31 July and the issuing of matched shares normally occurs no later than 15 August, or as otherwise determined by the Board).

1. The Staff Share Plan will be decommissioned with no further participation offerings made under this plan post FY21. Further detail is outlined in the Chair introductory letter on page 68, item number 3.

Profit Share – Details

The following table outlines the details of the Profit Share plan. Specific information relating to the actual award outcome is set out on page 68.

What is the Profit Share plan and who is eligible to participate?	All eligible permanent employees in the Group, including Senior Executives, participate in a profit share plan, whereby up to 10% of Group NPAT is allocated to all eligible permanent employees on a pro-rata basis by reference to their Fixed Annual Remuneration. The profit share plan is in addition to the STI award.
What is the amount the Senior Executive can earn?	The amount distributed is a percentage of Group NPAT. As the amount is distributed on a pro-rata basis, the amount earned in any year depends on both the Group NPAT achievement based on November and May forecasts, and the total number of employees and salaries in the calculation.
What were the performance conditions for FY21?	Under the Company's Collective Agreement, up to 10% of Group NPAT is allocated to eligible employees.
Why were these performance measures chosen?	NPAT is a well-recognised measure of financial performance and a key driver of shareholder returns. Using NPAT as an incentive performance measure ensures that incentive payments are aligned with Blackmores' business strategy and objectives.
When are performance conditions tested?	Profit share is paid twice a year, in December and June, based on Blackmores' NPAT calculation on management forecasts for November and May in the reporting year. All eligible permanent employees in Australia, including Senior Executives, may purchase up to $1,000 of Blackmores shares each year under the Staff Share Acquisition Plan[1] with money that would have otherwise been received under the profit share plan.

1. The Staff Share Acquisition Plan will be decommissioned with no further participation offerings made under this plan post FY21. Further detail is outlined in the Chair introductory letter on page 68, item number 3.

2021 Audited Remuneration Report

Long-term Incentive (LTI) – Details

The following tables outline the details of the LTI plan. Specific information relating to the actual annual performance awards is set out in the table on page 78.

Table 1 EPS Measures

Performance Level	Annual EPS Growth Rate	Vesting
Below Threshold	Less than 10%	As per below table 3
Threshold	10%	As per below table 3
Between Threshold & Target	10% -15%	Pro-rata between Threshold and Target as per below table 3
Target	15%	As per below table 3
Stretch	25%	As per below table 3

Table 2 ROIC Measures

Performance Level	ROIC%	Vesting
Below Threshold	Less than 7%	As per below table 3
Threshold	7%	As per below table 3
Between Threshold & Target	7% -9%	Pro-rata between Threshold and Target as per below table 3
Target	9%	As per below table 3
Stretch	11%	As per below table 3

Table 3 LTI payout outcomes (% of FAR)

	Below Threshold	Threshold	Target (capped)	Stretch (capped)
CEO	0%	50%	100%	200%
Executive Team	0%	10%	20%	80%
Senior Managers	0%	5%	10%	40%

What is the LTI and who is eligible to participate?	Eligible employees are invited annually by the Board to participate in the LTI Executive Share Plan. Under this plan, eligible employees are granted rights to acquire shares in Blackmores. Eligible employees include Executive Directors, Senior Executives and other nominated employees.
What were the performance conditions for FY21?	• Three-year Earnings Per Share (EPS) CAGR. Weighting: 50% • Three-year Return on Average Invested Capital 3 year average over the performance period (ROIC). Weighting: 50% The three-year performance period for the EPS and ROIC measures is FY21 – FY23.
Why were these performance measures chosen?	EPS performance measure: • In determining the EPS performance measure for Blackmores' LTI plan, the Board has recognised EPS growth to be the key driver of shareholder value, influencing both share price and the capacity to pay increased dividends. Basing the vesting of rights on EPS growth encourages Senior Executives to improve Blackmores' financial performance. As Senior Executives increase their shareholding in Blackmores through awards received under the LTI plan their interests become more directly aligned with those of Blackmores' other shareholders. ROIC performance measure: • The ROIC performance measure allows Blackmores to assess its efficiency at allocating the capital under its control to profitable investments, giving a sense of how well Blackmores is using its money to generate returns. ROIC focuses on managing both the financial returns and the invested capital base used to generate those returns. ROIC, alongside a traditional profitability measure such as EPS, provides a means to consider the level of profitability generated, once capital has been taken into account. It ensures alignment with the long-term focus on return and ensures improvement of execution standards.

2021 Audited Remuneration Report

Long-term Incentive (LTI) – Details (cont.)

What is the allocation methodology?	The value of rights granted to eligible employees is equivalent to a percentage of their base remuneration at the time of grant. The number of rights granted equals the value of rights divided by: • The volume weighted average price of Blackmores' shares for the 14 trading days prior to and 14 trading days after Blackmores' results in respect of the prior financial year results announced to the ASX, less • The amount of any final dividend per share declared as payable in respect of the prior financial year. The rights will automatically exercise following vesting, audit clearance of the 2023 Financial Statements, Board approval and the first trading window. These Blackmores shares are issued to participants at zero cost. The number of shares issued is identical to the number of rights exercised. Where regulations prohibit an equity-based plan, a cash equivalent is awarded. In the case of Kitty Liu (Managing Director China), a cash equivalent is paid in lieu of shares.
When are performance conditions tested?	Compounded annual growth in EPS and ROIC is calculated at the end of the three-year performance period and verified with reference to Blackmores' audited Financial Statements prior to determining the number of rights that will vest.
What happens if the eligible employee ceases employment during the performance period?	If an executive ceases employment during the three-year performance period, the rights lapse. In certain circumstances the Board has discretion to allow a portion of rights to vest either at the end of the three-year performance period or on the termination of employment for a 'good leaver'.
Does the Board have an Executive Clawback Policy?	The Board has adopted a Clawback Policy that is applicable to KMP with a view to further aligning the interests of KMP with the long-term interests of Blackmores. In the event of any deliberate misstatement or manipulation of results in the Financial Statements for any of the immediately preceding three financial years, after assessment, the Board may require KMP to repay all or part of the LTI award, forfeit all or any unvested LTI; and withhold all or part LTI to the extent it has not been given to that KMP.

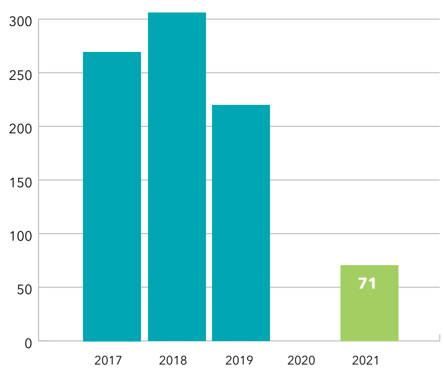
3

PERFORMANCE AND REMUNERATION OUTCOMES

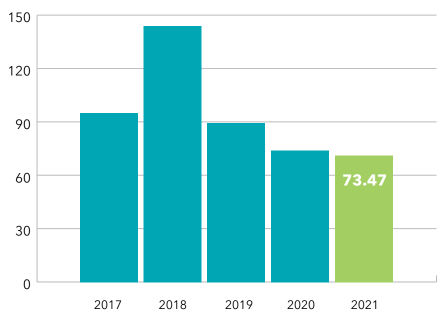
Performance Incentives – Actual Performance 2021 Financial Year

Actual performance over the past five years is shown in the following graphs:

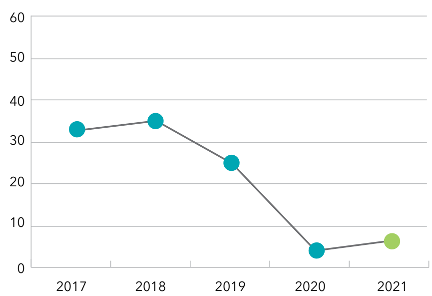
DIVIDEND PER SHARE (CENTS)



SHARE PRICE ($) AS AT 30 JUNE 2021



RETURN ON SHAREHOLDERS EQUITY (%)



2021 Audited Remuneration Report

Short-term Incentive (STI)

Under the current remuneration framework, EBIT is the key Group performance measure, with a gateway threshold of 90% of Group Budgeted EBIT to be met before any STI award becomes payable. The STI plan also includes three Group performance financial measures by which the Executive Team and key leaders' KPIs are measured, once the gateway has been achieved:

- Group Reported EBIT (weighting: 50% of the overall pool)
- Group Reported Net Sales (weighting: 25% of the overall pool)
- Group Net Working Capital as a percentage of Net Sales (weighting: 25% of the overall pool)

FY21 STI outcomes

The business delivered an EBIT outcome that fell marginally short of the budgeted gateway.

In contemplating any executive variable pay decision and the use of discretion, the Board took a number of factors into consideration with respect to:

- the current framework,
- broader information on corporate performance and impact on stakeholders(customers, investors and employees) and applying an independent assessment by the independent Directors,
- a set of principles that were designed to provide fairness and clarity aligned in allocating any performance recognition, and
- timely signals to executives and employees on performance and conduct that is in the long-term interests of the company.

The Board has used its discretion to deem the gateway as being met to allow for a reduced payment of STI to fairly reflect both the financial outperformance of both the International and China business units, recognising the group operational support and adjusting for the underperformance of the ANZ business.

The Board also took into consideration the results that were delivered:

- during times of extreme change including the integration of Braeside and the introduction of manufacturing and supply change management,
- the disruptive impact of COVID-19 to business activity, and the adjustments to the operating model that were made to ensure employee work place safety and to accommodate new consumer buying practices,
- the operational team and those of our people in the supply chain of "make, pack and deliver" to meet the increased demand for product in the overseas markets.

Adjusted FY21 STI

An Adjusted STI pool of $2.7m, being 40% of maximum targeted STI, was created and then allocated as follows:

Allocation	% of STI pool
CEO and CFO	8%
ANZ non-KMP Executives	14%
ANZ teams (excluding sales commissions teams)	8%
Group functions	32%
China and International (Executive and teams)	38%
	100%

The Board considers the exercise of discretion and the manner in which it has been allocated as fair and equitable, in line with STI plan rules for assessing performance and differentiating those who delivered on financial and non-financial performance notwithstanding the degree of difficulty of the change experienced during the year.

FY21 STI payments

STI payments were awarded to the CEO and CFO as follows:

- CEO $156,000 representing 20% at Target STI and 5.7% of the adjusted pool
- CFO $62,500 representing 20% at Target STI and 2.3% of the adjusted pool

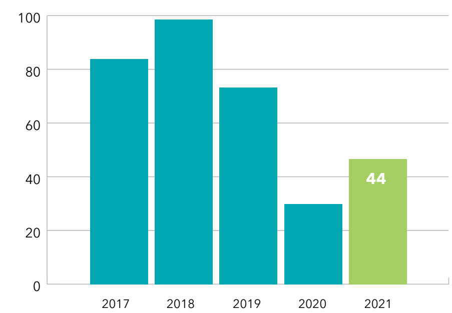
They did not achieve their individual financial targets but the Board considered their performance across their individual non-financial KPI's for the following company Strategic objectives:

- building a world class organisation,
- rejuvenating Australia,
- simplification of the supply chain, and
- the cost out and the integration of Braeside

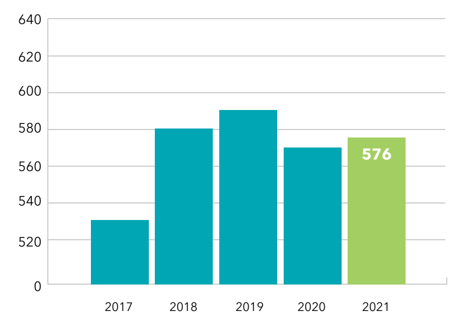
The Board considers the exercise of discretion and the manner in which it has been allocated for the CEO and CFO as fair and equitable, against those others who delivered on financial and non-financial performance and to reflect greater proportionality for the leadership accountability they have for the overall business results and personal performance.

The three Group performance financial measures, Blackmores' EBIT, Net Sales and Net Working Capital as a percentage of Net Sales for FY21, and as compared over the past five years are shown in the following graphs. Note, the EBIT graph is prior to changes for the IFRIC Cloud computing clarification consistent with how the targets were initially set.

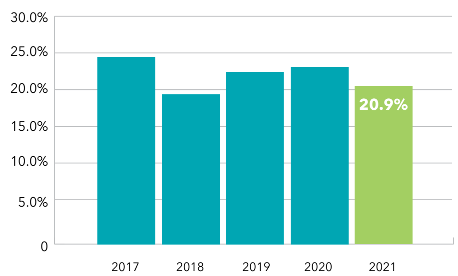
EBIT ($M)



NET SALES ($M)



NET WORKING CAPITAL AS A % OF NET SALES



2021 Audited Remuneration Report

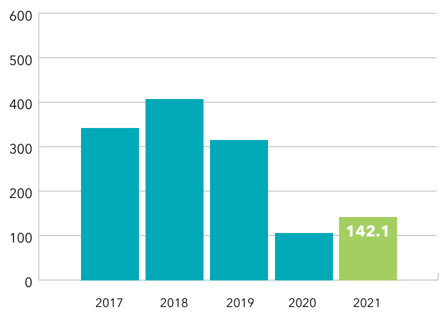
Long-term Incentive (LTI)

EPS achievement was selected as the Group performance measure for the LTI awards in the years prior to FY20. From FY20, an additional measure of Return on Average Invested Capital (ROIC), was introduced to the LTI plan. The two measures (EPS and ROIC) are equally weighted (50% EPS weighting and 50% ROIC weighting) and the LTI plan has a three-year performance period.

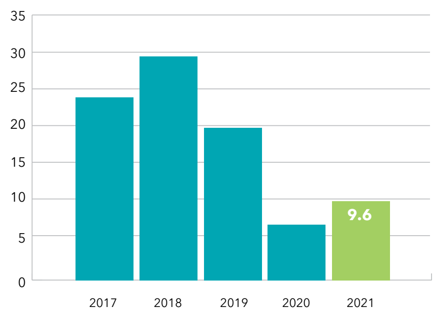
Due to not meeting the EPS performance hurdle under the FY19 LTI plan (i.e., performance period beginning 1 July 2018 and ending 30 June 2021), there were no FY19 LTI awards eligible to vest in FY21. The FY20 and FY21 plans were not eligible to vest in the current year.

The total remuneration for the financial year, the details of which are shown on page 80 includes an accounting expense of $875,226 (2020: $262,565) for these performance rights. This amount has been calculated based on an assessment of the achievement of the performance hurdle over the three-year performance period and represents one-third of the total value of the unvested rights.

EPS (CENTS)



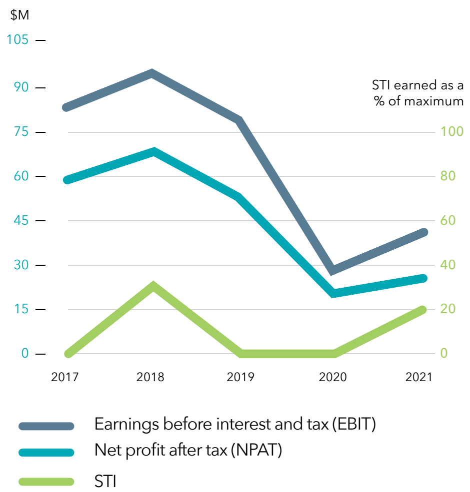
ROIC (%)



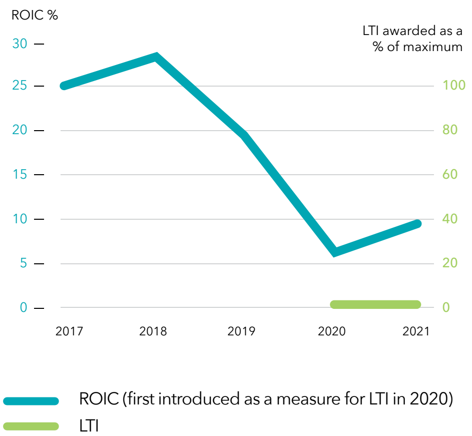
CEO Remuneration Outcomes – Five-Year History

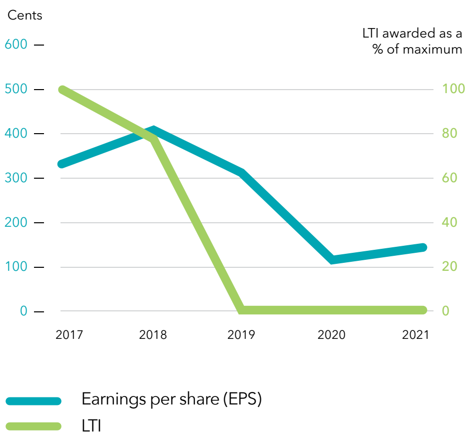
The Group's remuneration framework is designed to reward participants based on the achievement of the Group's performance goals and to share in the success and profitability of Blackmores in alignment with increased shareholder wealth. CEO performance-related remuneration over the past five years illustrates this linkage to business performance. Alastair Symington was appointed CEO during FY20. The performance-related remuneration in the prior years relate to the prior CEO's, Christine Holgate and Richard Henfrey, who ceased in FY18 and FY19 respectively. Prior to FY21, the STI plan was based on NPAT gateway performance measure and from FY21 is based on EBIT gateway performance measure.

STI EARNED AS A % OF MAXIMUM



LTI AWARDED AS A % OF MAXIMUM





2021 Audited Remuneration Report

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SENIOR EXECUTIVE REMUNERATION OUTCOMES TABLE (NON-STATUTORY)

The following table has been provided to disclose additional non-statutory information to assist shareholders in understanding the total value of the Senior Executives' remuneration for FY21.

The following table sets out the remuneration that the Senior Executives became entitled to during FY21 and that was either paid or payable during the financial year or will be paid subsequent to the end of the year.

The remuneration outcomes prepared in accordance with accounting standards as required by the Corporations Act 2001 are contained on page 80 of the report. The totals in the statutory remuneration table on page 80 of the report differ to the following table. This is because of the following:

1. Leave movements – the statutory remuneration table shows annual leave and long service leave entitlements due to an increase in the statutory provisions, rather than cash payment.
2. Share-based payments – the accounting standards require the share-based payments expense to be calculated using the fair value of the shares at grant date, amortised over the relevant performance and service period. The statutory table includes the accounting expense, rather than any amount received by the individual.

The FY18 rights under the LTI plan were forfeited as the performance conditions were not met. Both the statutory remuneration table and the following outcomes table include nil value for the FY18 LTI awards.

The FY19 rights under the LTI plan have forfeited as the performance conditions were not met. Both the statutory remuneration table and the following outcomes table include nil value for the FY19 LTI awards.

The FY19 rights under the staff share plan which have vested were valued at $141.95 in the statutory remuneration table. This differs to the following outcomes table, which includes the FY19 share plan awards valued at $89.68, which was the share price on the 31 July 2019 vesting date.

	SALARY AND FEES	STI AND PROFIT SHARE[1]	NON-MONETARY[2]	OTHER[3]	TERMINATION PAYMENTS[4]	SUPER ANNUATION	TOTAL	EQUITY THAT VESTED DURING 2021[5]	TOTAL REMUNERATION RECEIVED
	$	$	$	$	$	$	$	$	$
Executive Director									
Alastair Symington[6]									
2021	**1,278,316**	**78,000**	**1,854**	**-**	**-**	**21,694**	**1,379,864**	**-**	**1,379,864**
2020	974,007	9,687	42,041	300,000	-	21,003	1,346,738	-	1,346,738
Senior Executive									
Gunther Burghardt[7]									
2021	**603,315**	**38,188**	**1,536**	**-**	**-**	**21,694**	**664,733**	**-**	**664,733**
2020	274,122	-	33,912	-	-	10,501	318,535	-	318,535
Former Executive Director									
Marcus Blackmore[8]									
2021	**121,080**	**-**	**10,601**	**-**	**90,810**	**10,697**	**233,188**	**-**	**233,188**
2020	354,857	5,588	10,314	4,836	-	21,003	396,598	-	396,598
Former Senior Executives									
Aaron Canning[9]									
2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2020	407,059	8,796	2,930	2,923	-	11,066	432,774	2,870	435,644
Peter Osborne[10]									
2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2020	830,392	9,333	-	-	-	-	839,725	3,049	842,774
Total									
2021	**2,002,711**	**116,188**	**13,991**	**-**	**90,810**	**54,085**	**2,277,785**	**-**	**2,277,785**
2020	2,840,437	33,404	89,197	307,759	-	63,573	3,334,370	5,919	3,340,289

1. $78,000 for Alastair Symington is the cash portion of FY21 STI which is 50% of his FY21 STI award outcome. The remaining 50% is deferred for two years into equity in the form of performance rights. Alastair Symington chose not to receive profit share in FY21. $38,188 for Gunther Burghardt comprises $6,938 for FY21 Profit Share payment and $31,250 for cash portion of FY21 STI which is 50% of his FY21 STI award outcome. The remaining 50% is deferred for one year into equity in the form of performance rights.
2. 'Non-monetary' includes motor vehicle benefits, relocation and accommodation benefits and any fringe benefits tax paid on these benefits.
3. 'Other' includes insurance and superannuation membership fees for Marcus Blackmore and Aaron Canning in FY20. $300,000 for Alastair Symington is contractual sign-on cash payment made to Alastair Symington following commencement of employment in FY20.
4. Termination payment for Marcus Blackmore is payment in lieu-of notice paid as an employment termination payment (ETP).
5. The equity that vested in FY20 relates to the FY19 Staff Share Plan grant. The value disclosed is based on the share price on the vesting date 31 July 2019.
6. Alastair Symington joined as Chief Executive Officer and Managing Director on 16 September 2019.
7. Gunther Burghardt joined as Chief Financial Officer on 6 January 2020.
8. Marcus Blackmore ceased to be KMP on 23 October 2020.
9. Aaron Canning ceased as a Senior Executive on 6 January 2020.
10. Peter Osborne ceased as a Senior Executive on 20 December 2019.

2021 Audited Remuneration Report

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SENIOR EXECUTIVE REMUNERATION TABLES (STATUTORY)

Statutory Remuneration Table

The following table discloses the remuneration outcomes of the Senior Executives for the financial year ended 30 June 2021. The table has been prepared in accordance with Section 300A of the Corporations Act 2001.

The amounts in the statutory tables differ to the remuneration table on page 79 as outlined previously. The statutory remuneration table includes the accounting value for LTI grants for the FY19 year which did not vest and the FY20 and FY21 years which have not yet vested.

	SHORT-TERM EMPLOYMENT BENEFITS				TERMINATION BENEFITS	POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM EMPLOYMENT BENEFITS	SHARE-BASED PAYMENT	
	SALARY AND FEES	STI AND PROFIT SHARE[1]	NON-MONETARY[2]	OTHER[3]	TERMINATION PAYMENTS[4]	SUPER ANNUATION	OTHER	PERFORMANCE RIGHTS[6, 7]	TOTAL
	$	$	$	$	$	$	$	$	$
Executive Director									
Alastair Symington[8]									
2021	**1,278,316**	**78,000**	**1,854**	**12,958**	**-**	**21,694**	**393,848**[13]	**496,807**	**2,283,477**
2020	974,007	9,687	42,041	377,899	-	21,003	262,565[13]	-	1,687,202
Senior Executive									
Gunther Burghardt[9]									
2021	**603,315**	**38,188**	**1,536**	**24,629**	**-**	**21,694**	**-**	**71,554**	**760,916**
2020	274,122	-	33,912	13,238	-	10,501	-	-	331,773
Former Executive Director									
Marcus Blackmore[10]									
2021	**121,080**	**-**	**10,601**	**-**	**90,810**	**10,697**	**-**	**-**	**233,188**
2020	354,857	5,588	15,150	-	-	21,003	-	-	396,598
Former Senior Executives									
Aaron Canning[11]									
2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2020	381,499	8,796	5,853	23,185	-	12,466	42,680[5]	378	474,857
Peter Osborne[12]									
2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2020	717,857	9,333	-	28,048	-	-	-	402	755,640
Total									
2021	**2,002,711**	**116,188**	**13,992**	**37,586**	**90,810**	**54,086**	**393,848**	**568,361**	**3,277,581**
2020	2,702,343	33,404	96,956	442,370	-	64,973	305,245	780	3,646,070

1. 'STI and profit share' includes amounts paid by way of cash STI and profit share. $78,000 for Alastair Symington relates to cash portion of FY21 STI which is 50% of his total FY21 STI award outcome. The remaining 50% is deferred for two years into equity in the form of performance rights and is shown in the performance rights column. Alastair Symington chose not to receive profit share in FY21. $38,188 for Gunther Burghardt comprises $6,938 for FY21 Profit Share payment and $31,250 for cash portion of FY21 STI which is 50% of his total FY21 STI award outcome. The remaining 50% is deferred for one year into equity in the form of performance rights and is shown in the performance rights column.
2. "Non-monetary' includes benefits such as relocation and accommodation benefits and any fringe benefits tax paid on these benefits.
3. 'Other' shown in short-term employment benefits relates to provisions for annual leave, with the exception of the $377,899 amount showing for Alastair Symington, of which $77,899 relates to provision for annual leave and $300,000 relates to contractual sign-on cash payment made to Alastair Symington following commencement of employment.
4. Termination payments for Marcus Blackmore is payment in lieu-of notice paid as an employment termination payment (ETP).
5. 'Other' shown in long-term employment benefits relates to provisions for long service leave.
6. The FY21 share-based payments include the LTI plan and represent the FY21 portion of the fair value of rights granted in FY19, FY20 and FY21, being $418,807 for Alastair Symington and $40,304 for Gunther Burghardt. The FY19 rights have not vested and there is nil value included in FY21as the performance conditions were not met. Vesting of the FY20 and FY21 rights remains subject to performance and service conditions as outlined on page 75. The FY21 share based payments related to FY21 deferred STI in the form of performance rights for Alastair Symington and Gunther Burghardt is $78,000 and $31,250 respectively. The deferral period is 2 years and 1 year, respectively, and represents 50% of their total FY21 STI award outcome. The remaining 50% is paid as cash and is shown in the STI column.
7. The FY20 share-based payments include the Staff Share Plan and represent the FY20 portion of the fair value of rights granted in FY19.
8. Alastair Symington joined as Chief Executive Office and Managing Director on 16 September 2019.
9. Gunther Burghardt joined as Chief Financial Officer on 5 January 2020.
10. Marcus Blackmore's LTI plan is paid as a cash equivalent in lieu of shares. Marcus Blackmore ceased as an Executive Director on 23 October 2020.
11. Aaron Canning ceased as a Senior Executive on 6 January 2020.
12. Peter Osborne ceased as a Senior Executive on 20 December 2019.
13. This amount relates to Sign-On Shares issued under Executive Share Plan as part of Alastair Symington's employment contract. These Shares are subject to a service condition being continuous employment with Blackmores Limited from 16 September 2019 to 16 September 2022.

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Performance-related remuneration

Statutory performance-related remuneration table

The following table shows an analysis of the fixed remuneration and performance-related (STI, Profit Share and LTI) components of the FY21 remuneration mix detailed in the Statutory Remuneration table.

	NON-PERFORMANCE-RELATED REMUNERATION[1]	STI AND PROFIT SHARE	PERFORMANCE RIGHTS[2,3]	TOTAL PERFORMANCE-RELATED REMUNERATION
Executive Director				
Alastair Symington[4]				
2021	**74.8%**	**3.4%**	**21.8%**	**25.2%**
2020	99.4%	0.6%	0.0%	0.6%
Senior Executive				
Gunther Burghardt[5]				
2021	**85.6%**	**5.0%**	**9.4%**	**14.4%**
2020	100.0%	0.0%	0.0%	0.0%
Former Executive Director				
Marcus Blackmore[6]				
2021	**100.0%**	**0.0%**	**0.0%**	**0.0%**
2020	98.6%	1.4%	0.0%	1.4%
Former Senior Executives				
Aaron Canning[7]				
2021	**-**	**-**	**-**	**-**
2020	98.1%	1.9%	0.1%	1.9%
Peter Osborne[8]				
2021	**-**	**-**	**-**	**-**
2020	98.7%	1.3%	0.1%	1.3%
Total				
2021	**79.1%**	**3.5%**	**17.4%**	**20.9%**
2020	99.1%	0.9%	0.0%	0.9%

1. Non-performance-related remuneration includes the accounting expense from all of the columns in the 'Statutory Remuneration Table' other than 'STI and Profit Share' and the LTI 'Performance Rights'.
2. Performance Rights includes the LTI plan and represents the FY21 accounting expense of the FY21 portion of the rights granted in FY19, FY20 and FY21.
3. Performance Rights includes the Staff Share Plan and represents the FY20 accounting expense of the FY20 portion of the rights granted in FY20.
4. Alastair Symington joined as Chief Executive Officer and Managing Director on 16 September 2019.
5. Gunther Burghardt joined as Chief Financial Officer on 6 January 2020.
6. Marcus Blackmore ceased as an Executive Director on 23 October 2020.
7. Aaron Canning ceased as a Senior Executive on 6 January 2020.
8. Peter Osborne ceased as a Senior Executive on 20 December 2019.

Short-term Incentive

The following table shows the details of the STI awarded as remuneration to Executive Directors and Senior Executives for the financial year ended 30 June 2021.

	STI		
	INCLUDED IN REMUNERATION[1,3]	% OF STI AWARD AS A MAXIMUM STI AWARD	% OF MAXIMUM STI AWARD FORFEITED[2]
Executive Director			
Alastair Symington	156,000	10	90
Senior Executive			
Gunther Burghardt	62,500	10	90
Former Executive Director			
Marcus Blackmore[4]	-	-	100

1. Amounts included in remuneration for the financial year represent the amount related to the financial year based on achievement of personal goals and satisfaction of performance criteria.
2. Amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year.
3. The awards are paid according to the table on page 73.
4. Marcus Blackmore ceased as an Executive Director on 23 October 2020.

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REMUNERATION GOVERNANCE

Remuneration Governance Overview

The diagram below outlines the role of the Board, People and Remuneration Committee and other parties in overseeing remuneration governance at Blackmores.

Board

Provides oversight of Blackmores' remuneration strategy and policies for KMP and other executives. Approves recommendations made by the People and Remuneration Committee on NED fees and Executive remuneration

People and Remuneration Committee

Makes recommendations to the Board on remuneration strategy and policy for KMP and other executives of Blackmores that are in the best interests of Blackmores and its shareholders.

Advises the Board on remuneration policies and practices for the Company. Detailed responsibilities are set out in the Committee's charter which can be found on the Company's website at blackmores.com.au (go to 'Investor Centre', then click on Governance and Board of Directors'). The charter is reviewed annually by the Committee and the Board.

The People and Remuneration Committee currently comprises four independent Non-Executive Directors who have experience in both remuneration governance and the Blackmores business. The members during FY21 were Christine Holman (Committee Chair resigned 28 July 2021), David Ansell (appointed Committee Chair on 28 July 2021), Brent Wallace (Chair of the Board until 27 October 2020) and joined by the new Chair of the Board, Anne Templeman-Jones on 28 October 2020. Wendy Stops and Sharon Warburton were appointed members of the Committee on 5 August 2021.

Management

Reviews and proposes changes to remuneration policies and structures and provides information and recommendations on NED and Executive remuneration to the PRC for review and approval.

Audit Committee

Provides oversight on the integrity of financial information provided to the PRC for the purposes of decision making on remuneration outcomes.

Risk & Technology Committee

Provides oversight of business risks and behavioural issues provided to the PRC for the purposes of decision making on remuneration outcomes.

Advisors to the Committee

The PRC has established protocols for engaging and dealing with external advisors and these are included in the Committee's charter. The Committee obtains specialist external advice about remuneration structure and levels. The advice is used to support its assessment of the market to ensure that the CEO, Executive Team members and NEDs are being rewarded appropriately. During FY21, the Committee engaged an independent external remuneration consultant to provide remuneration benchmarking and assistance with this remuneration report. The Board was satisfied that the advice received was free from any undue influence by KMP or other executives to whom the advice may relate, as the established protocols were observed and complied with and all remuneration advice was provided to the Committee Chair. The fee paid for the service in FY21 was $148,830. No remuneration recommendations as defined by the Corporations Act were provided.

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SENIOR EXECUTIVE EMPLOYMENT CONTRACTS

The remuneration and other terms of employment are covered in employment contracts. No contract is for a fixed term.

Senior Executives' contracts can be terminated by Blackmores or by the Senior Executive providing notice periods as shown in the following table.

Name	Notice periods/termination payments	
Alastair Symington (CEO) and Gunther Burghardt (CFO)	Six months' notice (or payment in lieu). May be terminated immediately for serious misconduct.	
	Redundancy Payments	
	Years of continuous service	**Termination payments**
	Up to one year	Two weeks' pay.
	Between one and 10 years	Two weeks' pay plus an additional three weeks of pay for each completed year of service.
	10 years or more	29 weeks' pay plus an additional three weeks of pay for each completed year of service following 10 years capped at a maximum of 52 weeks of pay.

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NON-EXECUTIVE DIRECTOR REMUNERATION

Non-Executive Directors receive fixed annual fees comprising a Board fee, Committee fee and Committee Chair fee as applicable. No incentive-based payments are awarded to Non-Executive Directors.

Blackmores makes superannuation contributions on behalf of Non-Executive Directors in accordance with statutory obligations and each Non-Executive Director may sacrifice their fees in return for additional superannuation contributions paid by Blackmores.

At a meeting held on 25 October 2018, shareholders determined the maximum total Non-Executive Director fees payable, including Committee fees, to be $1,300,000 per year, to be distributed as the Board determines. The pool value remains unchanged and allows for six Non-Executive Directors.

Compensation arrangements for Non-Executive Directors are determined by Blackmores after reviewing published remuneration surveys and market information. With the appointment of a new Board Chair and in line with market review, the Board Chair fee was increased in FY21 by 9.08%. There were no changes to the Non-Executive Director fees in FY21, which have remained at current levels since FY19.

In order to assist in aligning the interests of Non-Executive Directors with the interests of the Company's shareholders, the Board approved a minimum shareholding requirement (MSR) Policy Guideline in June and August 2020, respectively. Under the guideline, Non-Executive Directors are encouraged to a build minimum shareholding in the Company and maintain it during their tenure.

The policy requires Non-Executive Directors to build minimum shareholding equal to 100% of the annual Non-Executive Director base fees, including superannuation but not including Committee fees, within 3 years of their appointment. For determining whether the minimum shareholding has been met, the calculation is based on the share price at the time of purchase.

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Non-Executive Director fees (inclusive of superannuation) for FY21 were:

FEES	2021 CHAIR $	2021 MEMBER $	2020 CHAIR $	2020 MEMBER $
Board	**305,000**	**142,350**	279,615	142,350
Audit and Risk[1]	**21,900**	**10,950**	21,900	10,950
People and Remuneration	**21,900**	**10,950**	21,900	10,950
Risk & Technology[1]	**21,900**	**10,950**	-	-
Nominations	**-**	**-**	-	-

1. The Audit and Risk Committee was renamed Audit Committee in February 2020. Risk Committee was created in February 2020. There were no additional fees for the Risk Committee. The Risk Committee was renamed Risk & Technology on 28 April 2021 and fees paid for Committee membership.

The total annual Non-Executive Director remuneration for the Board of five (four in 2020) for FY21 was $736,120 (2020: $803,690).

The following table discloses the remuneration of the Non-Executive Directors for the financial year ended 30 June 2021.

		SHORT-TERM EMPLOYMENT BENEFITS	POST EMPLOYMENT BENEFITS	
	FEES AND ALLOWANCES $	NON-MONETARY[1] $	SUPERANNUATION $	TOTAL $
Non-Executive Directors				
Anne Templeman-Jones[2]				
2021	**187,418**	**-**	**16,230**	**203,648**
David Ansell				
2021	**156,385**	**-**	**14,857**	**171,241**
2020	146,538		13,921	160,460
Christine Holman[3]				
2021	**160,000**	**-**	**15,200**	**175,200**
2020	155,116	-	14,736	169,852
Wendy Stops[4]				
2021	**25,846**	**-**	**2,455**	**28,302**
Sharon Warburton[5]				
2021	**25,846**	**-**	**2,455**	**28,302**
Former Non Executive Directors				
John Armstrong[6]				
2021	**30,577**	**2**	**2,905**	**33,484**
2020	146,538	134	13,921	160,594
Jackie McArthur[7]				
2021	**-**	**-**	**-**	**-**
2020	17,308	-	1,644	18,952
Helen Nash[7]				
2021	**-**	**-**	**-**	**-**
2020	17,308	-	1,644	18,952
Brent Wallace[8]				
2021	**88,000**	**620**	**7,324**	**95,944**
2020	254,000		20,882	274,882
Total				
2021	**674,072**	**622**	**61,426**	**736,120**
2020	736,808	134	66,748	803.690

1. 'Non-monetary' includes benefits and any applicable fringe benefits tax.
2. Anne Templeman-Jones was appointed Chair of Blackmores on 28 October 2020.
3. Christine Holman joined as a Non-Executive Director on 18 March 2019 and was appointed Chair of the People and Remuneration Committee on 12 August 2019. Resigned as Non-Executive Director on 28 July 2021.
4. Wendy Stops was appointed as a Non-Executive Director on 28 April 2021.
5. Sharon Warburton was appointed as a Non-Executive Director on 28 April 2021.
6. John Armstrong resigned as Non-Executive Director on 8 September 2020.
7. Jackie McArthur and Helen Nash resigned as Non-Executive Directors on 5 August 2019.
8. Brent Wallace ceased to be KMP on 27 October 2020.

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ADDITIONAL STATUTORY DISCLOSURES

Share-based Payments

The following table outlines the shares and rights over ordinary shares in the Company that were granted as compensation to Executive Directors and Senior Executives during FY21 and FY20. The fair value of awards is calculated in accordance with AASB 2 Share-based Payments.

(a) LTI plan

NAME	GRANT						VESTED				EXERCISED		END OF HOLDING LOCK	
	DATE	NUMBER OF RIGHTS	FAIR VALUE PER RIGHT $	TOTAL FAIR VALUE[1] $	SHARE PRICE $	MAXIMUM VALUE[2] $	DATE	NUMBER OF RIGHTS[3]	% OF NUMBER GRANTED	VALUE[4] $	NUMBER OF RIGHTS	VALUE[5]	DATE	VALUE OF RIGHTS NOT VESTED $
Executive Director														
Alastair Symington[6]	31/10/19	13,650	86.56	1,181,544	73.26	1,000,000	-	-	-	-	-	-	09/22	
	19/12/19	35,622	81.47	2,902,124	84.74	3,018,608	-	-	-	-	-	-	08/22	
	14/12/20	38,364	65.50	2,512,842	67.77	2,599,928	-	-	-	-	-	-	08/23	
Senior Executive														
Gunther Burghardt[7]	26/6/20	6,098	75.29	459,118	77.23	470,949	-	-	-	-	-	-	08/22	
	14/12/20	7,386	65.50	483,783	67.77	500,549	-	-	-	-	-	-	08/23	

1. The total value of rights granted in the year is the fair value of the rights calculated at the time of grant. This amount is allocated to remuneration over the vesting period (i.e. FY21 grant over 1 July 2020 to 30 June 2021).
2. Disclosure of maximum value is required under Section 300A of the Corporations Act 2001. The value disclosed represents the underlying value of shares at the time of grant multiplied by the number of rights granted to each individual. The minimum value of rights awarded is zero if performance conditions are not achieved.
3. The number of rights vested is equal to the number of rights exercised and the number of shares issued; vesting occurs on 30 June and shares are issued in September following audit clearance of the Group's results and Board approval.
4. Value of rights vested is equal to the fair value per right multiplied by the number of rights vested.
5. Value of rights at exercise is equal to the number of rights exercised multiplied by the share price at exercise date.
6. Alastair Symington joined as Chief Executive Officer and Managing Director on 16 September 2019. The 13,650 number relates to grant of contractual sign-on shares.
7. Gunther Burghardt joined as Chief Financial Officer on 6 January 2020.

(b) Staff Share Plan

Under the Staff Share Plan, vesting of 44 rights granted to Senior Executives for the year ended 30 June 2021, occurs on 31 July 2021 and shares are issued in September 2021.

2021 Audited Remuneration Report

Options

During FY21 and FY20 there were no share options in existence. There have been no share options issued since the end of the financial year.

Shares

The following table outlines the fully paid ordinary shares of Blackmores Limited held by KMP.

Fully paid ordinary shares of Blackmores Limited

	OPENING BALANCE	RECEIVED ON SETTLEMENT OF RIGHTS	NET CHANGE OTHER[1]	CLOSING BALANCE
	NUMBER	NUMBER	NUMBER	NUMBER
Non-Executive Directors				
Anne Templeman-Jones[2]	-	-	652	652
David Ansell	1,000	-	413	1,413
Christine Holman[3]	2,500	-	413	2,913
Wendy Stops[4]	-	-	2,500	2,500
Sharon Warburton[5]	-	-	-	-
Executive Director				
Alastair Symington[6]	18,123	-	413	18,536
Senior Executive				
Gunther Burghardt	500	-	134	634
Former Executive Director				
Marcus Blackmore[7]	3,658,276	-	826	3,659,102
Fomer Non-Executive Directors				
John Amstrong[8]	800	-	413	1,213
Brent Wallace[9]	12,302	-	413	12,715
Total	**3,693,501**	**-**	**6,177**	**3,699,678**

1. Includes shares issued under the Company's Staff Share Plan.
2. Anne Templeman-Jones was appointed Chair of Blackmores on 28 October 2020.
3. Christine Holman ceased as a Non-Executive Director on 28 July 2021.
4. Wendy Stops was appointed as a Non-Executive Director on 28 April 2021.
5. Sharon Warburton was appointed as a Non-Executive Director on 28 April 2021.
6. These shares include 13,650 restricted shares.
7. Marcus Blackmore ceased as an Executive Director on 23 October 2020 and his closing balance is as at this date.
8. John Armstrong ceased as a Non-Executive Director on 8 September 2020 and his closing balance is as at this date.
9. Brent Wallace ceased to be KMP on 27 October 2020 and his closing balance is as at this date.

Rights to shares

The following table outlines the rights to fully paid ordinary shares of Blackmores Limited held by KMP:

	BALANCE AS AT 1/7/20	GRANTED AS COMPEN-SATION	EXERCISED	NET OTHER CHANGE	BALANCE AS AT 30/6/21	BALANCE VESTED AT 30/6/21	VESTED BUT NOT EXERCISABLE	VESTED AND EXERCISABLE	RIGHTS VESTED DURING YEAR
	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
Executive Director									
Alastair Symington	35,622	38,364	-	-	73,986	-	-	-	-
Senior Executive									
Gunther Burghardt	6,098	7,386	-	-	13,484	-	-	-	-
Total	**41,720**	**45,750**	**-**	**-**	**87,470**	**-**	-	-	-

2021 Audited Remuneration Report

Loan disclosures

There were no loans due from KMP during or at the end of the financial year (2020: $nil).

Other transactions with Key Management Personnel

Transactions entered into during the year with KMP of Blackmores Limited and the Group are on the same terms and conditions as employees or customers dealing on an arms-length basis which includes:

- the receipt of dividends on their shareholdings, whether held privately or through related entities or through the employee share plans in the same manner as all ordinary shareholders
- terms and conditions of employment
- purchases of goods and services
- expense reimbursement.

No interest was paid to or received from KMP.

Signed in accordance with a Resolution of the Directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors

David Ansell
Chair, People and Remuneration Committee

Dated in Sydney, 26 August 2021

Auditor's Independence Declaration

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Eclipse Tower
60 Station Street
Parramatta
Sydney, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

The Board of Directors
Blackmores Limited
20 Jubilee Avenue
Warriewood NSW 2102

26 August 2021

Dear Board members,

Auditor's Independence Declaration to Blackmores Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Blackmores Limited.

As lead audit partner for the audit of the financial report of Blackmores Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

X Delaney
Partner
Chartered Accountants

Independent Auditor's Report

Deloitte.

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Independent Auditor's Report to the Members of Blackmores Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Blackmores Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other 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 the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 for 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.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Promotional and other rebates For the year ended 30 June 2021 the Group recognised promotional and other rebates of $125.9m which have been charged against sales revenue as disclosed in Note 2.1. Accruals for promotional and other rebates as at 30 June 2021 are included within 'Other creditors and accruals' in Note 2.5.5. Recognition of rebate accruals at balance date requires management to exercise significant judgement in respect to the amount of the required accruals which are based on a combination of actual and forecast customer sales volumes for the period as well as growth and/or contributions by customers towards promotional activities (known as case deals).	Our audit procedures included, but were not limited to: • Understanding and testing key controls over the recording of promotional and other rebate accruals; • Challenging management's assumptions and judgements for recording the amount of the promotional and other rebate accruals at balance date; • Testing on a sample basis, the promotional and other rebate accruals to contractual evidence with customers, focussing on the period in which the expense was recorded and the appropriateness of the value of the accrual at balance date by reference to sales volumes, growth and/or contributions by customers towards promotional activities; • Reviewing claim invoices and credit notes issued subsequent to year end in order to assess the accuracy of the promotional and other rebate accruals compared to actual rebates issued; • Assess forecasting accuracy of Blackmores case deal accruals by obtaining a list of all promotions run for the year ended 30 June 2021 and, on a sample basis comparing the amount originally accrued to the amount subsequently claimed by the customer; and • Recalculating the promotional and other rebate accruals to test the accuracy of the calculation. We also assessed the appropriateness of the disclosures in Notes 2.1 and 2.5.5 to the financial statements.
Inventory provisioning As at 30 June 2021 the Group has a provision of $14.9m included in total inventories of $115.7m as disclosed in Note 2.5.4. Significant judgement is required in estimating the value of slow moving and potentially obsolete items, some of which have a limited shelf life. Furthermore, there is uncertainty over changes in consumer preferences and spending patterns, exacerbated by Covid, which are being driven by wider trends in the health and wellness sector which may impact inventory provisioning requirements. There is a recoverability risk associated with inventory on hand and significant judgement is required in forecasting demand, including the possible change in demand between the time the inventory is produced by the Group or an order is placed with a supplier and the ultimate date of sale.	Our audit procedures included, but were not limited to: • Understanding and testing key controls over the inventory provision; • Testing, on a sample basis, the accuracy of the expiry dates; • Challenging management's assumptions and judgements regarding the slow moving inventory provision; • Assessing historical accuracy of inventory provisioning with reference to inventory write-offs during the year; • Using data analytical techniques to assess the inventory provision by comparing inventory turnover for each stock keeping unit (SKU) based on historical sales data against its remaining shelf life; and • Based on the forecasted sales, assessing the months covered for 'at risk' inventory items to evaluate if appropriate provisioning is recognised. We also assessed the appropriateness of the disclosures in Note 2.5.4 to the financial statements.

Independent Auditor's Report

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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 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we 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 report as a whole is 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 the 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 66 to 87 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Blackmores Limited, for the year ended 30 June 2021, 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Delaney

X Delaney
Partner
Chartered Accountants
Parramatta, 26 August 2021

Directors' Declaration

The Directors declare that:

(a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) In the Directors' opinion, the attached Financial Statements are in compliance with International Financial Reporting Standards, as stated in note 1.2 to the Financial Statements;

(c) In the Directors' opinion, the attached Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and

(d) The Directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations Legislative Instrument 2016/785. The nature of the deed of cross guarantee is such that each company that is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 6.2 to the Financial Statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Anne Templeman-Jones
Chair

Dated in Sydney, 26 August 2021

Financial Statements

Financial Statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	NOTES	2021 $'000	Restated[2] 2020 $'000
Revenue	2.1	**575,916**	568,353
Other income	2.1	**9,969**	4,537
Gain on sale of assets	2.1	**4,102**	-
Gain arising from bargain purchase	3.4	**-**	6,243
Revenue and other income		**589,987**	579,133
Raw materials and consumables used		**214,734**	235,876
Employee benefits expenses	2.3	**166,461**	160,760
Selling and marketing expenses		**63,466**	58,506
Depreciation and amortisation expenses		**25,853**	19,396
Facility and maintenance expenses		**17,319**	17,079
Professional and consulting expenses		**10,050**	14,847
Freight expenses		**13,090**	14,173
Licences and registrations		**7,519**	6,218
Cloud IT expenses	1.7	**808**	6,191
Impairment of financial assets		**(268)**	1,725
Impairment of non-financial assets	3.1, 3.2	**9,767**	-
Loss on derecognition of receivables		**-**	227
Other expenses		**15,398**	19,046
Total expenses		**544,197**	554,044
Earnings before interest and tax		**45,790**	25,089
Interest revenue		**144**	258
Interest expense		**(3,672)**	(6,171)
Net interest expense		**(3,528)**	(5,913)
Profit before tax		**42,262**	19,176
Income tax expense	2.6.1	**(13,398)**	(6,123)
Profit after tax from continuing operations		**28,864**	13,053
Profit after tax from discontinued operations	3.5	**4,650**	2,962
Profit for the year		**33,514**	16,015
Profit attributable to:			
Owners of the parent[1]		**28,619**	15,108
Non-controlling interests		**4,895**	907
		33,514	16,015
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign controlled entities		**(3,282)**	(503)
Net gain/(loss) on hedging instruments entered into for cash flow hedges (net of tax)		**1,429**	(905)
Other comprehensive expense		**(11)**	-
Other comprehensive expense for the period (net of tax) [1]		**(1,864)**	(1,408)
Total comprehensive income for the period		**31,650**	14,607
Total comprehensive income attributable to:			
Owners of the parent		**27,196**	13,690
Non-controlling interests		**4,454**	917
		31,650	14,607
EARNINGS PER SHARE			
From continuing operations			
Basic earnings per share (cents)	4.5.1	**124.0**	69.4
Diluted earnings per share (cents)	4.5.1	**123.6**	69.4
From continuing and discontinued operations			
Basic earnings per share (cents)	4.5.1	**148.1**	86.4
Diluted earnings per share (cents)	4.5.1	**147.5**	86.4

Notes to the Consolidated Financial Statements are included on pages 100-141.
1. The discontinued operation had no profit/(loss) or other comprehensive income/(expense) relating to non-controlling interests (note 3.5).
2. The year ended 30 June 2020 has been restated as a result of change in accounting policy detailed in Note 1.7.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2021

	NOTES	2021 $'000	Restated[1] 2020 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2.5.1	**70,054**	47,655
Receivables	2.5.3	**108,492**	93,354
Inventories	2.5.4	**115,690**	120,716
Tax assets		**12,255**	-
Other assets		**14,633**	10,963
Derivative assets		**505**	12
Assets held for sale		**-**	30,657
Total current assets		**321,629**	303,357
NON-CURRENT ASSETS			
Property, plant and equipment	3.1	**112,462**	116,781
Right-of-use assets	3.6	**30,945**	28,894
Goodwill and intangible assets	3.2	**72,684**	77,938
Deferred tax assets	2.6.2	**21,031**	22,112
Other financial assets		**1,542**	1,749
Other non-current assets		**129**	-
Total non-current assets		**238,793**	247,474
Total assets		**560,422**	550,831
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	2.5.5	**112,650**	97,341
Tax liabilities		**7,466**	1,855
Lease liabilities	3.6	**7,855**	7,186
Provisions	2.7	**15,152**	14,797
Other liabilities		**872**	882
Liabilities associated with assets held for sale		**-**	6,676
Derivative liabilities		**177**	1,764
Total current liabilities		**144,172**	130,501
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	4.3	**-**	85,000
Lease liabilities	3.6	**21,893**	20,632
Deferred tax liabilities	2.6.2	**11,241**	10,559
Provisions	2.7	**4,162**	1,449
Other liabilities		**-**	1,847
Total non-current liabilities		**37,296**	119,487
Total liabilities		**181,468**	249,988
Net assets		**378,954**	300,843
EQUITY			
CAPITAL AND RESERVES			
Issued capital	4.4	**196,126**	146,388
Reserves		**4,002**	3,112
Retained earnings		**173,028**	149,999
Equity attributable to shareholders of Blackmores Limited		**373,156**	299,499
Equity attributable to non-controlling interests		**5,798**	1,344
Total equity		**378,954**	300,843

Notes to the Consolidated Financial Statements are included on pages 100-141.

1. The year ended 30 June 2020 has been restated as a result of change in accounting policy detailed in Note 1.7.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	NOTES	2021[1] $'000	Restated[2] 2020[1] $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (net of promotional and other rebates)		**628,320**	691,877
Payments to suppliers and employees		**(547,930)**	(622,248)
Cash generated from operations		**80,390**	69,629
Interest and other costs of finance paid		**(3,674)**	(6,172)
Income taxes paid		**(18,262)**	(7,620)
Net cash flows from operating activities		**58,454**	55,837
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**156**	258
Proceeds from disposal of property, plant and equipment		**65**	88
Proceeds from disposal of assets		**34,632**	-
Payments for business combinations	3.4	**-**	(56,512)
Payments for property, plant and equipment	3.1	**(11,018)**	(11,681)
Payments for intangible assets	3.2	**(7,421)**	(5,463)
Dividends received		**89**	36
Net cash flows from/(used in) investing activities		**16,503**	(73,274)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings		**70,000**	953,000
Repayments of bank borrowings		**(155,000)**	(987,000)
Proceeds from other borrowings		**-**	7,478
Repayments from other borrowings		**(1,335)**	(6,143)
Repayments of lease liabilities		**(9,424)**	(7,962)
Dividends paid		**(4,171)**	(9,917)
Proceeds from the issue of share capital (net of transaction costs)		**48,313**	90,991
Net cash flows from/(used in) financing activities		**(51,617)**	40,447
Net increase in cash and cash equivalents		**23,340**	23,010
Cash and cash equivalents at the beginning of the year		**47,659**	24,516
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(945)**	133
Cash and cash equivalents at the end of the year	2.5.1	**70,054**	47,659

	NOTES	2021 $'000	2020 $'000
Cash held by continuing operations		**70,054**	47,655
Cash held by discontinued operations	3.5	**-**	4
		70,054	47,659

Notes to the Consolidated Financial Statements are included on pages 100-141.

1. The above Consolidated Statement of Cash Flows includes both continuing and discontinued operations. Amounts relating to discontinued operations are disclosed in note 3.5.
2. The year ended 30 June 2020 has been restated as a result of change in accounting policy detailed in Note 1.7.

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	ISSUED CAPITAL	EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE	CASH FLOW HEDGING RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	ATTRIBUTABLE TO OWNERS OF BLACKMORES LTD	NON-CONTROLLING INTEREST	TOTAL EQUITY
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2019 (restated)[1]	53,039	67	(321)	4,617	147,100	204,502	427	204,929
Profit for the year	-	-	-	-	15,108	15,108	907	16,015
Other comprehensive income/(expense) for the year (net of tax)	-	-	(905)	(513)	-	(1,418)	10	(1,408)
Total comprehensive income/(expense) for the year	-	-	(905)	(513)	15,108	13,690	917	14,607
Dividends declared	-	-	-	-	(12,209)	(12,209)	-	(12,209)
Share-based payments expense	-	234	-	-	-	234	-	234
Issue of shares under Dividend Reinvestment Plan (DRP)	2,291	-	-	-	-	2,291	-	2,291
Issue of shares under employee incentive plans (net of tax)	67	(67)	-	-	-	-	-	-
Issue of shares under Capital Raise (net of transaction costs)	90,991	-	-	-	-	90,991	-	90,991
Balance as at 30 June 2020 (restated)[1]	146,388	234	(1,226)	4,104	149,999	299,499	1,344	300,843
Balance at 1 July 2020 (restated)[1]	**146,388**	**234**	**(1,226)**	**4,104**	**149,999**	**299,499**	**1,344**	**300,843**
Profit for the year	**-**	**-**	**-**	**-**	**28,619**	**28,619**	**4,895**	**33,514**
Other comprehensive income/(expense) for the year (net of tax)	**-**	**-**	**1,429**	**(2,841)**	**(11)**	**(1,423)**	**(441)**	**(1,864)**
Total comprehensive income/(expense) for the period	-	**-**	**1,429**	**(2,841)**	**28,608**	**27,196**	**4,454**	**31,650**
Dividends declared	**-**	**-**	**-**	**-**	**(5,579)**	**(5,579)**	**-**	**(5,579)**
Share-based payments expense	**-**	**2,319**	**-**	**-**	**-**	**2,319**	**-**	**2,319**
Issue of shares under Dividend Reinvestment Plan (DRP)	**1,408**	**-**	**-**	**-**	**-**	**1,408**	**-**	**1,408**
Issue of shares under employee incentive plans (net of tax)	**17**	**(17)**	**-**	**-**	**-**	**-**	**-**	**-**
Issue of shares under Capital Raise (net of transaction costs)	**48,313**	**-**	**-**	**-**	**-**	**48,313**	**-**	**48,313**
Balance as at 30 June 2021	**196,126**	**2,536**	**203**	**1,263**	**173,028**	**373,156**	**5,798**	**378,954**

Notes to the Consolidated Financial Statements are included on pages 100-141.

1. The year ended 30 June 2020 has been restated as a result of change in accounting policy detailed in Note 1.7.

1 General Information

Blackmores Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the symbol 'BKL'), incorporated in Australia and operating across Australia, New Zealand and Asia.

Blackmores Limited's registered office and its principal place of business is as follows:

20 Jubilee Avenue
Warriewood
NSW 2102
Telephone +61 2 9910 5000

The Group's principal activity is the development, manufacture, sales and marketing of health products for humans and animals, including vitamins, and herbal and mineral nutritional supplements.

1.1 REPORTING ENTITY

Blackmores Limited (the Company) is a company domiciled in Australia. The Consolidated Financial Report (Financial Report) of Blackmores as at and for the twelve months ended 30 June 2021 comprises Blackmores and its subsidiaries (the Group).

The Consolidated Annual Financial Report of the Group as at and for the year ended 30 June 2021 is available upon request from the registered office of Blackmores at 20 Jubilee Avenue, Warriewood, NSW 2102 or online at blackmores.com.au.

1.2 STATEMENT OF COMPLIANCE

These Financial Statements are General Purpose Financial Statements which have been prepared in accordance with the Corporations Act 2001 and Accounting Standards and Interpretations and comply with other requirements of the law.

The Financial Statements comprise the Consolidated Financial Statements of the Group. For the purposes of preparing the Consolidated Financial Statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the Financial Statements and notes of the Company and the Group comply with International Financial Reporting Standards (IFRS).

The Financial Statements were authorised for issue by the Directors on 26 August 2021.

1.3 BASIS OF PREPARATION

The Consolidated Financial Statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the following accounting policies. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation in the preparation of the Consolidated Financial Statements are consistent with those adopted and disclosed in the Consolidated Financial Statements for the year ended 30 June 2020, unless otherwise stated.

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191, and in accordance with that Instrument amounts in the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

1.3 BASIS OF PREPARATION (CONT.)

Accounting policies

Goods and services tax

Revenues, expenses, and assets are recognised excluding goods and services tax (GST), or equivalent. The net amount of GST recoverable from, or payable to, the taxation authorities is included within receivables or payables. Operating cash flows are included in the Consolidated Statement of Cash Flows inclusive of GST. GST in relation to investing of financing activities which is recoverable from, or payable to, the taxation authorities is classified within operating cash flows.

Foreign Currencies

Individual Controlled Entities

The individual Financial Statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the Consolidated Financial Statements, the financial results and financial position of each Group entity are expressed in Australian Dollars ($), which is the functional currency of the Company, and the presentation currency for the Consolidated Financial Statements.

Foreign Currency Transactions

In preparing the Financial Statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign Operations

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

1.4 ONGOING IMPACT OF COVID-19

The full impact of the COVID-19 pandemic continues to evolve at the date of this report. Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, and industry. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for future financial years.

Although the Group cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position and liquidity for future financial years.

1.5 BASIS OF CONSOLIDATION

The Consolidated Financial Statements incorporate the Financial Statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1 General Information

1.6 APPLICATION OF NEW AND REVISED AUSTRALIAN ACCOUNTING STANDARDS

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2020.

For the financial year the adoption of the new and amended Standards and Interpretations had no material impact on the financial statements of the Group.

	EFFECTIVE FOR ANNUAL REPORTING PERIOD BEGINNING ON OR AFTER
Standards and Interpretations adopted	
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	1 January 2020
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2020
Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020
AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-related Rent Concessions	1 June 2020
AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19-related Rent Concessions beyond 30 June 2021	1 April 2021

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2021. These amendments are not expected to have a significant impact on the financial statements of the Group on application.

	EFFECTIVE FOR ANNUAL REPORTING PERIOD BEGINNING ON OR AFTER
Standards and Interpretations in issue, not yet adopted	
AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform Phase 2	1 January 2021
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2023

1.7 CHANGE IN ACCOUNTING POLICY

Implementation of IFRS Interpretations Committee (IFRIC) agenda decision and new accounting policy

During the year, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying IFRIC's interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. These costs are recorded under Cloud IT expenses within the Consolidated Statement of Profit or Loss and Other Comprehensive income.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

1.7 CHANGE IN ACCOUNTING POLICY (CONT.)

Key judgements in applying the entity's accounting policies

In applying the entity's accounting policy, the Directors made the following key judgements that may have the most significant effect on the amounts recognised in the Financial Statements.

Capitalisation of configuration and customisation costs in SaaS arrangements

Part of the customisation and configuration activities undertaken in implementing SaaS arrangements may entail the development of software code that enhances or modifies, or creates additional capability to the existing on-premise software to enable it to connect with the cloud-based software applications (referred to as bridging modules or Application Programming Interfaces).

Judgement was applied in determining whether the additional code meets the definition of and recognition criteria for an intangible asset in AASB 138 Intangible Assets.

Determination whether configuration and customisation services are distinct from the SaaS access

Costs incurred to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, the Directors applied judgement to determine whether these services are distinct from each other or not, and therefore, whether the configuration and customisation costs incurred are expensed as the software is configured or customised (i.e. upfront), or over the SaaS contract term.

Specifically, where the configuration and customisation activities significantly modify or customise the cloud software, these activities will not be distinct from the access to the cloud software over the contract term. Judgement has been applied to determine whether the degree of customisation and modification of the cloud-based software would be significant.

The Group revised its accounting policy in relation to SaaS arrangements during the year resulting from the implementation of agenda decisions issued by the IFRIC. Historical financial information has been restated to account for the impact of the change in accounting policy, as follows:

	Previously Reported $'000	Adjustment $'000	Restated $'000
30 June 2020	DR/(CR)	DR/(CR)	DR/(CR)
Consolidated Statement of Financial Position			
Intangible assets	86,218[1]	(8,280)	77,938
Deferred tax assets	19,628	2,484	22,112
Total assets	**556,627**[2]	**(5,796)**	**550,831**
Retained earnings	(155,795)	5,796	(149,999)
Total equity	**(306,639)**	**5,796**	**(300,843)**
Consolidated Statement of Comprehensive Income			
Cloud IT related expenses	-	6,191	6,191
Depreciation and amortisation	21,293	(1,897)	19,396
Profit before tax from continuing operations	**(23,470)**	**4,294**	**(19,176)**
Income tax expense	(7,411)	(1,288)	(6,123)
Profit after tax from continuing operations	**(16,059)**	**3,006**	**(13,053)**
Basic and Diluted Earnings per Share from Continuing Operations			
Basic EPS (cents)	86.6	(17.2)	69.4
Diluted EPS (cents)	86.6	(17.2)	69.4
Consolidated Statement of Cash Flows			
Payments to suppliers and employees	(616,057)	(6,191)	(622,248)
Net cash generated by operating activities	**(616,057)**	**(6,191)**	**(622,248)**
Payments for intangible assets	(11,654)	6,191	(5,463)
Net cash used in investing activities	**(11,654)**	**6,191**	**(5,463)**

	Restated $'000
1 July 2019	DR/(CR)
Consolidated Statement of Financial Position	
Intangible assets	90,857[1]
Deferred tax assets	17,728
Total assets	**505,188**
Retained earnings	(147,100)[3]
Total equity	**(204,929)**

1. Includes the effect of software assets reclassified from Property, Plant, and Equipment from 1 July 2019, refer note 3.1 and 3.2.
2. GST Payable of $4.5m was reclassified to receivables to present a net GST receivable.
3. Includes $2.8m due to the effect of change in accounting policy

2 Our Operations

Blackmores is a leading natural healthcare company across the Asia Pacific region. Blackmores' operations include product innovation and formulation, sourcing of the highest quality ingredients, quality programs to ensure compliance with standards of goods manufacturing, and the marketing, sales and distribution of products to customers and consumers.

2.1 REVENUE AND OTHER INCOME

	NOTES	2021 $'000	2020 $'000
Sales (net of discounts)		**701,852**	712,880
Promotional and other rebates		**(125,936)**	(144,527)
Revenue		**575,916**	568,353
Gain arising from disposal of assets		**4,102**	-
COVID-19 relief payments including JobKeeper and JSS (Singapore)		**8,151**	1,041
Other		**1,818**	3,496
Other income		**14,071**	4,537
Gain arising from bargain purchase	3.4	**-**	6,243
Revenue and other income		**589,987**	579,133

Key estimates and judgements

Promotional and other rebates

Recognition of rebate accruals at balance date requires management to exercise significant judgement with respect to the amount of required accruals based on a combination of actual and forecast customer sales volumes for the period as well as growth and/or contributions by customers towards promotional activities.

For the year ended 30 June 2021 the continuing operations within the Group recognised promotional and other rebates of$125.9m (2020: $144.5m) which have been charged against sales revenue as disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Accruals for promotional and other rebates as at 30 June 2021 are included within Other creditors and accruals in note 2.5.5.

Other income

Other income relates primarily to government grants and income assistance including JobKeeper and the Singapore Jobs Support Scheme (JSS). Blackmores recognised $10.1m of other income in H1 of FY21 related to the JobKeeper program, and in H2 of FY21 Blackmores elected to repay $2.4m of these JobKeeper receipts which resulted in a net full year other income impact of $7.7m (2020: $0.6m) from JobKeeper. The Singapore Jobs Support Scheme also resulted in Other Income of $0.5m (2020: $0.5m) in FY21.

Accounting policies

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for discounts, estimated customer returns, and promotional and other rebates which are considered variable consideration.

Sale of goods

Revenue from the sale of goods is recognised when the performance obligation of the sale has been fulfilled and control of the goods has been transferred to the customer. Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

Sale of goods on consignment

Revenue from the sale of goods on consignment is recognised upon the sale of the goods by the consignee. Control of the goods remains with Blackmores until such time as the goods are sold by the consignee.

Discounts, promotional and other rebates

The amount of revenue recognised for a transaction is net of any discounts, promotional and other rebates, which includes growth rebates and/or contributions to customers towards promotional activities.

Government grants and assistance income

Government grants and assistance income, including JobKeeper, are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. If conditions are attached to the grant which must be satisfied before the Group is eligible to receive the contribution, the recognition of the grant as other income will be deferred until those conditions are satisfied.

2.2 SEGMENT INFORMATION

Following the restructure and transformation of the Group during 2020, the Group's reportable operating segments have changed and therefore the comparative figures below have been restated. Information reported to the Group's Chief Operating Decision maker for the purpose of resource allocation and assessment of segment reporting is now based on three key regions. The Group now reports three revenue generating operating segments and a fourth corporate segment. The ANZ segment now includes the operations of the BioCeuticals business and excludes the discontinued operations of Global Therapeutics. The reportable segments under AASB 8 are now as follows:

ANZ

Comprising the Blackmores, PAW by Blackmores, Impromy and BioCeuticals practioner brands sold across Australia and New Zealand, including the benefit of sales made to customers which are ultimately intended for Asian markets, and manufacturing on behalf of third parties within our Braeside facility.

CHINA

Comprising Blackmores brand in China (in country) and China Export Division.

INTERNATIONAL

Comprising the Blackmores and PAW by Blackmores brands in Thailand, Malaysia, Singapore, Hong Kong (China), Taiwan (China), Korea, Indonesia, India, Philippines, Vietnam, Pakistan, and Kazakhstan.

CORPORATE COSTS

Those costs which cannot be reliably allocated to a specific segment, or which have been incurred for long-term growth opportunities.

2.2.1 Revenue by segment

	2021 $'000	2020 $'000
ANZ	**280,643**	326,293
International	**163,691**	139,127
China	**131,582**	102,933
	575,916	568,353

1. The ANZ segment now includes the operations of the BioCeuticals business and excludes the discontinued operations of Global Therapeutics.

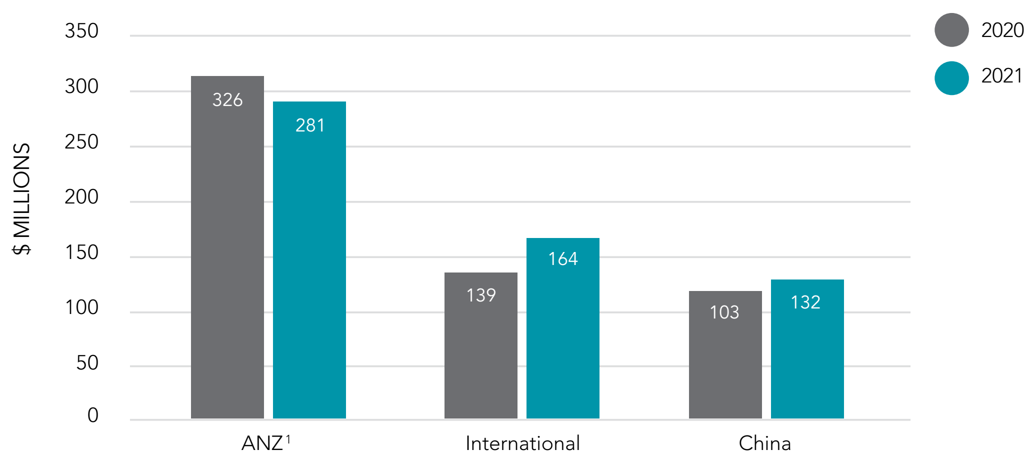
The Group had one customer who contributed more than 10% of the Group's revenue in the year (2020: one). Revenue earned from this customer amounts to $96.7m (2020: $111.7m). This customer is reported in the ANZ segment.

2.2.2 EBIT by segment

	2021 $'000	Restated 2020 $'000
ANZ	**31,861**	37,340
International	**21,146**	14,333
China	**14,348**	244
Corporate	**(21,565)**	(26,828)
	45,790	25,089

1. The ANZ segment now includes the operations of the BioCeuticals business and excludes the discontinued operations of Global Therapeutics.

2.2.3 Revenue history by segment



1. ANZ has been adjusted to exclude Global Therapeutics, which is a discontinued operation.

2 Our Operations

2.3 PROFIT FOR THE YEAR

PROFIT FOR THE YEAR HAS BEEN ARRIVED AT AFTER CHARGING:	NOTE	2021 $'000	2020 $'000
Employee benefits expense			
Defined contribution plans		**9,051**	9,098
Redundancy payments		**6,477**	2,844
Other employee expenses		**148,614**	148,584
Share-based payments			
Equity-settled share-based payments		**2,319**	234
		166,461	160,760
Other:			
Provision for stock obsolescence		**6,386**	16,357
Hedge ineffectiveness		**252**	925

2.4 OTHER FINANCIAL INFORMATION

	2021 $'000	2020 $'000
Cost of goods sold	**274,886**	280,592

The Group's internal measurement for the cost of goods sold (COGS) in the period differs from 'Raw Materials and Consumables Used', in that it includes the allocation of direct labour and overheads relating to production at the Braeside facility and packing at the Warriewood facility. In the statutory presentation in the Statement of Profit or Loss, which is presented by nature, these costs appear within employee benefits, depreciation and amortisation, and other expense line items. Since the acquisition of Braeside and the Group's move into manufacturing, COGS provides additional useful information for the users of our Financial Statements to understand the costs associated with our operations and how they compare to prior periods.

2.5 WORKING CAPITAL

2.5.1 Cash and cash equivalents

	2021 $'000	2020 $'000
Cash and cash equivalents (as presented in the Consolidated Statement of Financial Position)	**70,054**	47,655
Cash and cash equivalents (included within assets held for sale)	**-**	4

Included in cash and cash equivalents is restricted cash of $0.3m (2020: $nil) held by HSBC Bank Australia relating to cash collateral held against an issued letter of credit.

Accounting policy

Cash and cash equivalents comprise cash-on-hand and cash-at-bank and call deposits with an original maturity of three months or less.

2.5.2 Reconciliation of profit after tax to net cash flows from operating activities

	2021 $'000	Restated 2020 $'000
Profit after tax	**33,514**	16,015
Non-cash expenses		
Depreciation and amortisation	**25,935**	19,396
Net (profit) on disposal of property plant and equipment	**272**	(88)
Impairment of non-financial assets	**9,767**	-
Gain on disposal	**(8,898)**	-
Non-cash income		
Revaluation of investments	**(235)**	100
Investing cash flow items		
Interest revenue	**(156)**	(258)
Dividend income	**(89)**	(36)
Other	**-**	(88)
(Increase)/decrease in assets		
Receivables	**(15,138)**	44,115
Inventories	**5,026**	1,468
Other assets	**(3,592)**	3,254
Tax assets	**(11,175)**	(4,020)
Amounts advanced to related parties	**-**	3,600
Increase/(decrease) in liabilities		
Trade and other payables	**13,417**	(32,484)
Tax liabilities	**6,293**	2,004
Provisions	**3,068**	5,848
Other liabilities	**(1,857)**	(3,156)
(Decrease)/increase in equity		
Equity-settled share-based payments expense	**2,319**	234
Payment for on market share purchase	**(17)**	(67)
Net cash flows from operations	**58,454**	55,837

2 Our Operations

2.5 WORKING CAPITAL (CONT.)

2.5.3 Receivables

	2021 $'000	Restated 2020 $'000
Trade receivables	**113,641**	98,355
Allowance for expected credit loss	**(3,436)**	(4,127)
Allowance for claims	**(4,473)**	(3,220)
Other debtors	**1,315**	2,091
Goods and services tax recoverable	**1,445**	255
	108,492	93,354
Allowance for expected credit loss		
Balance at the beginning of the financial year	**4,127**	3,230
Assets obtained through business combinations	**-**	19
Assets held for sale	**-**	(318)
(Decrease)/increase to allowance	**(959)**	2,921
Amounts recovered/(expensed as uncollectable)	**268**	(1,725)
Balance at the end of the financial year	**3,436**	4,127

The allowance for expected credit loss associated with the ageing of trade receivables at reporting date is detailed below.

	2021 Total $'000	2021 Allowance $'000	2020 Total $'000	2020 Allowance $'000
Not past due	**97,501**	**(49)**	81,214	(153)
Past due 0 - 30 days	**10,945**	**(20)**	11,887	(178)
Past due 31 - 60 days	**1,322**	**(19)**	955	(71)
Past due 61 - 90 days	**174**	**(28)**	563	(472)
Past due > 90 days	**3,699**	**(3,320)**	3,736	(3,253)
Total	**113,641**	**(3,436)**	98,355	(4,127)

Accounting policy

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. They generally have terms of up to 60 days.

An allowance for doubtful debts is recognised for expected credit losses for trade receivables. The expected credit losses are estimated using a matrix based on the Group's historical credit loss experience, shared risk characteristics and days past due adjusted for any material changes to the customers' future credit risk. The historical loss rate is then adjusted for current and forward-looking macroeconomic information affecting the Group.

Refer to note 5.5 for more detail on how the Group manages credit risk.

Customers who wish to trade on credit terms are subject to extensive credit verification procedures. Receivables balances are monitored closely and management takes appropriate steps if a receivable becomes overdue and/or impaired.

2.5 WORKING CAPITAL (CONT.)

2.5.4 Inventories

	2021 $'000	2020 $'000
Ingredients	**24,100**	26,449
Raw materials	**26,819**	27,711
Finished goods	**64,771**	66,556
	115,690	120,716

The provision at balance date to cover inventory write-downs is $14.9m (2020: $16.4m) and is included in the balance above.

Key estimates and judgements

Management must exercise judgement regarding the provision for inventory write-downs. Management assesses slow moving or obsolete inventory on a regular basis and a provision is raised to write-down inventory to its net realisable value. Significant judgement is required in estimating the value of slow moving and potentially obsolete inventory as many items have a limited shelf life. Furthermore, there is uncertainty over changes in consumer preferences and spending patterns, which are primarily driven by wider trends in the wellness sector. This could have an impact on the level of inventory provision required. In addition, there is a recoverability risk associated with new product launches regarding forecasting of demand, including the possible change in demand between the time the inventory order is placed with the supplier and the ultimate date of sale of the inventory to the customer.

Management have considered the implications of COVID-19 and extended holding periods of inventory which could impact the value of slow moving and potentially obsolete inventory, as well as resulting in additional holding costs. As a result, additional provisions have been recognised.

Accounting policy

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate proportion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each class of inventory, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

2.5.5 Trade and other payables

	2021 $'000	Restated 2020 $'000
Trade payables[1]	**63,609**	46,414
Other creditors and accruals	**49,041**	50,927
	112,650	97,341

1. The credit period on purchases ranges from 0 to 90 days from the end of the month of the invoice.
   The Group has financial risk management policies in place to ensure all payables are paid within the credit time frame. The majority of small suppliers are paid between 0 and 30 days.

Accounting policy

Refer to note 5 Our Financial Risk Management.

2 Our Operations

2.6 INCOME TAXES

2.6.1 Income tax recognised in profit or loss

	2021 $'000	Restated 2020 $'000
Current tax		
Current tax expense	**12,195**	5,554
Adjustments recognised in the current year adjustments in relation to the current tax of prior years	**393**	(551)
Deferred tax		
Deferred tax expense relating to the origination and reversal of temporary differences	**1,406**	1,771
Adjustments recognised in the current year in relation to the deferred tax of prior years	**(26)**	689
Total income tax expense recognised in the current year relating to continuing operations	**13,968**	7,463
Income tax expense is attributable to:		
Profit from continuing operations (as reported in the Consolidated Statement of Profit or Loss)	**13,398**	6,123
Profit from discontinued operations (refer note 3.5)	**570**	1,340
Total income tax expense	**13,968**	7,463
Reconciliation between tax expense and profit before income tax		
Profit before income tax expense - continuing operations	**42,262**	19,176
Profit before income tax expense - discontinued operations (refer note 3.5)	**5,220**	4,302
Profit before income tax expense	**47,482**	23,478
Income tax expense using the Australian corporate tax rate of 30%	**14,245**	7,043
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income		
Non deductible expenses	**4,507**	1,290
Tax concessions	**(136)**	(335)
Impairment	**1,652**	-
Previously unrecognised tax losses utilised	**(974)**	-
Previously unrecognised capital losses utilised	**(2,050)**	
Tax losses not recognised	**97**	451
Impact of differences in offshore tax rates	**(3,267)**	(346)
Other	**(473)**	(778)
	13,601	7,325
Adjustments relating to prior years	**367**	138
Income tax expense	**13,968**	7,463

The tax rate used for the 2021 and 2020 reconciliations is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Accounting policy

Income tax payable represents the amount expected to be paid to taxation authorities on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

2.6 INCOME TAXES (CONT.)

2.6.2 Deferred tax balances

Deferred tax balances arise from the following:

	OPENING BALANCE $'000	MOVEMENT $'000	FILING DIFFERENCES $'000	ACQUISITIONS $'000	TRANSFERRED TO HELD FOR SALE $'000	CLOSING BALANCE $'000
Temporary differences 2021						
Property, plant and equipment	**704**	**47**	**260**	**-**	**-**	**1,011**
Prepayments and other	**45**	**(118)**	**(114)**	**-**	**-**	**(187)**
Provisions	**10,904**	**(257)**	**(89)**	**-**	**-**	**10,558**
Accruals	**4,132**	**1,479**	**13**	**-**	**-**	**5,624**
Cash flow hedges[1]	**916**	**(660)**	**-**	**-**	**-**	**256**
Foreign currency monetary items	**(347)**	**944**	**(93)**	**-**	**-**	**504**
Capitalised expenses	**780**	**(100)**	**(1)**	**-**	**-**	**679**
Indefinite life intangible assets	**(8,177)**	**(37)**	**-**	**-**	**-**	**(8,214)**
Carried forward tax losses[2]	**3,184**	**(2,281)**	**(74)**	**-**	**-**	**829**
Other	**(589)**	**(811)**	**130**	**-**	**-**	**(1,270)**
	11,552	**(1,794)**	**32**	**-**	**-**	**9,790**

1. Cash flow hedges movement was recognised in other comprehensive income.
2. Unutilised tax losses were recognised as deferred tax assets during 2021. The recognition was dependent on future taxable profits of the relevant entities in excess of the profits arising from the reversal of existing taxable temporary differences. The likelihood of sufficient future taxable profits is supported by historic increases in sales and operating profits of the relevant entities and further projected increases prior to expiry of the losses.

	OPENING BALANCE $'000	MOVEMENT $'000	FILING DIFFERENCES $'000	ACQUISITIONS $'000	TRANSFERRED TO HELD FOR SALE $'000	CLOSING BALANCE $'000
Temporary differences 2020 (restated)						
Property, plant and equipment	809	304	473	(885)	3	704
Prepayments and other	(31)	148	75	(147)	-	45
Provisions	7,077	2,509	162	1,462	(306)	10,904
Accruals	3,867	26	129	129	(19)	4,132
Cash flow hedges[1]	427	489	-	-	-	916
Foreign currency monetary items	(68)	(425)	146	-	-	(347)
Capitalised expenses	(4)	572	212	-	-	780
Indefinite life intangible assets	(10,741)	-	-	(1,864)	4,428	(8,177)
Carried forward tax losses[2]	2,804	549	(169)	-	-	3,184
Other	1,778	175	(339)	(2,203)	-	(589)
	5,918	4,347	689	(3,508)	4,106	11,552

1. Cash flow hedges movement was recognised in other comprehensive income.
2. Unutilised tax losses were recognised as deferred tax assets during 2020. The recognition was dependent on future taxable profits of the relevant entities in excess of the profits arising from the reversal of existing taxable temporary differences. The likelihood of sufficient future taxable profits is supported by historic increases in sales and operating profits of the relevant entities and further projected increases prior to expiry of the losses.

Presented in the Consolidated Statement of Financial Position as follows:

	2021 $'000	Restated 2020 $'000
Deferred tax asset	**21,031**	22,111
Deferred tax liability	**(11,241)**	(10,559)
	9,790	11,552

2 Our Operations

2.6 INCOME TAXES (CONT.)

2.6.3 Unrecognised deferred tax assets

	2021 $'000	Restated 2020 $'000
The following tax losses have not been brought to account as deferred tax assets:		
Capital (no expiry date)	**110**	1,959
Revenue (expiry FY21: 2022-2030)	**480**	1,030
	590	2,989

Accounting policy

Deferred tax arises when there are temporary differences between the carrying amount of assets and liabilities and the corresponding tax base of those items. Deferred taxes are not recognised for temporary differences relating to:

- the initial recognition of assets and liabilities that is not a business combination affecting neither taxable income nor accounting profit;
- the initial recognition of goodwill; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable amounts will be available against which the assets can be utilised. During the year ended 30 June 2021 no tax loss was recognised as deferred tax assets. (In 2020, deferred tax assets of $123 thousand $1.9m and $28 thousand were recognised with respect to losses incurred by Pat Health Limited, Blackmores China and Blackmores Taiwan respectively). Deferred tax assets and liabilities are measured at the tax rates expected to apply to the periods when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.7 PROVISIONS

	2021 $'000	2020 $'000
Current		
Employee benefits	**14,694**	13,906
Other	**458**	891
	15,152	14,797
Non-current		
Employee benefits	**1,935**	1,449
Other	**2,227**	-
	4,162	1,449

2.7 PROVISIONS (CONT.)

Accounting policy

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 the Group will be required to settle the obligation, and
- when a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cashflows (where the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group.

2.8 REMUNERATION STRUCTURE

2.8.1 Key Management Personnel compensation

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

	2021 $	2020 $
Short-term employee benefits	**2,845,171**	4,012,015
Post-employment benefits	**115,512**	131,721
Other long-term benefits	**393,848**	305,245
Termination benefits	**90,810**	-
Share-based payment	**568,361**	780
	4,013,702	4,449,761

The compensation of each member of the Key Management Personnel of the Group and a discussion of the compensation policies of the Company are detailed in the Directors' Report and Remuneration Report which accompany these Consolidated Financial Statements.

2.8.2 Share-based payments

Accounting policy

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting and holding lock periods, 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 over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve. For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2 Our Operations

2.8 REMUNERATION STRUCTURE (CONT.)

Executive and Employee Share Option Plan

The Executive Performance Share Plan was approved at the Blackmores Annual General Meeting in October 2018. Participation is open to Senior Executives as determined eligible by the Board. Under this plan, rights to acquire shares in the Company are granted annually to eligible Senior Executives at no cost and vest provided specific performance hurdles are met.

The fair value of rights granted is calculated in accordance with AASB 2 'Share-based Payments'. Under the Company Executive Performance Share Plan, during the year the Company granted entitlements to an allocation of ordinary shares provided specific performance objectives and hurdles are met over the three-year period commencing 1 July 2020 to the year ending 30 June 2023. If the performance and employment vesting conditions are met, the minimum number of rights that could be vested under the entitlement is 18,948 (2020: 24,964) and the maximum number of rights that could be vested is 113,234 (2020: 107,148). Several grant dates applied to these rights; as a result, the following fair values applied to the number of rights listed below.

	NUMBER OF RIGHTS	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
Share rights series					
Grants in the 2021 year					
Granted - Short-Term Incentives	9,445	14-Aug-20	14-Aug-21	N/A	$73.54
Granted - Long-Term Incentives	120,324	14-Dec-20	30-Jun-23	N/A	$65.50
Grants in the 2020 year					
Granted – Long-Term Incentives	23,226	26-Jun-20	30-Jun-22	N/A	$75.29
Granted – Long-Term Incentives	83,922	19-Dec-19	30-Jun-22	N/A	$81.47

The following reconciles the share-based arrangements outstanding at the beginning and end of the year:

	2021 NUMBER OF RIGHTS	2021 WEIGHTED AVERAGE EXERCISE PRICE	2020 NUMBER OF RIGHTS	2020 WEIGHTED AVERAGE EXERCISE PRICE
Balance at the beginning of the year	**146,509**		102,783	
Granted during the year	**129,769**		107,148	
Forfeited during the year	**(38,890)**		(63,422)	
Exercised during the year	**-**	**N/A**	-	N/A
Expired during the year	**-**		-	
Balance at the end of the year	**237,388**		146,509	
Exercisable at the end of the year	**237,388**		146,509	

Long-term share rights are vested at 30 June three years after grant and shares are subsequently issued in September of that year following audit clearance of the Group's result and Board approval. Short-term incentives share rights vest twelve months after grant and are subsequently issued in August 2021.

2.8 REMUNERATION STRUCTURE (CONT.)

The allocation is based on a percentage of the Senior Executives' and Senior Managers' base remuneration and the allocation varies depending on the actual EPS growth delivered and ROIC for the relevant year as follows:

Percentage of participant's base remuneration

2021 rate of EPS growth		CHIEF EXECUTIVE OFFICER	SENIOR EXECUTIVES	OTHER SENIOR COMPANY MANAGEMENT
Less than 10%		0%	0%	0%
10%		25%	5%	2.50%
10%-15%	Pro rata between Threshold and Target	25% to 50%	5% to 10%	2.5% - 5%
15%		50% (capped)	10% (capped)	5% (capped)
25%		100% (capped)	40% (capped)	20% (capped)

2021 ROIC[1]		CHIEF EXECUTIVE OFFICER	SENIOR EXECUTIVES	OTHER SENIOR COMPANY MANAGEMENT
Less than 7%		0%	0%	0%
7%		25%	5%	2.50%
7%-9%	Pro rata between Threshold and Target	25% to 50%	5% to 10%	2.5% - 5%
9%		50% (capped)	10% (capped)	5% (capped)
11%		100% (capped)	40% (capped)	20% (capped)

Percentage of participant's base remuneration

2020 rate of EPS growth		CHIEF EXECUTIVE OFFICER[2]	SENIOR EXECUTIVES	OTHER SENIOR COMPANY MANAGEMENT
Less than 5%		0%	0%	0%
5%		50%	10%	5%
5% to 10%	Pro-rata between	50% to 100%	10% to 40%	5% to 20%
10%		100%	40%	20%
Greater than 10%		100%	40%	20%

2020 ROIC[1]		CHIEF EXECUTIVE OFFICER[2]	SENIOR EXECUTIVES	OTHER SENIOR COMPANY MANAGEMENT
Less than 18.1%		0%	0%	0%
18.1%		50%	10%	5%
18.1% to 21%	Pro-rata between	50% to 100%	10% to 40%	5% to 20%
Greater than 21%		100%	40%	20%

1. ROIC measure was introduced to the plan in FY20. Refer Remuneration Report for details regarding ROIC measures on page 75.
2. Chief Executive Officer refers to Alastair Symington.

Share-based conditions

The number of shares to be issued to a Senior Executive is determined by dividing the percentage amount of base remuneration calculated in accordance with the above by:

- the weighted average price of the shares fourteen trading days prior to and fourteen trading days after Blackmores' results in respect of the prior financial year are announced to the ASX, less
- the amount of any final dividend per share declared as payable for the prior financial year.

Staff share acquisition plans

The Group has established two staff share acquisition plans.

The first plan is open to all eligible employees, including Senior Executives, and enables them to purchase up to $1 thousand of Blackmores shares tax free (subject to taxable income thresholds) each year with money that would have otherwise been paid as profit share. 231 shares were issued during the year ended 30 June 2021 (2020: 699 shares). In July 2021, 193 shares (2020: nil shares) will be issued to employees, including Senior Executives, for profit share entitlement that would otherwise have been paid in cash during the year ended 30 June 2021.

The second plan is open to all eligible employees including Senior Executives and enables them to purchase up to $10 thousand of Blackmores shares each year out of after-tax pay. For every three purchased shares acquired using the employees' contributions, subject to employment vesting conditions and capping applied under the plan, the Company will provide one extra share. The vesting date for the year ended 30 June 2021 is 31 July 2021. The maximum cost of the shares provided by the Company for the 2021 financial year has been set at $0.5m.

The People and Remuneration Committee on behalf of the Board undertook a review of the two staff share acquisition plans during the year. As a result, both plans will be decommissioned post FY21.

Options plan

At 1 July 2020 there were no share options outstanding. Nil were issued during the year ended 30 June 2021 (2020: nil) and as at 30 June 2021 (2020: nil) there were no unexercised share options. The compensation of each member of the Key Management Personnel of the Group and a discussion of the compensation policies of the Company are detailed in the Remuneration Report on pages 66-87.

3 Our Investments

The Blackmores Group carries investments in property, plant and equipment, goodwill, and intangible assets.

3.1 PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	LEASEHOLD IMPROVEMENTS $'000	TOTAL $'000
Year ended 30 June 2020 (restated)				
Cost	77,877	88,933	8,068	174,878
Accumulated depreciation and impairment	(10,998)	(44,184)	(2,915)	(58,097)
Net carrying amount	66,879	44,749	5,153	116,781
Movement				
Net carrying amount at the beginning of the financial year	39,827	38,074	2,853	80,754
Transfers to intangible assets[2]	-	(14,354)	-	(14,354)
Transferred to assets held for sale	-	(226)	(42)	(268)
Assets obtained through business combinations (refer to note 3.4)	28,000	21,475	-	49,475
Additions	393	7,602	3,686	11,681
Disposals and write-offs	-	(365)	(166)	(531)
Depreciation	(1,341)	(7,479)	(1,181)	(10,001)
Other (including foreign exchange movements)	-	22	3	25
Net carrying amount at the end of the financial year	66,879	44,749	5,153	116,781
Assets under construction included above	-	1,829	-	1,829

	FREEHOLD LAND AND BUILDINGS[1] $'000	PLANT AND EQUIPMENT $'000	LEASEHOLD IMPROVEMENTS $'000	TOTAL $'000
Year ended 30 June 2021				
Cost	**78,070**	**93,760**	**8,442**	**180,272**
Accumulated depreciation and impairment	**(12,536)**	**(48,907)**	**(6,367)**	**(67,810)**
Net carrying amount	**65,534**	**44,853**	**2,075**	**112,462**
Movement				
Net carrying amount at the beginning of the financial year	**66,879**	**44,749**	**5,153**	**116,781**
Additions	**195**	**9,975**	**848**	**11,018**
Disposals and write-offs	**-**	**(1,931)**	**(2,856)**	**(4,787)**
Depreciation	**(1,540)**	**(7,902)**	**(1,044)**	**(10,486)**
Other (including foreign exchange movements)	**-**	**(38)**	**(26)**	**(64)**
Net carrying amount at the end of the financial year	**65,534**	**44,853**	**2,075**	**112,462**
Assets under construction included above	**-**	**2,666**	**-**	**2,666**

1. Freehold land and buildings includes $25.7m of non-depreciable land (2020: $25.7m).
2. As a result of the change in the Group's SaaS configuration and customisation accounting policy the Group has also reclassified costs originally capitalised to property, plant and equipment to intangible assets to better reflect the nature of the expenditure.

3.1 PROPERTY, PLANT AND EQUIPMENT (CONT.)

Critical judgements and estimates

Impairment

In the first half of the FY21 financial year, an impairment of $2.8m (pre-tax) was recognised with respect to leasehold improvement assets at the Kippax Street office in Sydney. This impairment was booked as some of the space was deemed surplus, in part due to changing work practices during the COVID-19 pandemic and also due to the fact that the transformation program and its impact on headcount by site resulted in some under-utilised space in this office. Management will continue to monitor utilisation of the site, and at the date of this report does not expect any further impairment.

Accounting policies

Carrying value

The Group's property, plant and equipment are measured at cost less accumulated depreciation/amortisation and accumulated impairment losses. The cost of property in the course of construction includes borrowings, holding and development costs until the asset is complete.

Depreciation

Assets are depreciated on a straight-line basis over their estimated useful lives. Leasehold improvements are amortised over the shorter of the remaining period of the individual leases or the estimated useful life of the improvement to the Group. Useful lives are reassessed each reporting period.

Freehold land and property in the course of construction are not depreciated. The expected useful lives are as follows:

Buildings	25-40 years
Plant and equipment	4-10 years
Leasehold improvements	3-10 years

Proceeds from sale of assets

The gross proceeds from asset sales are recognised at the date that control transfers to the purchaser. The net gain/(loss) is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Impairment

Property, plant and equipment are tested for impairment in accordance with the policy for impairment of non-financial assets disclosed in note 3.2.

3 Our Investments

3.2 GOODWILL AND INTANGIBLE ASSETS

	GOODWILL $'000	BRANDS $'000	OTHER INDEFINITE LIFE INTANGIBLE ASSETS[1] $'000	OTHER INTANGIBLE ASSETS[2] $'000	TOTAL $'000
Year ended 30 June 2020 (restated)					
Cost	26,903	16,041	6,925	43,721	93,590
Accumulated amortisation and impairment	-	-	-	(15,652)	(15,652)
Net carrying amount	26,903	16,041	6,925	28,069	77,938
Movement					
Net carrying amount at the beginning of the financial year	34,500	30,244	8,385	3,374	76,503
Transfers from property, plant and equipment	-	-	-	14,354	14,354
Transferred to assets held for sale	(7,597)	(14,203)	(1,160)	-	(22,960)
Assets obtained through business combinations	-	-	-	7,202	7,202
Additions	-	-	-	5,463	5,463
Amortisation	-	-	-	(2,342)	(2,342)
Impairment and disposals	-	-	(300)	-	(300)
Other (including foreign exchange movements)	-	-	-	18	18
Net carrying amount at the end of the financial year	26,903	16,041	6,925	28,069	77,938
Allocated to cash generating unit					
ANZ	-	-	2,472	16,592	19,064
BioCeuticals	20,849	14,410	264	636	36,159
Braeside	-	-	-	7,202	7,202
Impromy	5,039	1,631	-	2,441	9,111
PAW	1,015	-	1,189	-	2,204
China	-	-	3,000	-	3,000
International	-	-	-	1,198	1,198
	26,903	16,041	6,925	28,069	77,938
Year ended 30 June 2021					
Cost	**26,903**	**16,041**	**7,698**	**48,500**	**99,142**
Accumulated amortisation and impairment	**(5,039)**	**(503)**	**(876)**	**(20,040)**	**(26,458)**
Net carrying amount	**21,864**	**15,538**	**6,822**	**28,460**	**72,684**
Movement					
Net carrying amount at the beginning of the financial year	**26,903**	**16,041**	**6,925**	**28,069**	**77,938**
Additions	**-**	**-**	**773**	**6,648**	**7,421**
Amortisation	**-**	**(503)**	**(3)**	**(4,574)**	**(5,080)**
Impairment and disposals	**(5,039)**	**-**	**(873)**	**(1,671)**	**(7,583)**
Other (including foreign exchange movements)	**-**	**-**	**-**	**(12)**	**(12)**
Net carrying amount at the end of the financial year	**21,864**	**15,538**	**6,822**	**28,460**	**72,684**
Allocated to cash generating unit					
ANZ	**-**	**-**	**2,089**	**17,393**	**19,482**
BioCeuticals	**20,849**	**14,410**	**544**	**636**	**36,439**
Braeside	**-**	**-**	**-**	**7,202**	**7,202**
Impromy	**-**	**1,128**	**-**	**2,441**	**3,569**
PAW	**1,015**	**-**	**1,189**	**-**	**2,204**
China	**-**	**-**	**3,000**	**-**	**3,000**
International	**-**	**-**	**-**	**788**	**788**
	21,864	**15,538**	**6,822**	**28,460**	**72,684**

1. Other indefinite life intangible assets relate to registrations, trademarks, and formulations.
2. Other intangible assets relate to software, patents, capitalised website costs, customer relationships, royalty streams and licenses.

3.2 GOODWILL AND INTANGIBLE ASSETS (CONT.)

Critical judgements and estimates

The ranges of rates used in determining recoverable amounts are set out below:

	2021 %	2020 %
Long-term growth rate	**2.0**	2.0
Post-tax discount rate (BioCeuticals, Impromy)	**9.0**	5.6
Post-tax discount rate (Braeside)	**16.4**	16.4
Post-tax discount rate (PAW)	**8.5**	5.6

The Group believes that any reasonably possible change in the key assumptions applied would not cause the carrying value of assets to exceed their recoverable amount and result in a material impairment based on current economic conditions and Cash Generating Unit (CGU) performance. The Group uses a range of post-tax discount rates for impairment assessments between 8.0% and 16.4%.

The recoverable amount of the CGU is determined on a value-in-use calculation. This calculation uses cash flow projections based on the five-year plan approved by management and also uses a terminal value calculation. Budgeted sales growth is expected to be in line with sales growth in the category. Budgeted margins are expected to remain consistent.

Evidence from both internal and external sources was considered to ensure no indicators of impairment existed.

The Braeside Manufacturing plant represents a separate CGU in accordance with AASB 136 Impairment of Assets. An impairment indicator assessment was completed noting that there is no goodwill or indefinite life intangible assets held in the Braeside CGU, and there were no indicators of impairment at 30 June 2021. No impairment test was required to be performed at 30 June 2021 for the Braeside CGU.

Accounting policies

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses (if any).

Where acquired in a business combination, cost represents the fair value at the date of acquisition. Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives.

An internally-generated intangible asset arising from development is only recognised once the feasibility, intention, and ability to complete the intangible asset can be demonstrated. Any expenditure on research activities is recognised as an expense when incurred. Useful lives are reassessed each period. The useful lives of intangible assets have been assessed as follows:

Patents	20 years	Customer database and royalty streams	5 years
Research partnerships	14 years	Software and capitalised website development	2-3 years
Customer relationships	10 years		

Impairment

Intangible assets are tested for impairment in accordance with the policy for impairment of non-financial assets disclosed in this note.

Impairment of non-financial assets

The carrying amounts of the Group's property, plant and equipment (refer to note 3.1), goodwill, and intangible assets (refer to note 3.2) are reviewed for impairment as follows:

Property, plant and equipment and finite life intangibles – when there is an indication that the asset may be impaired (assessed at least each reporting date) or when there is an indication that a previously recognised impairment may have changed.

Goodwill and indefinite life intangibles – at least annually and when there is an indication that the asset may be impaired.

3 Our Investments

3.2 GOODWILL AND INTANGIBLE ASSETS (CONT.)

Accounting policies (cont.)

Calculation of recoverable amount

In assessing impairment, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to dispose (FVLCTD). For an asset that does not generate largely independent cash inflows, the recoverable amount is assessed at the cash generating unit (CGU) level, which is the smallest group of assets generating cash inflows independent of other CGUs that benefit from the use of the respective asset. Goodwill is allocated to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments and grouped at the lowest levels for which goodwill is monitored for internal management purposes.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Impairment losses recognised in respect of a CGU will be allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU on a pro-rata basis to their carrying amounts.

Reversal of an impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates 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.

3.3 COMMITMENTS FOR EXPENDITURE

	2021 $'000	2020 $'000
Catalent business combination[1]		
Not longer than 1 year	**-**	465
IT infrastructure and software		
Not longer than 1 year	**6,397**	3,420
Longer than 1 year and not longer than 5 years	**7,028**	2,851
	13,425	6,271
Capital projects		
Not longer than 1 year	**5,800**	5,451
Promotional services		
Not longer than 1 year	-	1,067
Longer than 1 year and not longer than 5 years	**560**	360
	560	1,427
Sponsorship		
Not longer than 1 year	-	48
Longer than 1 year and not longer than 5 years	**27**	10
	27	58
Research and development contracts		
Not longer than 1 year	**1,447**	1,599
Longer than 1 year and not longer than 5 years	**1,554**	1,417
Longer than 5 years	**-**	31
	3,001	3,047

1. Blackmores Limited completed the acquisition of Catalent Australia on 25 October 2019.

Lease commited to but not yet commenced

Blackmores Group has a premises lease contract that is committed to but has not yet commenced as at 30 June 2021. The future lease payments for this non-cancellable lease contract is $130 within one year, and $720 within five years.

3.4 BUSINESS COMBINATIONS

Acquisition of Catalent Australia

On 25 October 2019, Blackmores Limited confirmed settlement on the acquisition of Catalent Australia's manufacturing facility in Braeside Victoria.

The acquisition represented Blackmores' expansion into soft-gel and tablet manufacturing supporting the Group's strong focus on growth and product innovation, in addition to protecting the Group's portfolio of brands.

At 30 June 2021, the accounting for the business acquisition is final.

	2020 $'000
Consideration Transferred	56,977
Assets acquired at the date of acquisition	
Current assets	
Cash at bank	2,533
Receivables	11,235
Inventories	16,024
Other assets	495
	30,287
Non-current assets	
Property, plant and equipment	49,475
Intangible assets	7,202
Deferred tax assets	1,442
	58,119
Total assets	88,406
Current liabilities	
Trade and other payables	15,345
Provisions	4,603
	19,948
Non-current liabilities	
Deferred tax liabilities	4,951
Provisions	287
	5,238
Total liabilities	25,186
Identifiable net assets	63,220
Gain arising from bargain purchase	
Consideration paid in cash	56,977
Less: fair value of the identifiable net assets acquired	63,220
Gain arising from bargain purchase (12 months to 30 June 2020)	6,243

Impact of acquisition on results of the Group

The impact of the acquisition on the results of the Group for the prior year ended 30 June 2020 included a recognition of a gain resulting from the bargain purchase of $6.2m in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. This bargain gain resulted primarily from increases in property values between contract execution in April 2018 to settlement in late October 2019. The production variances in the prior year were adverse to the amount of $9.6m and also impacted the prior years' Consolidated Statement of Profit or Loss and Other Comprehensive Income. These variances occurred due to under-utilisation of capacity and adverse product mix. While Blackmores has owned the facility for the full twelve months to 30 June 2021 (compared to only eight months in the prior year), any impact of annualising the ownership of the facility has been more than offset by $10.9m in savings from the LVP (Leading Value Position) supply savings program. During FY21, the site had a full year of use of its new Solid Dose North high-efficiency solid tableting lines, and procurement savings and process efficiencies at the site (as well as higher volume and utilisation) have begun to improve the unit cost structure of bulk tablets produced at this site. The Braeside site is of strategic importance to the group and it holds vital product registrations for Blackmores' products in our Asian markets.

3 Our Investments

3.5 DISCONTINUED OPERATIONS AND ASSET SALES

3.5.1 Discontinued operations

At the half-year ended 31 December 2019, Blackmores announced the divestment of non-core brands as part of its new strategic focus. As a result, the Board approved to divest of the Global Therapeutics business (which included the Fusion Health and Botanical Orientals brands) and the IsoWhey and Wheyless brands.

On 27 October 2020, Blackmores Group announced the sale of the Global Therapeutics business to McPhersons Limited for $27.0m for brands, product formulas, and customer agreements. In addition a payment of $2.2m was received for other tangible assets including inventory and fixed assets and other net working capital adjustments.

The disposal was completed on 30 November 2020, on which date control of Global Therapeutics passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the gain or loss on disposal, are presented below.

	Global Therapeutics
Consideration received in cash	27,000
Payment for net working capital in advance	2,170
Total consideration received	29,170
Net working capital adjustments	(1,828)
Transaction costs	(1,002)
Total consideration net of transaction costs	26,340
Less fair value of the assets disposed	
Current assets	
Receivables	1,990
Inventories	2,896
Other current assets	146
	5,032
Non-current assets	
Property, plant and equipment	71
Intangible assets	22,057
Other non-current assets	26
	22,154
Total assets	27,186
Current liabilities	
Provisions	342
	342
Non-current liabilities	
Deferred tax liabilities	4,211
Provisions	80
	4,291
Total liabilities	4,633
Identifiable net assets disposed	22,553
Gain arising on disposal	3,787

The Global Therapeutics business is presented separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as a discontinued operation.

3.5 DISCONTINUED OPERATIONS AND ASSET SALES (CONT.)

The profit for the Global Therapeutics business for the reporting period is set out below including comparative information.

	30 JUNE 2021 $'000	30 JUNE 2020 $'000
Revenue	**7,160**	19,190
Other income	**(13)**	(83)
Revenue and other income	**7,147**	19,107
Total expenses	**5,724**	14,803
Earnings before interest and tax	**1,423**	4,304
Net interest income/(expense)	**10**	(2)
Profit before tax	**1,433**	4,302
Income tax expense	**(570)**	(1,340)
Profit after tax before gain on sale of discontinued operations	**863**	2,962
Gain on sale of discontinued operations	**3,787**	-
Profit after tax from discontinued operations	**4,650**	2,962

There is no tax on the capital gain on the sale of Global Therapeutics due to the recoupment of carried forward tax losses.

	30 JUNE 2021 $'000	30 JUNE 2020 $'000
Statement of Cash Flows		
Cashflow from operating activities	**2,499**	4,856
Cashflows from investing activities	**(2,457)**	(4,746)
Cashflow from financing activities	**(46)**	(113)
Net decrease in cash and cash equivalents	**(4)**	(3)
Cash and cash equivalents at the beginning of the year	**4**	7
Cash and cash equivalents at the end of the year	**-**	4

3.5.2 Asset sales

IsoWhey and Wheyless brands

On 14 August 2020, Blackmores Group entered into an asset sale agreement to sell the IsoWhey and Wheyless brands. The sale price of $1.1m covered the IsoWhey/Wheyless brands, product formulas, customer agreements, and digital assets. Additional payments of $1.3m were received for the stock that transferred with the sale at cost. No people transferred with the sale, which completed in September 2020.

Sale of investment property

On 25 November 2020, Blackmores entered into a contract for sale of land for the investment property at 15 Jubilee Avenue Warriewood NSW 2102. The land had a book value of $2.2m and the sale of $6.2m plus GST completed in May 2021.

3.6 LEASES

	PROPERTY $'000	PLANT AND EQUIPMENT $'000	FLEET $'000	TOTAL $'000
Right-of-use assets				
Year-ended 30 June 2021				
Cost	39,331	4,715	1,645	45,691
Accumulated depreciation	(12,444)	(1,591)	(711)	(14,746)
Net carrying amount	26,887	3,124	934	30,945
Movement				
Net carrying amount at the beginning of the financial year	25,882	2,170	842	28,894
Additions	10,454	2,071	1,111	13,636
Depreciation	(8,125)	(1,119)	(642)	(9,886)
Disposals	(1,044)	(23)	(353)	(1,420)
Other (including foreign exchange movements)	(280)	26	(25)	(279)
Net carrying amount at the end of the financial year	26,887	3,125	933	30,945
Lease liabilities				
Current	6,337	1,009	509	7,855
Non-current	19,323	2,148	422	21,893
Total lease liabilities	25,660	3,157	931	29,748

3 Our Investments

3.6 LEASES (CONT.)

	2021 $'000 CONTINUED OPERATIONS	2021 $'000 DISCONTINUED OPERATIONS
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	**9,886**	35
Interest expense on lease liabilities	**1,130**	1
Expense relating to short-term or low value assets	**105**	67

Cash flow

The cash outflow during the year for leases relating to continuing operations was $9.4m. The cash outflow relating to discontinued operations $32 thousand.

The future cash outflows relating to leases that have not yet commenced are disclosed in Note 3.3.

	MATURITY ANALYSIS $'000						
	Year 1	Year 2	Year 3	Year 4	Year 5	Onwards	Total
Continuing operations	7,855	7,135	6,269	4,026	3,674	789	29,748

	PROPERTY $'000	PLANT AND EQUIPMENT $'000	FLEET $'000	TOTAL $'000
Right-of-use assets				
Year-ended 30 June 2020				
Cost	31,557	2,647	1,356	35,560
Accumulated depreciation	(5,675)	(477)	(514)	(6,666)
Net carrying amount	25,882	2,170	842	28,894
Movement				
Net carrying amount at the beginning of the financial year	-	-	-	-
Assets obtained through business combinations	-	2,398	-	2,398
Additions	31,585	248	1,424	33,257
Depreciation	(5,699)	(476)	(577)	(6,752)
Other (including foreign exchange movements)	(4)	-	(5)	(9)
Net carrying amount at the end of the financial year	25,882	2,170	842	28,894
Lease liabilities				
Current	6,031	717	438	7,186
Non-current	18,767	1,526	339	20,632
Total Lease liabilities	24,798	2,243	777	27,818

	2020 $'000 CONTINUING OPERATIONS	2020 $'000 DISCONTINUED OPERATIONS
Amounts recognised in profit or loss		
Depreciation expense on right-of-use assets	**6,752**	81
Interest expense on lease liabilities	**531**	2
Expense relating to short-term or low value assets	**1,786**	10

Cash flow

The cash outflow during the year for leases relating to continuing operations was $8.4m. The cash outflow relating to discontinued operations was $0.1m.

3.6 LEASES (CONT.)

	MATURITY ANALYSIS $'000						
	Year 1	Year 2	Year 3	Year 4	Year 5	Onwards	Total
Continuing operations	7186	5,210	5,188	4,700	2,641	2,893	27,818
Discontinued operations	25	11	6	-	-	-	42

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in AASB 16.46B. As noted in Note 1.6, the Group has chosen to apply AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021 before its mandatory application date and accordingly, the practical expedient has been applied to additional rent concessions negotiated during the financial year which meet the conditions in AASB 16.48B.

The Group has benefited from a concessional reduction of lease payments on some of the property leases across the Group. The waiver of lease payments of $25 thousand (2020: $nil) has been accounted for as a negative variable lease payment in profit or loss. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of paragraph 3.3.1 of AASB 9 Financial Instruments.

Accounting policies

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets including plant, equipment and motor vehicles. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The estimated useful life used in the calculation of depreciation on ROU assets is aligned to the term of the leases (2 to 6 years).

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4 Our Financing

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through optimisation of the debt and equity balance.

4.1 CAPITAL MANAGEMENT

The capital structure of the Group consists of equity as well as available loan facilities, with the latter remaining unutilised at 30 June 2021.

The Group operates globally, primarily through the Company and subsidiary companies established in the markets in which the Group trades. None of the entities within the Group is subject to externally imposed capital requirements with the exception of any regulatory requirements which are applicable in the countries where the Group operates.

Operating cash flows are used to maintain and expand the Group's production, distribution, and Information Technology systems as well as making routine outflows of tax, dividends, and repayment of maturing debt if drawn. The Group's policy is to raise capital centrally, using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

The Group's Audit Committee reviews the capital structure of the group on a semi-annual basis. Based upon recommendations of the Committee, the Group will balance its overall capital structure through the payment of dividends. The Committee considers new share issues and buy-backs, in conjunction with the issue of new debt or redemption of existing debt with third parties and if appropriate, related parties.

As at 30 June 2021, $16.1m of cash sits in a jurisdiction where although it can be utilised and invested by the local business, its remittance to the parent is temporarily restricted due to local regulations. Blackmores expects it will be able to remit the majority of this cash to the parent in future.

Gearing ratio

The gearing ratio at the end of the financial year was as follows:

	2021 $'000	Restated 2020 $'000
Debt	-	85,000
Cash and cash equivalents	**(70,054)**	(47,655)
Net (cash)/debt	**(70,054)**	37,345
Equity	**373,156**	299,499
Total capital	**303,102**	336,844
Gearing ratio	**(23.1%)**	11.1%

(Net debt as a % of total capital)

Receivables purchase agreement

In FY20, the Group entered into an uncommitted non-recourse receivables purchase agreement to sell certain domestic receivables, from time to time, to an unrelated entity in exchange for cash. The receivables are derecognised where the risks and rewards of the receivables have been transferred. Receivables totalling $2.3m were sold under this arrangement. No receivables were sold during the year ended 30 June 2021.

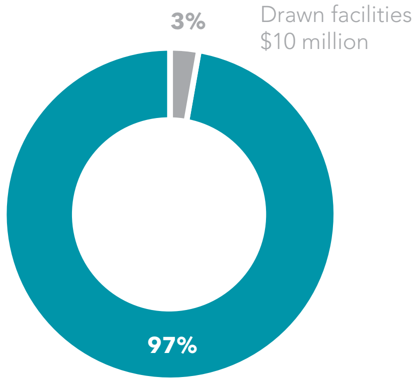
4.2 FINANCING FACILITIES

	2021 $'000	2020 $'000
Unsecured revolving letter of credit facility under Common Terms Deed	**9,579**	10,879
Unsecured revolving term debt facility under Common Terms Deed	-	85,000
	9,579	95,879
Unrestricted access was available to the Group at the reporting date to the following unused lines of credit:		
Bank loan facilities	**290,421**	204,121
Bank overdrafts	**5,000**	5,000
	295,421	209,121

4.2 FINANCING FACILITIES (CONT.)

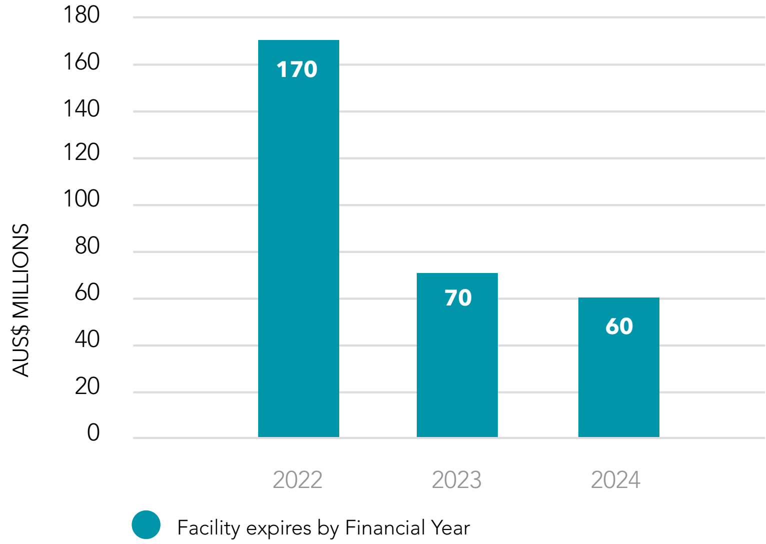
Debt facilities

Total debt facilities as at 30 June 2021 are as follows:



Maturity profile

The maturity profile of existing bank loan facilities by financial year is as follows:



Bank loan facilities may be drawn at any time, subject to the terms of the lending agreements. The above facilities are subject to certain financial covenants and undertakings. No covenants have been breached during the financial year (2020: nil).

4.3 FINANCING LIABILITIES

	2021 $'000	2020 $'000
Current		
Lease liabilities	**7,855**	7,186
Non-current		
Lease liabilities	**21,893**	20,632
Interest-bearing liabilities	**-**	85,000

	2021 $'000	2020 $'000	2021 $'000	2020 $'000
	Interest-bearing liabilities		**Lease liabilities**	
Reconciliation				
Balance at the start of the year	**85,000**	119,000	**27,818**	-
Non-cash movements	**-**	-	**12,485**	36,311
Principal repayments	**(85,000)**	(34,000)	**(9,424)**	(7,962)
Interest repayments	**-**	-	**(1,130)**	(531)
Balance at the end of the year	**-**	85,000	**29,748**	27,818

4 Our Financing

4.3 FINANCING LIABILITIES (CONT.)

Accounting policies

All bank loans are initially recognised at the fair value of the consideration received, less directly attributable transaction costs.

After initial recognition, interest-bearing loans are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

4.4 ISSUED CAPITAL

	2021 NUMBER	2021 ISSUED CAPITAL $'000	2020 NUMBER	2020 ISSUED CAPITAL $'000
Fully paid ordinary shares				
Balance at beginning of financial year	**18,677,903**	**146,388**	17,361,515	53,039
Issue of shares under Executive and Employee Share Plans (note 2.8)	**231**	**17**	14,345	67
Issue of shares under Dividend Reinvestment Plan (DRP)	**17,573**	**1,408**	33,077	2,291
Issue of shares under Capital Raise	**669,812**	**48,563**	1,268,966	92,000
Transaction costs	**-**	**(250)**	-	(1,009)
Balance at end of financial year	**19,365,519**	**196,126**	18,677,903	146,388

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

Employee share plans

Further details of the Group's Executive and employee share plans are contained in note 2.8 to the Consolidated Financial Statements.

4.5 SHAREHOLDER RETURNS

4.5.1 Earnings per share	2021 $'000	Restated 2020 $'000
From continuing operations		
Profit attributable to shareholders of Blackmores Limited	23,969	12,146
	Number	**Number**
WANOS[1] used in the calculation of basic EPS[2]	19,327,760	17,494,831
WANOS[1] used in the calculation of diluted EPS[2]	19,397,822	17,494,831
	Cents	**Cents**
Basic EPS	124.0	69.4
Diluted EPS	123.6	69.4
From continuing and discontinued operations		
Profit attributable to shareholders of Blackmores Limited	28,619	15,108
	Number	**Number**
WANOS[1] used in the calculation of basic EPS[2]	19,327,760	17,494,831
WANOS[1] used in the calculation of diluted EPS[2]	19,397,822	17,494,831
Basic EPS	148.1	86.4
Diluted EPS	147.5	86.4

1. Weighted average number of ordinary shares.
2. The variance in the WANOS used in the calculation of the basic EPS and the diluted EPS is attributable to employee share plans.

4.5 SHAREHOLDER RETURNS (CONT.)

4.5.2 Dividends	2021 CENTS PER SHARE	TOTAL $'000	2020 CENTS PER SHARE	TOTAL $'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend for year ended 30 June 2020 (2020: 30 June 2019)				
– fully franked at 30% corporate tax rate			70	12,209
Interim dividend for year ended 30 June 2021 (2020: 30 June 2020)				
– fully franked at 30% corporate tax rate	**29**	**5,579**	-	-
	29	**5,579**	70	12,209
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend for year ended 30 June 2021 (2020: 30 June 2020)				
– fully franked at 30% corporate tax rate	**42**	**8,134**		

4.5.3 Franking account balance	2021 $'000	2020 $'000
Adjusted franking account balance	**32,500**	31,386

5 Our Financial Risk Management

5.1 CATEGORIES OF FINANCIAL INSTRUMENTS

	CLASSIFICATION	NOTE	2021 $'000	Restated 2020 $'000
Financial assets				
Cash and cash equivalents	Amortised cost	2.5.1	**70,054**	47,655
Receivables	Amortised cost	2.5.3	**108,492**	93,354
Unquoted equity investments	Fair value through profit or loss	5.7	**1,542**	1,382
Derivative financial assets	Fair value through profit or loss	5.7	**505**	12
Financial liabilities				
Derivative financial liabilities	Fair value through profit or loss	5.7	**177**	1,764
Borrowings	Amortised cost	4.3	**-**	85,000
Trade payables	Amortised cost	2.5.5	**112,650**	97,341
Lease liabilities	Amortised cost	3.6	**29,748**	27,818

Accounting policies

Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

5.1.1 Financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.

Loans and receivables

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

In relation to the impairment of financial assets, AASB 9 requires the use of an expected credit loss model. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date.

The Group measures the loss allowance for trade receivables using the simplified approach under AASB 9 at an amount equal to the lifetime expected credit losses. A lifetime expected credit loss allowance has been calculated for trade receivables through the use of an expected credit loss model. The model is based on the Group's historical credit loss experience, shared credit risk characteristics and days past due adjusted for any material expected changes to the customers' future credit risk.

The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account.

5.1 CATEGORIES OF FINANCIAL INSTRUMENTS (CONT.)

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

5.1.2 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Non-derivative financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in notes 5.3 and 5.4 to the Consolidated Financial Statements. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risks, as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk. Notes 5.3 and 5.4 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedge reserve in equity are also detailed in the Consolidated Statement of Changes in Equity.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Consolidated Statement of Profit or Loss and Other Comprehensive Income as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

5.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group. The Group seeks to minimise the effects of currency risk and interest rate risks by using derivative financial instruments to partially or fully hedge these risk exposures. The use of financial derivatives is governed by the Group's policies. As at 30 June 2021 the relevant Treasury Policy is in place. Blackmores is in the process of renewing this policy with its Board of Directors to recognise, amongst other things, the increasingly large role that its Asian subsidiaries will play in its future growth and profitability projections. The Group does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

5 Our Financial Risk Management

5.3 FOREIGN CURRENCY RISK MANAGEMENT

Sources of risk	The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.
Risk management	Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts.

Blackmores undertakes transactions denominated in foreign currencies which exposes it to foreign exchange rate risk. The currencies which Blackmores has a material exposure to include the United States Dollar (USD), Euro (EUR), New Zealand Dollar (NZD) and Canadian Dollar (CAD). It also undertakes transactions in Swiss Franc (CHF), Korean Won (KRW), Malaysian Ringgit (MYR), Thai Baht (THB), and Taiwan Dollars (TWD), amongst others. Blackmores enters into derivative financial instruments to manage this risk, including forward foreign exchange contracts. The table below excludes the impact of derivatives.

CURRENCY	LIABILITIES 2021 $'000	LIABILITIES 2020 $'000	ASSETS 2021 $'000	ASSETS 2020 $'000
USD	**2,669**	8,094	**778**	2,039
EUR	**135**	485	**65**	31
NZD	**3,469**	1,598	**54**	669
CAD	**167**	165	**-**	-
Other	**483**	604	**(11)**	10

Fluctuations in the Australian dollar relative to the USD, EUR, and NZD or other foreign currencies may impact on Blackmores' cash flows, financial performance and profitability. The following table details the Group's sensitivity to a 10% increase and decrease against a number of relevant foreign currencies. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number in the table below indicates an increase in profit or equity where the Australian dollar strengthens 10% against the relevant currency, and a negative number indicates the opposite. The Group also has exposure in terms of Net Sales in International Asia markets. In countries like Malaysia, Thailand and Indonesia the Group sells in the local currency of each country, whereas in China invoicing to key customers is undertaken in Australian dollars. The tables below exclude the impact of derivatives.

	PROFIT / (LOSS)			
	10% INCREASE		10% DECREASE	
CURRENCY	2021 $'000	2020 $'000	2021 $'000	2020 $'000
USD impact	**172**	550	**(210)**	(673)
EUR impact	**18**	(71)	**6**	(188)
NZD impact	**310**	84	**(379)**	(103)
CAD impact	**15**	15	**(19)**	(18)
Other impact	**61**	54	**(35)**	(66)

In markets like Thailand and Malaysia, while the sales to third parties are in local currency these markets have an indirect transaction foreign exchange rate exposure to Cost of Goods sold which are sold into International Asia in Australian dollars. If the AUD strengthens 10% against the MYR currency for a full year, the reduction in profit would equate to $1.3m. If the AUD strengthens against the THB by 10% for a full year, the reduction in profit would be $1.4m. The corollary is true if the A$ weakens against those two currencies.

The following forward foreign exchange contracts were still open at the reporting date, in local currency:

	NOTIONAL PRINCIPAL AMOUNT		FAIR VALUE	
CURRENCY	2021 $'000	2020 $'000	2021 $'000	2020 $'000
USD	**10,700**	25,505	**415**	(1,316)
MYR	**32,500**	-	**(120)**	-
THB	**248,000**	-	**72**	-
NZD	**1,100**	1,170	**3**	(2)
CAD	**-**	-	**-**	-
KRW	**1,295,000**	-	**(24)**	-
HKD	**5,225**	-	**(23)**	-
TWD	**25,300**	-	**5**	-
EUR	**-**	-	**-**	-

There were no material ineffective hedging relationships at June 2021 (2020: loss $0.9m).

5.4 INTEREST RATE RISK MANAGEMENT

Sources of risk	The Group is exposed to interest rate risk as it borrows funds on a floating interest rate basis.
Risk management	The risk is managed by the Group by the use of interest rate swap contracts.

The following table sets out the Group's exposure to interest rate risk.

	2021 $'000	2020 $'000
Financial liabilities		
Borrowings	-	(85,000)
Interest rate swaps[1]	-	30,000
Net exposure	-	(55,000)

1. Represents the notional amount of the interest rate swaps.

The following table sets out the Group's exposure to interest rate risk.

	AVERAGE CONTRACTED FIXED INTEREST RATE		NOTIONAL PRINCIPAL AMOUNT		FAIR VALUE	
	2021 %	2020 %	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Outstanding fixed or floating contracts						
Less than 1 year	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-
2 to 5 years	-	0.88%	-	30,000	-	(433)
> 5 years	-	-	-	-	-	-
	0.00%	0.88%	-	30,000	-	(433)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the Australian bank bill swap bid rate. All interest rate swap contracts are designated as cash flow hedges.

The Group will settle the difference between fixed and floating interest on a net basis.

All other financial assets and liabilities (in the current and prior financial years) are non-interest-bearing.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to Key Management Personnel and represents Management's assessment of the possible change in interest rates.

For the year ended 30 June 2021, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit would decrease by $0.2m (2020: $0.8m) or increase by $0.2m (2020: $0.8m) respectively as a result of changes in the interest rates applicable to commercial bank bills.

There has been no change to the manner in which the Group manages and measures the risk from the previous year.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract and is disclosed below.

The average interest rate is based on the outstanding balances at the end of the financial year.

The Group entered into $nil of new interest rate swaps during the 2021 financial year (2020: $40.0m), $nil matured during the year (2020: $23.0m), and $30.0m were terminated during the 2021 financial year (2020: $40.0m).

5 Our Financial Risk Management

5.5 CREDIT RISK MANAGEMENT

Sources of risk	The Group is exposed to counterparty credit risk from trade and other receivables.
Risk management	The information used to determine creditworthiness is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information, trade references, and their own trading record to rate their major customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies. The carrying amount of financial assets recorded in the Consolidated Financial Statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk. The Group's increased exposure to credit risk is commensurate with the impact of COVID-19 on a global basis, as a result there continues to be an increased level of payment default risk in comparison to prior years. The Group continues to manage and measure risk with respect to the collectability of all receivables.

5.6 LIQUIDITY RISK MANAGEMENT

Sources of risk	Exposure to liquidity risk derives from the Group's operations and from external interest bearing liabilities that it holds.
Risk management	Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and through the continual monitoring of forecast and actual cash flows.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	<1 YEAR $'000	1-5 YEARS $'000	>5 YEARS $'000	TOTAL $'000
2021					
Trade and other payables	-	**112,650**	**-**	**-**	**112,650**
Lease liabilities	**2.63**	**7,855**	**21,104**	**789**	**29,748**
		120,505	**21,104**	**789**	**142,398**
2020 (restated)					
Trade and other payables	-	97,341	-	-	97,341
Borrowings	1.57	-	85,000	-	85,000
Lease liabilities	2.63	7,186	17,739	2,893	27,818
		104,527	102,739	2,893	210,159

There has been no change to the Group's exposure to liquidity risks or the manner in which it manages and measures the risk from the previous year.

5.6 LIQUIDITY RISK MANAGEMENT (CONT.)

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows/(outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

	<1 MONTH $'000	1-3 MONTHS $'000	3 MONTHS TO 1 YEAR $'000	1-5 YEARS $'000	>5 YEARS $'000	TOTAL $'000
2021						
Net settled:						
Interest rate swaps	-	-	-	-	-	-
2020						
Net settled:						
Interest rate swaps	(53)	(54)	(160)	(210)	-	(477)

5.7 FAIR VALUE MEASUREMENTS

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the Consolidated Financial Statements approximate their fair values.

Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

Fair value measurements recognised in the Consolidated Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		2021 $'000	2020 $'000
Financial assets			
Unquoted equities	Level 3	**1,542**	1,382
Foreign exchange derivatives	Level 2	**505**	12
		2,047	1,394
Financial liabilities			
Foreign exchange derivatives	Level 2	**177**	1,372
Interest rate derivatives	Level 2	**-**	392
		177	1,764

6 Our Group Structure

6.1 PARENT ENTITY INFORMATION

	2021 $'000	Restated 2020 $'000
Financial position		
Assets		
Current assets	**214,994**	159,865
Non-current assets	**249,366**	275,176
Total assets	**464,360**	435,041
Liabilities		
Current liabilities	**213,903**	146,737
Non-current liabilities	**22,244**	108,756
Total liabilities	**236,147**	255,493
Equity		
Issued capital	**196,126**	146,388
Retained earnings	**29,462**	33,519
Reserves	**2,625**	(359)
Total equity	**228,213**	179,548
Financial performance		
Profit/(Loss) for the year	**1,522**	(5,584)
Other comprehensive income/(loss)	**1,429**	(905)
Total comprehensive income/(loss)	**2,951**	(6,489)

6.1.1 Commitments for expenditure – parent entity

	2021 $'000	Restated 2020 $'000
Catalent transaction[1]		
Not longer than 1 year	**-**	465
IT infrastructure and software		
Not longer than 1 year	**6,397**	3,420
Longer than 1 year and not longer than 5 years	**7,028**	2,851
	13,425	6,271
Capital projects		
Not longer than 1 year	**3,775**	5,451
Promotional services		
Not longer than 1 year	**560**	1,020
Longer than 1 year and not longer than 5 years	**-**	360
	560	1,380
Sponsorship		
Not longer than 1 year	**7**	20
Research and development contracts		
Not longer than 1 year	**1,384**	1,487
Longer than 1 year and not longer than 5 years	**1,335**	1,229
Longer than 5 years	**-**	-
	2,719	2,716

1. Blackmores Limited acquired Catalent Australia on 24 October 2019.

6.2 SUBSIDIARIES

NAME OF ENTITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2021 %	OWNERSHIP INTEREST 2020 %	PRINCIPAL ACTIVITY
Blackmores Nominees Pty Limited	Australia	100	100	Management of employee share plans
Pat Health Limited	Hong Kong (China)	100	100	Marketing of natural health products
Blackmores Beijing Co. Limited	China	100	100	Marketing of natural health products
Blackmores China Co. Limited	China	100	100	Marketing of natural health products
Blackmores (Taiwan) Limited	Taiwan (China)	100	100	Marketing of natural health products
Pure Animal Wellbeing Pty Limited	Australia	100	100	Holder of intellectual property for PAW
Blackmores (New Zealand) Limited	New Zealand	100	100	Marketing of natural health products
Blackmores (Singapore) Pte Limited	Singapore	100	100	Marketing of natural health products
Blackmores (Malaysia) Sdn Bhd	Malaysia	100	100	Marketing of natural health products
Blackmores Holdings Limited	Thailand	100	100	Holding company
Blackmores Limited	Thailand	100	100	Marketing of natural health products
Blackmores Korea Limited	Korea	100	100	Marketing of natural health products
Blackmores International Pte. Limited	Singapore	100	100	Regional head office
PT Kalbe Blackmores Nutrition[1]	Indonesia	50	50	Marketing of natural health products
Blackmores Vietnam Co. Limited	Vietnam	100	0	Marketing of natural health products
FIT-BioCeuticals Limited	Australia	100	100	Marketing of natural health products
FIT BioCeuticals (NZ) Limited[2]	New Zealand	100	100	Marketing of natural health products
PharmaFoods Pty Limited[2]	Australia	100	100	Marketing of natural health products
FIT-BioCeuticals Limited	United Kingdom	100	100	Marketing of natural health products
FIT-BioCeuticals (HK) Limited	Hong Kong (China)	100	100	Marketing of natural health products
Hall Drug Technologies Pty Limited[2]	Australia	100	100	Holding company
Blackmores SPV Co Pty Limited	Australia	100	100	Holding company
New Century Herbals Pty Limited[2]	Australia	100	100	Marketing of natural health products
Global Therapeutics Pty Limited[2]	Australia	100	100	Marketing of natural health products
Blackmores Japan Limited	Japan	100	100	Marketing of natural health products
Catalent Australia Holdings Pty Ltd[2]	Australia	100	100	Holding company
Catalent Australia Pty Ltd [2]	Australia	100	100	Manufacturing of natural health products
Blackmores Philippines Inc.	Philippines	100	0	Marketing of natural health products
Blackmores India Private Limited	India	100	0	Marketing of natural health products

1 PT Kalbe Blackmores Nutrition is consolidated into the Group at 100%, and the 50% of profit or loss attributable to non-controlling interests is recognised in equity.
2 These wholly-owned subsidiaries have entered into a deed of cross guarantee with Blackmores Limited pursuant to ASIC class order 98/1418 and are relieved from the requirements to prepare and lodge an audited financial report.

6 Our Group Structure

6.2 SUBSIDIARIES (CONT.)

6.2.1 Controlled entities

The Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Financial Position of the entities party to the deed of cross guarantee are as follows:

	2021 $'000	Restated 2020 $'000
Revenue	**481,120**	467,747
Other income	**5,004**	2,675
Gain on sale of assets	**10,615**	-
Gain arising from bargain purchase	**-**	6,243
Revenue and other income	**496,739**	476,665
Raw materials and consumables used	**248,952**	235,001
Employee benefits expenses	**130,681**	121,924
Selling and marketing expenses	**26,803**	23,348
Depreciation and amortisation expenses	**21,675**	15,420
Facility and maintenance expenses	**14,119**	13,673
Professional and consulting expenses	**6,978**	11,031
Freight expenses	**5,445**	6,902
Licences and registrations	**6,857**	5,823
Cloud IT related expenses	**808**	6,191
Impairment of financial assets	**(650)**	1,613
Impairment of non-financial assets	**9,767**	-
Other expenses	**17,777**	16,861
Total expenses	**489,212**	457,787
Earnings before interest and tax	**7,527**	18,878
Interest revenue	**57**	59
Interest expense	**(3,312)**	(5,927)
Net interest expense	**(3,255)**	(5,868)
Profit before tax	**4,272**	13,010
Income tax expense	**(1,476)**	(5,344)
Profit after tax from continuing operations	**2,796**	7,666
Profit from discontinued operations	**4,650**	2,962
Profit for the year	**7,446**	10,628
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net gain/(loss) on hedging instruments entered into for cash flow hedges (net of tax)	**1,429**	(905)
Other comprehensive expense for the period (net of tax)	**1,429**	(905)
Total comprehensive income for the period	**8,875**	9,723

6.2 SUBSIDIARIES (CONT.)

6.2.1 Controlled entities (cont.)

	2021 $'000	Restated 2020 $'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**11,218**	11,231
Receivables	**88,869**	86,375
Inventories	**95,785**	101,192
Tax assets	**11,719**	-
Other assets	**12,241**	8,867
Derivative assets	**423**	12
Disposal group	**-**	30,657
Total current assets	**220,255**	238,334
NON-CURRENT ASSETS		
Property, plant and equipment	**110,365**	115,620
Right-of-use assets	**23,743**	26,667
Goodwill and intangible assets	**62,411**	74,723
Deferred tax assets	**13,199**	10,424
Other financial assets	**5,571**	8,247
Other non-current assets	**546**	-
Total non-current assets	**215,835**	235,681
Total assets	**436,090**	474,015
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**87,677**	79,398
Lease liabilities	**5,632**	7,954
Provisions	**13,945**	14,902
Other liabilities	**274**	391
Disposal group	**-**	6,676
Derivative liabilities	**5**	918
Total current liabilities	**107,533**	110,239
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	**-**	85,000
Lease liabilities	**16,674**	17,614
Deferred tax liabilities	**9,532**	5,251
Provisions	**3,512**	1,538
Other liabilities	**-**	321
Total non-current liabilities	**29,718**	109,724
Total liabilities	**137,251**	219,963
Net assets	**298,839**	254,052
EQUITY		
CAPITAL AND RESERVES		
Issued capital	**196,126**	146,388
Reserves	**7,089**	3,858
Retained earnings	**95,624**	103,806
Total equity	**298,839**	254,052

6.3 JOINT OPERATIONS

During the financial year ended 30 June 2020, Bemore Partnership Pty Ltd was deregistered following suspension of the operations of the partnership in 2018. Blackmores did not enter into any new joint operations during the year ended 30 June 2021.

7 Other

7.1 RELATED PARTY AND KEY MANAGEMENT PERSONNEL DISCLOSURES

7.1.1 Equity interests in subsidiaries

Details of the percentage of ordinary shares held in controlled entities are disclosed in note 6.2 to the Consolidated Financial Statements.

7.1.2 Loan disclosures

There were no loan balances exceeding $0.1m due from Key Management Personnel during or at the end of the financial year (2020: $nil).

7.1.3 Other transactions with Key Management Personnel

Key Management Personnel received dividends on their shareholdings, whether held privately or through related entities or through the employee share plans in the same manner as all ordinary shareholders.

No interest was paid to or received from Key Management Personnel.

7.1.4 Related party transactions

The immediate parent and ultimate controlling party of the Group is Blackmores Limited (incorporated in Australia). Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading transactions

During the year, Group entities did not enter into any trading transactions with related parties that are not members of the Group (2020: $nil).

Other related party transactions

No transactions occurred between the Group and its related parties during the financial year end 30 June 2021.

During the financial year ended 30 June 2020, the following transactions occurred between the Group and its other related parties:

- Fiftyfive5 Pty Ltd, a company of which Brent Wallace is a Director, performed certain consulting services for the Company for which fees of $0.1m were charged. Brent Wallace was a Director of the Group and resigned on 27 October 2020.

Balances with related parties

No balances were outstanding at the end of the financial year with related parties that are not members of the Group (2020: $nil).

7.2 REMUNERATION OF AUDITOR

	2021 $	2020 $
Auditor of the parent entity		
Auditing or reviewing the Financial Statements	**396,969**	455,534
Taxation services	**70,000**	61,000
Other non-audit services[1]	**53,500**	48,500
	520,469	565,034
Network firm of the Parent Company Auditor		
Auditing or reviewing the Financial Statements	**338,713**	322,170
Other non-audit services[1]	**9,039**	55,511
Total	**347,752**	377,681

The auditor of Blackmores Limited is Deloitte Touche Tohmatsu.

1. Other non-audit services is comprised of fees in relation to the provision of consulting services and assurance services.

7.3 CONTINGENT ASSET

During the financial year ended 30 June 2021 a fire at one of the Group's contract manufacturers led to a loss of earnings for the Group and an insurance claim was made in respect of those losses. As at 30 June 2021 the claim was in progress and at the date of the report has not settled. An inflow of economic benefits relating to the impending settlement of this claim is considered by management to be probable, but discussions and related documentation were not sufficiently advanced as at 30 June 2021 to meet the 'virtually certain' requirement as set out in AASB 137.33.

7.4 CONTINGENT LIABILITY

Blackmores has been in discussions with a relevant authority in one of the countries in which it trades pertaining to the historical use of and compliance with export classification codes and related exemptions claimed under free trade agreements between the periods of 2009 to 2014. These discussions have been ongoing for over 5 years. The relevant authority has issued assessments for approximately $10.0m (AUD). In the year ended 30 June 2020, corresponding bank guarantees totalling $10.0m (AUD) were issued by the Group. Blackmores has initiated an appeal process for these assessments. Blackmores considers that it has correctly interpreted and complied with all relevant requirements under the free trade agreement and continues to pursue all legal avenues of objection. It remains unclear when a resolution to this matter will be reached. As at the date of signing, based on current legal advice received no legal liability exists in relation to the assessments under applicable laws of that jurisdiction. A reliable estimate of potential risks or probable outflows, if any, cannot be determined. Accordingly, applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets, no liability has been recorded in the accounts at 30 June 2021.

7.5 EVENTS AFTER THE REPORTING PERIOD

Impact of COVID-19 pandemic

The full impact of the COVID-19 pandemic continues to evolve at the date of this report. Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers and industry. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to accurately estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for future financial periods.

Although the Group cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues it may have a material adverse effect on the Group's results of future operations, financial position and liquidity for future financial periods.

Final dividend

The Directors declared a fully franked final dividend of 42 cents per share on 26 August 2021 as described in note 4.5.

Other than the foregoing, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected or may significantly affect the Group's operations, the result of those operations, or the Group's state of affairs in future years.

7.6 APPROVAL OF FINANCIAL STATEMENTS

The Consolidated Financial Statements were approved by the Board of Directors and authorised for issue on 26 August 2021.

Additional Information

Number of holders of equity securities as at 9 August 2021

Ordinary share capital

19,365,712 fully paid ordinary shares are held by 15,713 shareholders.

All issued ordinary shares carry one vote per share, and are entitled to participate in dividends.

There are no options in existence.

There are no restricted securities.

There is no current on-market buy-back.

Distribution of holders of equity securities

SPREAD OF HOLDINGS	NO. OF ORDINARY SHAREHOLDERS
1 - 1,000	14,213
1,001 - 5,000	1,330
5,001 - 10,000	87
10,001 - 100,000	69
100,001 and over	14
Total	**15,713**
Holdings less than a marketable parcel	599

Substantial shareholders

FULLY PAID ORDINARY SHAREHOLDERS	NUMBER	PERCENTAGE
Marcus C Blackmore	3,659,102	18.89%
FIL Limited	1,759,618	9.09%
AustralianSuper Pty Ltd	1,223,878	6.33%

Twenty largest holders of quoted equity securities as at 9 August 2021

FULLY PAID ORDINARY SHAREHOLDERS	NUMBER	PERCENTAGE
HSBC Custody Nominees (Australia) Limited	3,611,759	18.65
JP Morgan Nominees Australia Limited	2,986,113	15.42
Mr M C Blackmore	2,197,467	11.35
Citicorp Nominees Pty Limited	978,970	5.06
National Nominees Limited	725,702	3.75
Blackmore Foundation Pty Limited	696,535	3.60
BNP Paribas Nominees Pty Ltd (DRP)	238,119	1.23
BNP Paribas Nominees Pty Ltd (Agency Lending A/C)	225,981	1.17
Mrs E M Whellan	150,347	0.78
Mrs P G Wright	122,265	0.63
Rathvale Pty Limited	113,088	0.58
Marcus Blackmore Holdings P/L (Blackmores S/F A/C)	99,589	0.51
Mr R Shepherd	88,179	0.46
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd DRP	56,219	0.29
Netwealth Investments Limited (Wrap Services A/C)	41,974	0.22
BNP Paribas Nominees Pty Ltd SIX SIS Ltd <DRP A/C>	41,422	0.21
Citicorp Nominees Pty Limited (Colonial First State Inv A/C)	40,071	0.21
Powerwrap Limited (Scheme - IML Trades A/C)	38,325	0.20
Mr John Taylor	35,465	0.18
Ms Margaret Dittman	32,191	0.17
Total	**12,519,781**	**64.67**

Company Information

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Online:
www.computershare.com.au/investor

Securities Exchange Listing
Blackmores Limited's ordinary shares are quoted by the Australian Securities Exchange Limited, listing code BKL.

Dividends
Dividends are paid in Australian dollars for shareholders with an Australian registered address on our register.

Dividend payments for shareholders with a New Zealand registered address on our share register will be made by direct credit to their nominated New Zealand domiciled bank or financial institution account.

International shareholders can use Computershare's Global Payments System to receive dividend payments in the currency of their choice at a nominal cost to the shareholder.

Direct credit instructions can be provided contacting the share registry.

Dividend reinvestment plan
Blackmores Limited's Dividend Reinvestment Plan (DRP) is a mechanism to allow shareholders to increase their shareholding in the Company without the usual costs associated with share acquisitions, such as brokerage.

Details of the DRP are available from the Company's website or the share registry

Change of Address
Shareholders who have changed address should advise:

- For broker sponsored holdings, the broker; or
- Other holdings, our share registry

Tax File Number
There may be benefit to shareholders in lodging their tax file number with the share registry.

Shareholder Discount Plan
Shareholders can buy products for personal use at 30% off the recommended retail price. All shareholders have been given details of the plan, but please contact the Company Secretary if you would like more information.

To Consolidate Shareholdings
Shareholders who want to consolidate their separate shareholdings into one account should contact the share registry.

Annual Report Mailing
The Annual Report is available on our website at blackmores.com.au (go to 'Investors', then click on 'Annual Reports').

Shareholders wish to receive a hardcopy Annual Report should contact the share registry.

Corporate Governance Principles
The Corporate Governance Principles adopted by the Board are available on our website at blackmores.com.au (go to 'Investors', then click on 'Corporate Governance') or contact the Company Secretary.

Investor Information
Securities analysts and institutional investors seeking information about the Company should contact Dee Henz Group Financial Controller and Investor Relations Manager on +61 4 1465 4007.

Corporate Governance Principles
The Corporate Governance Principles adopted by the Board are available on our website at blackmores.com.au (go to 'Investors', then click on 'Corporate Governance') or contact the Company Secretary.

COMPANY INFORMATION

Board of Directors
Directors who are Executives of the Group:
Alastair Symington

Directors who are not Executives of the Group:
Anne Templeman-Jones
David Ansell
Wendy Stops
Sharon Warburton

Company Secretary
The Company Secretary is Richard Conway
Email: bklcosec@blackmores.com.au

Auditor
Deloitte Touche Tohmatsu

Blackmores Online
Blackmores website contains information on its products and services and the Company in general. The address is blackmores.com.au.

Glossary

AASB	Australian Accounting Standards Board
ANZ	Australia & New Zealand business units of Blackmores, BioCeuticals and PAW
Brands	Blackmores, BioCeuticals, PAW by Blackmores, Impromy
B2B	Business 2 Business
BCMT	Business Continuity Management Team
BIP	Business Improvement Program
B(More)	Personalised online direct-to-consumer offer launched in March 2021
CAPEX	Capital Expenditures
CEBC	Cross Border E-Commerce
CCR	Cash Conversion Ratio
C&F	Cold and Flu
CMEd	Complementary Medicine Education (CMEd) program for pharmacists across Australia, Malaysia and Thailand by the Blackmores Institute
Consumer Growth Platforms	Core, Modern Parenting, Everyday Mental Wellbeing, Move, Pet Health
COGS	Cost of Goods Sold
CRM	Customer Relationship Management
CY21	Calendar Year
DIFOT	Delivery In Full, On Time
Double 11	Singles Day Chinese shopping festival in November
DPS	Dividend Per Share
DTC	Direct To Consumer
EBIT	Earnings Before Interest and Taxes
EPS	Earnings per Share
ESG	Environmental, Social, Governance
FAR	Fixed Annual Remuneration
FX	Foreign Exchange
FY	Financial Year
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GMV	Gross Merchandise Value
GT	Global Therapeutics
HY	Half Year
H1/H2	First half of the financial year second half of the financial year

Glossary

IBP	Integrated Business Planning
IFRIC	International Financial Reporting Interpretations Committee
Ignite for 2024	Strategic plan for sustainable profitable growth
IP	Intellectual Property
KMP	Key Management Personnel
KPI	Key Performance Indicator
IRR	Internal Rate of Return
LTI	Long Term Incentive
LVP	Leading Value Position internal program to deliver savings and efficiencies across 7 workstreams – plan, source, make, pack, deliver, quality and facilities
MUI	Majelis Ulama Indonesia (MUI) is responsible for imported brand Halal certification
M&A	Mergers & Acquisitions
NMF	No Meaningful Figure
NWC	Net Working Capital
NPAT	Net Profit After Tax
NIR	Near Infrared
NPV	Net Present Value
OPEX	Operating Expenditure
PAW	PAW by Blackmores brand
PCP	Prior Corresponding Period
PP&E	Property, Plant and Equipment
ROIC	Return On Invested Capital
RPA	Receivables Purchasing Arrangement
RTRT	Real Time Release Testing
SPP	Share Purchase Plan
SKU	Stock Keeping Unit
STI	Short Term Incentive
TCFD	Taskforce on Climate-related Financial Disclosures
TGA	Therapeutic Goods Administration Australia
VDS	Vitamins & Dietary Supplements
VMS	Vitamins, Minerals & Supplements
WACC	Weighted Average Cost of Capital

NOTES

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BLACKMORES
GROUP

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