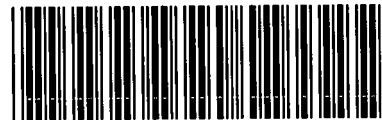


**Feelunique International Limited  
Report and Financial Statements  
For the Year Ended 29 March 2020  
Registered Number 07883226**

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**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

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**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Company Information and Officers**

Directors	Mr L. Elson Mr R. Bensoussan Mr J. Sharp Mr G. Pritchard (appointed 11 September 2019) Mrs S. Miles (appointed 24 September 2020) Mrs R. Scott (appointed 24 September 2020) Mrs I. Bergman (appointed 24 September 2020)
Registered office	Suite 1, 3 <sup>rd</sup> Floor, 11-12 St. James's Square, London SW1Y 4LB
Business address	Feelunique.com 4 <sup>th</sup> Floor Berkshire House 168-173 High Holborn London WC1 7AA
Secretary	Vistra Company Secretaries Limited First Floor, Templeback 10 Temple back Bristol United Kingdom BS1 6FL
Bankers	Royal Bank of Scotland International PO Box 64 Royal Bank House Bath Street St. Helier Jersey JE4 8PJ
Independent Auditors	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham B3 3AX
Registered Number	07883226

# **Feelunique International Limited**

## **Report and Financial Statements for the year ended 29 March 2020**

### **Directors' Report**

The directors present their report and audited consolidated financial statements of Feelunique International Limited ("the Company"), and its subsidiaries (together "the Group") for the year ended March 2020.

### **Incorporation**

The Company was incorporated in England, United Kingdom on 15 December 2011.

### **Principal Activities**

The Group's principal activity is retailing beauty product online trading as feelunique.com.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether for the group and company, international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### **Review of the business and future developments**

A review of the business and future developments is included in the Strategic Report, along with the assessment of going concern.

### **Results**

During the year the Group made a loss for the year after non-recurring items of £9.1m (2019: loss £6.9m). The results for the year are set out in the Consolidated Income Statement on page 10.

# **Feelunique International Limited**

## **Report and Financial Statements for the year ended 29 March 2020**

### **Directors' Report (continued)**

#### **Subsequent events**

In June 2020 the Group's intermediate parent company Feelunique Holding Limited finalised an investment commitment with existing shareholders of up to £7m through a preference share equity raise that can be initiated twice by the Group. In July 2020, 50% of the existing loan and interest accrued on the loan from Palamon Equity was capitalised and 4,819,247 preference shares were issued.

In July 2020 the French distribution centre was closed, and in December 2020 two of the French stores were sold and the remaining two stores and salon were sold.

In October 2020 a £3.5m working capital facility with Barclays was repaid and was replaced with a £3.6m loan facility with a £1m undrawn working facility capital from Global Growth Capital which is in place for 18 months to April 2022 with a 6 month extension at the option of the lender.

#### **Financial Risk Management**

The Group's assessment of financial risk management is set out in note 23 to the financial statements.

#### **Dividend**

No dividend was paid or proposed during the year (2019: £nil).

#### **Directors' indemnities**

Directors' and Officers' insurance cover has been established for all Directors and Officers to provide cover against their reasonable actions on behalf of the Company. The Directors of the Company and the Company's subsidiaries have the benefit of qualifying third-party indemnity provisions, as defined by section 234 of the Companies Act 2006. This provision was in place during the year and remain in force at the date of this report.

#### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Mr. L. Elson  
Mr. R. Bensoussan  
Mr. J. Sharp  
Mr G. Pritchard – Appointed 11 September 2019  
Mr. J. Palix – Resigned 18 June 2019  
Mr. J. Buckle – Resigned 19 December 2019  
Mr. R. Caupers – Resigned 12 September 2019

Three directors were appointed after the year end:

Mrs S. Miles – Appointed 24 September 2020  
Mrs R. Scott – Appointed 24 September 2020  
Mrs I. Bergman – Appointed 24 September 2020

#### **Political donations and political expenditure**

No political donations or political expenditure were made during the year (2019: £nil).

#### **Research and development costs**

The Company incurs costs in researching and developing new website functionality and service offers to customers; any tax benefit relating to successful claims for these costs is recognised in employee expenses in the year.

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Directors' Report (continued)**

**Employees**

Average number of people (including executive directors) employed in the Group:

	2020	2019
	No.	No.
UK	100	96
France	36	35
Asia	2	1
	<u>138</u>	<u>132</u>

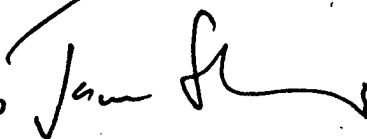
For more details on employees of the Group see note 4 to the financial statements.

**Disclosure of Information to auditors**

Each of the persons who are Directors at the date of approval of this report confirm, that so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board and signed on its behalf by:

Mr James Sharp  
Director



Date: 26 March 2021

# **Feelunique International Limited**

## **Report and Financial Statements for the year ended 29 March 2020**

### **Strategic Report**

#### **Review of the business**

The Group trades as Feelunique.com, a beauty e-commerce platform operating globally with an offer of 35,000 products from 500 brands to customers in over 120 countries through retail and marketplace channels.

Highlights of the financial year ended 29 March 2020 included an improved gross profit margin rate of +170bps at 27.3% (2019: 25.6%) and a 3% saving in non-recurring operating costs, which led to a 13.3% reduction in EBITDA losses (before non-recurring items) to £5.0m loss from £5.8m loss. The current year result was impacted by a Group-wide restructure of the cost base, including the partial sale and closure of the French business unit that led to impairment of goodwill and assets in the business of £1.6m and restructuring costs of £0.2m. The loss for the year was also impacted by increased levels of capitalised internal development costs to support the growth of the business which led to amortisation charges in the year that were £342,000 higher than the prior year. The Group made a loss for the year after non-recurring items of £9.1m (2019: loss £6.9m).

During the financial year, the UK on line beauty market witnessed a higher than usual level of discounting. Feelunique had reduced the level of discounting on its site in the prior year in a strategic move to improve profitability. In 2020, it therefore gave up some sales that ultimately would have reduced the improvement in gross margin that was achieved. The change to reduce the amount of promotion on site and improve the achieved margin led to sales decreasing by 10.9% year on year from £89.4m to £79.7m.

To accelerate the move towards profitability further, the Group completed a cost reduction program in the year which removed £3.4m (on an annualised basis) from the cost base and resulted in £1.8m of non-recurring charges in the year as described above. At the same time investment in the online platform continued with the launch of initiatives like Beauty Kit (luxury sampling service) and Rewards, the loyalty scheme.

With the onset of Covid early in 2020 the shift to online shopping accelerated and the UK market grew by more than 25%. Feelunique was able to build on the decisions taken during the year ended March 2020 and along with continued investment in the online platform achieved sustained profitable growth through the acquisition of over 0.6 million new customers by end December 2020. This shift to shopping for beauty online is expected to be permanent: many consumers have discovered the advantages of shopping on line for the first time. As a result sales grew to the end of December 2020 compared to the same period last year and profitability improved significantly over this period to a positive EBITDA before non-recurring items.

The Group continues to focus on offering the broadest range of products and has seen significant expansion in the marketplace it offers on its site. Since the financial year end, brands have increasingly recognised that the online channel is the fastest growing route to gain new customers and have listed more than 9,000 products on the Feelunique site which enables them to reach more than 1 million active customers that now shop with Feelunique.

The main financial KPIs which are used to monitor performance of the Group are revenue, gross profit margin and EBITDA before non-recurring items which are set out in the Consolidated Income Statement on page 10.

#### **Going concern**

For its day-to-day working capital requirements the Company and the Group uses its cash reserves and borrowings, when required. In October 2020 a £3.5m working capital facility with Barclays was repaid and was replaced with a loan facility with Global Growth Capital which is in place for 18 months to April 2022; further details of this loan facility is included in note 18, and it includes an undrawn £1m working capital facility.

The key factors considered by the Directors in assessing the going concern status of the Company and Group are set out below:

# **Feelunique International Limited**

## **Report and Financial Statements for the year ended 29 March 2020**

### **Strategic Report (continued)**

#### **Going concern (continued)**

1. The results of the forecasts and projections prepared by the Company and Group covering the 18 months to 30 September 2022 (the "forecast") which, taking into account reasonably possible changes in trading performance, show that the Company and Group should be able to operate within the level of its current cash reserves and additional funding that is available through an undrawn equity commitment and a £1m undrawn working capital facility. This is discussed further below.

The forecast was sensitised to reflect the impact of severe but plausible downside scenarios including a flat sales performance year on year or a 12% miss to forecast. This scenario concluded that the Company and Group will be able to manage within its existing cash reserves and the available additional £7m investment from the equity raise and working capital facility set out below. In assessing the downside scenario a number of cost levers were adjusted, for example reducing discretionary marketing spend and elements of overhead that could be quickly reduced.

2. The existence of an undrawn £1.0m working capital facility which is in place until April 2022 with a further 6 month extension available at the option of the lender. The forecast shows that there is no requirement to draw on this facility.

3. At the date of signing these financial statements Palamon Equity, the Company's ultimate parent company, has outstanding loans of £5.0m with the Group; since the year end £1m additional loans were provided by Palamon Equity in April 2020 and £4m of the £8m loans outstanding at the balance sheet date were capitalised and converted into preference share capital in July 2020. The remaining £5m loans accrue interest at 15% and have a repayment date of 31 December 2021. The FY22 budget cash flows include the repayment of this debt. Headroom is at the lowest point following this repayment but remains sufficient in the sensitised model to enable the Company and Group to continue trading as a going concern.

4. In June 2020 an investment commitment was put in place with four of the existing shareholders in the parent company of the Company (Feelunique Holding Limited) which gives the Feelunique Holding group, including the Company, the ability to raise £7m funding through an equity raise that can be called on once or on two occasions after this date. The funding requires shareholder resolution.

Based on the above, the Directors are confident, after making appropriate enquiries, that the cash flow projections support their reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future without need to rely on additional borrowings or further ultimate parent company support, as they consider the likelihood of a severe downside case, for example significant reduction in revenues, to be implausible given the positive trading in FY21 following a consumer shift to online in the beauty market. In any event, the Directors are confident that the ultimate parent company would make available financial resources required to support the going concern status of the Company and Group, if it was required to do so. The Company and Group therefore continues to adopt the going concern basis in preparing its financial statements.

#### **Principal risks and uncertainties**

The growth of the business is dependent on consumers moving from offline to online shopping for Beauty. The availability of products and acquisition of new brands also supports this growth. The following are risks that may impact the Group:

- The progression towards online retail for Beauty products slows or goes into reverse. This would reduce the Group's capacity to grow revenues and achieve profitability. The directors currently see no evidence of this risk being realised and, in contrast, see good long term growth potential from the accelerated consumer shift towards online retail.
- Beauty brands could refuse to supply their products to the Group, undermining a core element of the customer proposition. In order to mitigate this risk, the Group places significant importance on the management of its supplier relationships and ensuring that the premium nature of its suppliers' products is respected throughout the customer experience. During the financial year the Group continued to add to its brand portfolio and the onset of the Covid-19 pandemic saw an increased move by brands to engage with the Group to facilitate online sales of their brands.



## **Feelunique International Limited**

### **Report and Financial Statements for the year ended 29 March 2020**

#### **Strategic Report (continued)**

- The Group could fail to deliver a competitive customer experience, either on the website or in its distribution of products, and so lose market share. The Group mitigates this risk by continually monitoring customer feedback and taking this into account in its service development.
- The Group could fail to maintain adequate controls over customer data, resulting in a security breach. This could result both in financial loss for the Group and a loss of reputation and confidence from its customers. The Group mitigates this risk by continually monitoring its technology environment and employing third parties to test for vulnerability.

#### **Environmental issues**

As an online retailer, the Group's main environmental concern is the use of packaging for the delivery of products to consumers. The Group regularly reviews its packaging to ensure the size and shape of boxes minimises the amount of excess packaging and to ensure that the materials used meet high environmental standards. The cardboard used in the Group's packaging is 100% recycled paper and 100% recyclable; the paper comes from FSC certificated mills; the inks that are used to print the branded cartons are all water based inks and are environmentally friendly.

To protect the product in transit the Group uses either a product called Korvvu® or air cushions. Korvvu® packaging can be easily recycled along with the cardboard boxes in the normal recycling stream and can be reused. Air cushions have been developed according to European guidelines on packaging & packaging waste: EN13427. They are environmentally friendly, 100% recyclable, containing no hazardous substances or heavy metals. The print is water based ink and odour free. All inflated air cushions are also suitable for re-use.

#### **Section 172 statement**

The directors consider that the following groups are the Group's key stakeholders and seeks to understand each of their interests to ensure they are properly considered in the Board's decisions.

- **Employees** – In the year an employee engagement survey was undertaken with the results and subsequent follow-ups and actions shared with the Board and the employees, to ensure their interests are heard and acted upon. Employees receive regular updates on performance and strategy from the CEO and other members of the senior management team. The HR Director regularly updates the Board on employee-related matters including retention, engagement, diversity, training, disciplinary and grievances, pay and reward.
- **Investors** – Investors receive regular updates on the performance and strategy of the company, and there is direct dialogue between the directors and shareholders to ensure their feedback is heard.
- **Suppliers** – as mentioned in risks, the Group and Directors place significant importance on supplier relationships. The Board is regularly updated on key contracts and have some involvement in key relationships.
- **Customers** – the customer offering and experience is critical to the success of the business and therefore is closely monitored from landing on the website to receiving their order and any ongoing customer care. Regular updates are provided to the board on customer metrics and feedback.
- **Community and environment** – the Board supports and encourages initiatives to reduce adverse impacts on the environment, with a focus on packaging as discussed in environmental issues above. The Board also supports the Group's goals in supporting communities that are aligned with the Group's values.

#### **Future developments**

The directors expect the general level of activity to continue to grow, supported by acquisition of new brands, new channels and new customers and the acceleration of the growth in the online beauty market. This is discussed further in the review of the business.

Approved by the Board and signed on its behalf by:

Mr James Sharp  
Director



Date: 26 March 2021

# **Feelunique International Limited**

## **Report and Financial Statements for the year ended 29 March 2020**

### **Independent auditors' report to the members of Feelunique International Limited**

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Feelunique International Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 29 March 2020 and of the group's loss and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 29 March 2020; the Consolidated Income Statement and statement of comprehensive income, the Consolidated and Company cash flow statements, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

---

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

---

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# **Feelunique International Limited**

## **Report and Financial Statements for the year ended 29 March 2020**

### **Independent auditors' report to the members of Feelunique International Limited (continued)**

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 29 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability 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 the company or to cease operations, or have no realistic alternative but to do so.

##### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Skedgel (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
26 March 2021

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Consolidated Income Statement**

**For the year ended 29 March 2020**

	<b>Note</b>	<b>Before non-recurring items 29 March 2020 £'000</b>	<b>Non-recurring items 29 March 2020 £'000</b>	<b>After non-recurring items 29 March 2020 £'000</b>	<b>29 March 2019 £'000</b>
Revenue		79,658	-	79,658	89,400
Cost of sales		(57,873)	-	(57,873)	(66,470)
<b>Gross profit</b>		<b>21,785</b>	<b>-</b>	<b>21,785</b>	<b>22,930</b>
Selling and distribution costs		(9,270)	-	(9,270)	(9,986)
Administrative expenses	<b>3</b>	(19,284)	(1,816)	(21,100)	(19,437)
Total operating costs		(28,554)	(1,816)	(30,370)	(29,423)
<b>Operating loss</b>	<b>4</b>	<b>(6,769)</b>	<b>(1,816)</b>	<b>(8,585)</b>	<b>(6,493)</b>
Finance costs	<b>6</b>	(491)	-	(491)	(406)
<b>Loss before taxation</b>		<b>(7,260)</b>	<b>(1,816)</b>	<b>(9,076)</b>	<b>(6,899)</b>
Income tax expense	<b>7</b>	-	-	-	(34)
<b>Loss for the year</b>		<b>(7,260)</b>	<b>(1,816)</b>	<b>(9,076)</b>	<b>(6,933)</b>

The notes on pages 18 to 39 form part of these financial statements.

Operating loss before non-recurring items for the year reconciled to earnings before interest, tax, depreciation and amortisation before non-recurring items ("EBITDA"):

	<b>Year ended 29 March 2020 £'000</b>	<b>Year ended 29 March 2019 £'000</b>
Operating loss before non-recurring items	(6,769)	(6,493)
Depreciation and amortisation (within Administrative expenses)	1,720	667
<b>Earnings before interest, taxation, depreciation and amortisation ("EBITDA") before non-recurring items</b>	<b>(5,049)</b>	<b>(5,826)</b>

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Consolidated statement of comprehensive income**

**For the year ended 29 March 2020**

	<b>March 2020</b> <b>£'000</b>	<b>March 2019</b> <b>£'000</b>
Loss for the year	<b>(9,076)</b>	(6,933)
Other comprehensive income:		
Exchange differences on translation of foreign operations	<b>34</b>	61
Other comprehensive income for the year that may subsequently be reclassified to profit or loss, net of tax	<b>34</b>	61
<b>Total comprehensive expense for the year net of tax</b>	<b>(9,042)</b>	(6,872)

The notes on pages 18 to 39 form an integral part of these consolidated financial statements.

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

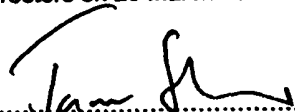
**Consolidated Balance Sheet**

**As at 29 March 2020**

	Note	29 March 2020 £'000	29 March 2019 £'000
<b>Non-current assets</b>			
Intangible assets	9	798	2,146
Property, Plant and Equipment	10	256	568
Right of use assets	11	1,995	-
		<b>3,049</b>	<b>2,714</b>
<b>Current assets</b>			
Inventories	13	7,002	9,922
Trade and other receivables	14	4,998	5,606
Cash and cash equivalents	15	2,074	2,377
Amounts due from group companies	16	720	493
		<b>14,794</b>	<b>18,398</b>
<b>Total assets</b>		<b>17,843</b>	<b>21,112</b>
<b>Equity</b>			
Share capital	17	-	-
Foreign currency translation reserve		556	522
Accumulated losses		(41,266)	(32,190)
<b>Total equity attributable to equity holders of the Company</b>		<b>(40,710)</b>	<b>(31,668)</b>
<b>Current liabilities</b>			
Borrowings	18	3,575	3,965
Trade and other payables	19	14,489	13,851
Lease liabilities	11	948	-
Amounts due to group companies	21	38,536	34,964
		<b>57,548</b>	<b>52,780</b>
<b>Non-current liabilities</b>			
Lease liabilities	11	1,005	-
<b>Total liabilities</b>		<b>58,553</b>	<b>52,780</b>
<b>Total equity and liabilities</b>		<b>17,843</b>	<b>21,112</b>

The notes on pages 18 to 39 form part of these financial statements.

The financial statements on pages 10 to 39 were approved and authorised for issue by the board of directors on 28 March 2021 and were signed on its behalf by:

  
 .....  
 Mr James Sharp  
 Director

Registered number 07883226

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Consolidated statement of changes in equity**

**For the year ended 29 March 2020**

	<b>Share Capital £'000 (Note 17)</b>	<b>Accumulated losses £'000</b>	<b>Foreign Currency Translation Reserve £'000</b>	<b>Total Equity £'000</b>
<b>Balance as at 1 April 2018</b>	-	<b>(25,257)</b>	<b>461</b>	<b>(24,796)</b>
Loss for the year	-	(6,933)	-	(6,933)
Other comprehensive income	-	-	61	61
<b>Total comprehensive expense</b>	-	<b>(6,933)</b>	<b>61</b>	<b>(6,872)</b>
<b>Balance as at 29 March 2019</b>	-	<b>(32,190)</b>	<b>522</b>	<b>(31,668)</b>
Loss for the year	-	(9,076)	-	(9,076)
Other comprehensive income	-	-	34	34
<b>Total comprehensive expense</b>	-	<b>(9,076)</b>	<b>34</b>	<b>(9,042)</b>
<b>Balance as at 29 March 2020</b>	-	<b>(41,266)</b>	<b>556</b>	<b>(40,710)</b>

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Consolidated cash flow statement**

**For the year ended 29 March 2020**

	<b>Note</b>	<b>29 March 2020 £'000</b>	<b>29 March 2019 £'000</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	<b>22</b>	<b>1,822</b>	<b>3,008</b>
Interest paid		<b>(250)</b>	<b>(355)</b>
<b>Net cash generated from operating activities</b>		<b>1,572</b>	<b>2,653</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(75)</b>	<b>(145)</b>
Purchase of intangible assets		<b>(398)</b>	<b>(604)</b>
<b>Net cash used in investing activities</b>		<b>(473)</b>	<b>(749)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		<b>(500)</b>	<b>-</b>
Principal element of lease payments		<b>(902)</b>	<b>-</b>
<b>Net cash used in financing activities</b>		<b>(1,402)</b>	<b>-</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(303)</b>	<b>1,904</b>
Cash and cash equivalents at the beginning of the year		<b>2,377</b>	<b>473</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>15</b>	<b>2,074</b>	<b>2,377</b>



**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Company Balance Sheet**

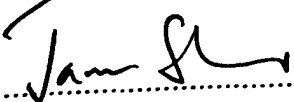
**As at 29 March 2020**

	Note	29 March 2020 £'000	29 March 2019 £'000
<b>Non-current assets</b>			
Intangible assets	9	708	1,399
Property, Plant and Equipment	10	200	213
Right of use assets	11	1,762	-
Investment in subsidiaries	12	-	1,104
		<b>2,670</b>	<b>2,716</b>
<b>Current assets</b>			
Inventories	13	5,856	7,802
Trade and other receivables	14	4,450	5,216
Cash and cash equivalents	15	1,920	2,312
Amounts due from group companies	16	1,780	1,854
		<b>14,006</b>	<b>17,184</b>
<b>Total assets</b>		<b>16,676</b>	<b>19,900</b>
<b>Equity</b>			
Share capital	17	-	-
Accumulated losses		(40,859)	(32,032)
<b>Total equity attributable to equity holders of the Company</b>		<b>(40,859)</b>	<b>(32,032)</b>
<b>Current liabilities</b>			
Borrowings	18	3,575	3,965
Trade and other payables	19	13,414	12,693
Lease liabilities	11	718	-
Amounts due to group companies	21	38,822	35,274
		<b>56,529</b>	<b>51,932</b>
<b>Non-current liabilities</b>			
Lease liabilities	11	1,006	-
<b>Total liabilities</b>		<b>57,535</b>	<b>51,932</b>
<b>Total equity and liabilities</b>		<b>16,676</b>	<b>19,900</b>

The notes on pages 18 to 39 form part of these financial statements.

Feelunique International Limited has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account. The Company loss recognised for the year was £8.8m (2019: £7.1m).

The financial statements on pages 10 to 39 were approved and authorised for issue by the board of directors on 26 March 2021 and were signed on its behalf by:

  
 .....  
 Director  
 Mr James Sharp

Registered number 07883226

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Company statement of changes in equity**

**For the year ended 29 March 2020**

	<b>Share Capital £'000 (Note 17)</b>	<b>Accumulated losses £'000</b>	<b>Total Equity £'000</b>
<b>Balance as at 1 April 2018</b>	-	<b>(24,963)</b>	<b>(24,963)</b>
Loss for the year	-	(7,069)	(7,069)
<b>Total comprehensive expense</b>	-	<b>(7,069)</b>	<b>(7,069)</b>
<b>Balance as at 29 March 2019</b>	-	<b>(32,032)</b>	<b>(32,032)</b>
Loss for the year	-	(8,827)	(8,827)
<b>Total comprehensive expense</b>	-	<b>(8,827)</b>	<b>(8,827)</b>
<b>Balance as at 29 March 2020</b>	-	<b>(40,859)</b>	<b>(40,859)</b>

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Company cash flow statement**

**For the year ended 29 March 2020**

	<b>Note</b>	<b>29 March 2020 £'000</b>	<b>29 March 2019 £'000</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	<b>22</b>	<b>1,518</b>	3,026
Interest paid		<b>(249)</b>	(355)
<b>Net cash generated from operating activities</b>		<b>1,269</b>	2,671
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(45)</b>	(88)
Purchase of intangible assets		<b>(397)</b>	(604)
<b>Net cash used in investing activities</b>		<b>(442)</b>	(692)
<b>Cash flows from financing activities</b>			
Repayment of borrowings		<b>(500)</b>	-
Principal element of lease payments		<b>(719)</b>	-
<b>Net cash used in financing activities</b>		<b>(1,219)</b>	-
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(392)</b>	1,979
Cash and cash equivalents at the beginning of the year		<b>2,312</b>	333
<b>Cash and cash equivalents at the end of the year</b>	<b>15</b>	<b>1,920</b>	2,312

# **Feelunique International Limited**

## **Report and Financial Statements for the year ended 29 March 2020**

### **Notes to the financial statements**

#### **1. General information**

The consolidated financial statements of Feelunique International Limited ("the Company") and its subsidiaries (collectively, "the Group") for the year from 30 March 2019 to 29 March 2020, hereafter referred to as the year ended 29 March 2020, were authorised for issue in accordance with a resolution of the directors on 26 March 2021. The comparative year is the year ended 29 March 2019.

Feelunique International Limited ("the Company") is a private company limited by shares incorporated and domiciled in England, UK. The registered office is Suite 1, 3rd Floor, 11-12 St James's Square, London, SW1Y 4LB.

The Company's principal activity is that of an online retailer selling cosmetics and fragrances and its website name is "feelunique.com".

#### **2. Summary of significant accounting policies**

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **i) Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. The consolidated and company financial statements have been prepared under the historical cost convention. The Company has taken advantage of the exemption in Section 408 of the Companies Act from disclosing its individual Income Statement.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.iv.

##### **ii) Changes in accounting policies and disclosures**

###### **(a) New and amended standards adopted by the Group**

IFRS 16 "Leases" is effective for all accounting years on or after 1 January 2019 and therefore was adopted from 30 March 2019. The Group has a portfolio of leased properties, including office space and stores. On adoption of IFRS 16, those lease agreements gave rise to both a right of use asset and a lease liability for future leases payable. The right of use asset will be depreciated on a straight-line basis over the life of the asset. Interest will be recognised on the lease liability, resulting in a higher interest expense in the earlier years of the lease term. The total expense recognised in the income statement over the life of the lease will be unaffected by the new IFRS standard.

The Group have used the modified retrospective approach for adoption, and therefore comparatives will not be restated. The changes as a result of adopting IFRS 16 are disclosed in notes 11 and 28.

# **Feelunique International Limited**

## **Report and Financial Statements for the year ended 29 March 2020**

### **Notes to the financial statements (continued)**

#### **2. Summary of significant accounting policies (continued)**

##### **ii) Changes in accounting policies and disclosures (continued)**

###### **(b) New standards and interpretations not yet adopted**

There are no new standards, interpretations and amendments that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

##### **iii) Business combinations**

The Group applies the acquisition method for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any assets or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

##### **iv) Significant accounting estimates and judgements**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

##### **Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

##### **Going concern**

For its day-to-day working capital requirements the Company and the Group uses its cash reserves and borrowings, when required. In October 2020 a £3.5million working capital facility with Barclays was repaid and was replaced with a loan facility with Global Growth Capital which is in place for 18 months to April 2022; further details of this loan facility is included in note 18, and it includes an undrawn £1m working capital facility.

The key factors considered by the Directors in assessing the going concern status of the Company and Group are set out below:

1. The results of the forecasts and projections prepared by the Company and Group covering the 18 months to 30 September 2022 (the "forecast") which, taking into account reasonably possible changes in trading performance, show that the Company and Group should be able to operate within the level of its current cash reserves and additional funding that is available through an undrawn equity commitment and a £1m undrawn working capital facility. This is discussed further below.

# **Feelunique International Limited**

## **Report and Financial Statements for the year ended 29 March 2020**

### **Notes to the financial statements (continued)**

#### **2. Summary of significant accounting policies (continued)**

##### **iv) Significant accounting estimates and judgements (continued)**

##### **Going concern (continued)**

The forecast was sensitised to reflect the impact of severe but plausible downside scenarios including a flat sales performance year on year or a 12% miss to forecast. This scenario concluded that the Company and Group will be able to manage within its existing cash reserves and the available additional £7m investment from the equity raise and working capital facility set out below. In assessing the downside scenario a number of cost levers were adjusted, for example reducing discretionary marketing spend and elements of overhead that could be quickly reduced.

2. The existence of an undrawn £1.0m working capital facility which is in place until April 2022 with a further 6 month extension available at the option of the lender. The forecast shows that there is no requirement to draw on this facility.

3. At the date of signing these financial statements Palamon Equity, the Company's ultimate parent company, has outstanding loans of £5.0m with the Group; since the year end £1m additional loans were provided by Palamon Equity in April 2020 and £4m of the £8m loans outstanding at the balance sheet date were capitalised and converted into preference share capital in July 2020. The remaining £5m loans accrue interest at 15% and have a repayment date of 31 December 2021. The FY22 budget cash flows include the repayment of this debt. Headroom is at the lowest point following this repayment but remains sufficient in the sensitised model to enable the Company and Group to continue trading as a going concern.

4. In June 2020 an investment commitment was put in place with four of the existing shareholders in the parent company of the Company (Feelunique Holding Limited) which gives the Feelunique Holding group, including the Company, the ability to raise £7m funding through an equity raise that can be called on once or on two occasions after this date. The funding requires shareholder resolution.

Based on the above, the Directors are confident, after making appropriate enquiries, that the cash flow projections support their reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future without need to rely on additional borrowings or further ultimate parent company support, as they consider the likelihood of a severe downside case, for example significant reduction in revenues, to be implausible given the positive trading in FY21 following a consumer shift to online in the beauty market. In any event, the Directors are confident that the ultimate parent company would make available financial resources required to support the going concern status of the Company and Group, if it was required to do so. The Company and Group therefore continues to adopt the going concern basis in preparing its financial statements.

##### **Estimates and assumptions**

##### Deferred tax

At the year end a review was undertaken regarding the level of losses being carried forward by each group entity and what opportunities the Group has available to it to optimise its tax position going forwards. It was noted that a deferred tax asset should be recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. The Group has losses to carry forward and the directors have considered whether a Deferred Tax Asset should be recognised in the financial statements. The directors have considered the financial projections for the foreseeable future and are of the view that a deferred tax asset should not be recognised in these financial statements due to the fact that the Group continues to work through some investment projects which may affect the point at which the Group will generate taxable profits.

# **Feelunique International Limited**

## **Report and Financial Statements for the year ended 29 March 2020**

### **Notes to the financial statements (continued)**

#### **2. Summary of significant accounting policies (continued)**

##### **v) Revenue recognition**

Revenue is recognised when control of the goods are transferred to the customer i.e. on delivery of the products. Revenue represents the fair value of amounts receivable for goods and services and is stated net of discounts, value added taxes, and customer refunds.

Product sales provide customers with a right of return within a specified period and are therefore deemed to be variable under IFRS 15. The Group uses the expected value method to estimate the value of goods that will be returned.

For the small number of credit transactions in the stores, revenue is recognised at the point the invoice is raised, which is when the performance obligation is met.

The Directors review revenue as split between online and offline at the Group level and not at the company level. Offline revenue was 3.3% of total revenue (2019: 3.0%).

Marketing Partnership income is earned when the company delivers specified marketing campaigns on behalf of suppliers where revenue is recognised at the point at which the contractual obligations have been delivered for the supplier.

##### **vi) Retro and supplier credit income recognition**

Cost of sales includes the value of retro income received and receivable from certain suppliers. This retro income is earned when the Group meets specified supplier purchase targets during the calendar year. The Group recognises this income in the consolidated Income Statement when the retro qualifying stock has been sold to customers.

##### **vii) Non-recurring items**

Non-recurring items are those items which are unusual because of their size, nature or incidence. The Group's board consider that these items should be separately identified within their relevant statement of comprehensive income category to enable a full understanding of the Group's results.

##### **viii) Foreign currencies**

The Group's consolidated financial statements are presented in sterling which is the Group's functional and presentational currency.

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

##### **ix) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet.
- (ii) income and expenses for each income statement are translated at average exchange rate.
- (iii) all resulting exchange differences are recognised in other comprehensive income and in the Foreign Currency Translation Reserve in the Consolidated statement of changes in equity.

# **Feelunique International Limited**

## **Report and Financial Statements for the year ended 29 March 2020**

### **Notes to the financial statements (continued)**

#### **2. Summary of significant accounting policies (continued)**

##### **ix) Group companies (continued)**

A subsidiary investment is an entity controlled by the Group. Control is achieved when the Group is exposed, or has rights to variable returns from its involvement with investees, and has the ability to affect those returns through its power, directly or indirectly, over the investee.

Intercompany transactions and balances between Group companies are eliminated on consolidation. Unrealised gains/losses are also cancelled unless the transaction provides evidence of an impairment of an asset transferred.

The financial statements of all the subsidiary undertakings are prepared at the same reporting date as the Company and have all been consolidated. The subsidiaries of the Group are set out in note 12.

##### **x) Property Plant and Equipment**

Property, plant and equipment is recognised at historical cost less depreciation.

The depreciation on property, plant and equipment is calculated on a straight-line basis, to write down the cost to the estimated residual value over the estimated useful economic life of the asset. Carrying value is determined as being the historical cost less depreciation

The depreciation rates applied during the year were as follows:

	Rate %
Leasehold property improvements	20%
Plant & equipment	20%
Fixtures & fittings	10%
Computer equipment	33%
Motor vehicles	25%

The assets' residual value and useful lives are reviewed and adjusted if appropriate at the end of each reporting year. Impairment reviews are carried out on assets whenever an indication of impairment becomes apparent. An asset's carrying value is written down immediately to its recoverable value if lower than its carrying value. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Administrative Expenses" in the Income Statement.

##### **xi) Intangible assets**

###### **(a) Computer software**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

Third party acquired computer software is also recognised as intangible assets.



# **Feelunique International Limited**

## **Report and Financial Statements for the year ended 29 March 2020**

### **2. Summary of significant accounting policies (continued)**

#### **xi) Intangible assets (continued)**

The amortisation on computer software is calculated on the straight line basis, to write down its cost to its estimated residual value over its estimated useful economic life. Carrying value is determined as being the historic cost less amortisation. The amortisation rate applied during the year was 20 - 33%, depending on the useful economic life of the asset.

#### **(b) Website**

The cost of acquisition of the website "feelunique.com" is capitalised and shown at cost. This cost reflects the cost of purchase of the website address names and the associated goodwill at the time for purchase. The intangible asset is written off over 20 years to the income statement from the date of acquisition, 1 February 2008.

#### **(c) Goodwill**

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired.

Goodwill is initially recognised as an asset at cost and is reviewed for impairment at least annually. Goodwill is subsequently measured at cost less any accumulated impairment losses. An impairment charge is recognised in profit or loss for any amount by which the carrying value of goodwill exceeds its recoverable amount.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

For acquisitions prior to 3 April 2010 costs directly attributable to business combinations formed part of the consideration payable when calculating goodwill.

Adjustments to contingent consideration, and therefore the consideration payable and goodwill, are made at each reporting date until the consideration is finally determined. Acquisitions after this date fall under the provisions of 'Revised IFRS 3 Business Combinations (2009)'. These acquisition transaction costs, other than share and debt issue costs, will be expensed as incurred and subsequent adjustments to the fair value of consideration payable will be recognised in profit or loss.

#### **xii) Inventories**

Inventory is valued by the directors at the lower of cost and net realisable value. Net realisable value is the price at which inventory can be sold in the normal course of business after allowing for the costs of realisation. The inventory value in the consolidated balance sheet is the cost price less inventory provisions and retro income attributable to qualifying inventory unsold at the year end.

#### **xiii) Pensions**

The Group operates a Defined Contribution scheme. A defined contribution scheme is a pension plan under which the Group and its employees pays fixed contributions into a third party investment pension fund. The cost to the Group of these contributions is recognised within administrative expenses in the Income Statement. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

#### **xiv) Financial instruments**

Loans are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current liabilities under "Borrowings".

Equity instruments issued by the Company are recorded as the proceeds are received, net of direct issue costs.

# **Feelunique International Limited**

## **Report and Financial Statements for the year ended 29 March 2020**

### **Notes to the financial statements (continued)**

#### **2. Summary of significant accounting policies (continued)**

##### **xiv) Financial instruments (continued)**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective rate of interest.

Cash and cash equivalents comprise cash at bank and in hand, including short term deposits with a maturity date of three months or less.

Trade receivables are recognised initially at fair value and subsequently are held at amortised cost, less any impairment losses calculated in line with IFRS 9.

##### **xv) Investments**

Investments in subsidiary undertakings are stated at the original cost of the investment. Provision is made against cost where, in the opinion of the Directors, the value of the investment is impaired.

##### **xvi) Lease accounting**

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is present where a contract conveys the right to use an asset over a period of time in exchange for consideration. Where a lease is identified the Group recognises a right-of-use asset and a corresponding lease liability, except for short-term leases (where the lease term is 12 months or less) and leases of low value assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted at the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments such as those that depend on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification. When the lease liability is re-measured, an equivalent adjustment is made to the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The right-of-use asset comprises the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the asset, or the end of the lease term.

For short-term leases and low value assets, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

##### **xvii) Provisions**

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event and the cost to settle the obligation are both probable and able to be reliably measured. Provisions are recognised at the fair value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year.

# **Feelunique International Limited** **Report and Financial Statements for the year ended 29 March 2020**

## **Notes to the financial statements (continued)**

### **2. Summary of significant accounting policies (continued)**

#### **xviii) Borrowings**

Current borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the year of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a re-payment for liquidity services and amortised over the year of the facility to which it relates.

#### **xix) Taxation**

The charge for taxation is based on the net income for the year. Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, to the extent that it is probable that future taxable profits will be available for utilisation. Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### **3. Non-recurring costs**

	Group 29 March 2020 £'000	Group 29 March 2019 £'000
Impairment of goodwill relating to France S.A.S and Beautyst	943	-
Impairment of assets held in France	678	-
Restructuring costs in France	56	-
Restructuring costs in UK	139	-
<b>Total non-recurring costs</b>	<b>1,816</b>	<b>-</b>

A restructure of the business was initiated in the financial year ended 29 March 2020. Prior to the year end, it was decided to close the French distribution centre and investigations had been started as to the future of the stores in France. This led to an impairment review being carried out and the above impairment charges being recognised in the Income Statement in relation to the goodwill and assets.

A further review of the teams in the UK led to certain positions being made redundant.

# **Feelunique International Limited** **Report and Financial Statements for the year ended 29 March 2020**

## **Notes to the financial statements (continued)**

### **4. Operating loss**

Operating loss is arrived at for the year after charging/(crediting) the following expenses/(income) as categorised by nature:

	<b>Group</b> <b>29 March 2020</b> <b>£'000</b>	<b>Group</b> <b>29 March 2019</b> <b>£'000</b>
Operating lease costs	23	921
Depreciation on tangible assets	162	206
Depreciation of right of use assets	755	-
Impairment charges on property, plant and equipment	236	-
Amortisation – intangible assets	803	461
Impairment of goodwill	943	-
Foreign exchange gains	(470)	(438)
Inventories recognised in cost of sales	50,769	58,726
Inventory written off	685	400

The aggregated remuneration for all Group employees including directors comprised:

	<b>Group</b> <b>29 March</b> <b>2020</b> <b>£'000</b>	<b>Group</b> <b>29 March</b> <b>2019</b> <b>£'000</b>	<b>Company</b> <b>29 March</b> <b>2020</b> <b>£'000</b>	<b>Company</b> <b>29 March</b> <b>2019</b> <b>£'000</b>
Wages and salaries	4,673	4,348	3,330	2,930
Pension contributions – Defined contribution	195	178	106	97
Social security costs	876	894	520	512
Termination benefits	195	-	139	-
	<b>5,939</b>	<b>5,420</b>	<b>4,095</b>	<b>3,539</b>
Directors' emoluments	1,169	1,169	1,169	1,169
<b>Total wages and staff related costs</b>	<b>7,108</b>	<b>6,589</b>	<b>5,264</b>	<b>4,708</b>

During the year retirement benefits were accruing to no directors (2019: none) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £378,965 (2019: £413,718). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,625 (2019: £10,044).

Average number of employees during the year:

	<b>Group</b> <b>29 March</b> <b>2020</b> <b>number</b>	<b>Group</b> <b>29 March</b> <b>2019</b> <b>number</b>	<b>Company</b> <b>29 March</b> <b>2020</b> <b>number</b>	<b>Company</b> <b>29 March</b> <b>2019</b> <b>number</b>
	138	132	100	96

Average number of people (including executive directors) employed:

Selling and distribution	102	97	100	96
Operations	36	35	-	-
<b>Total</b>	<b>138</b>	<b>132</b>	<b>100</b>	<b>96</b>
By location:				
United Kingdom	100	96	100	96
France	36	35	-	-
Asia	2	1	-	-
<b>Total</b>	<b>138</b>	<b>132</b>	<b>100</b>	<b>96</b>

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Notes to the financial statements (continued)**

**5. Auditors' remuneration**

	<b>29 March 2020</b> <b>£'000</b>	<b>29 March 2019</b> <b>£'000</b>
Fees payable to Company's auditors and their associates for the audit of parent company and consolidated financial statements	<b>60</b>	55
Fees payable to Company's auditors and their associates for other services:		
Audit-related assurance service	-	-
Tax compliance service	<b>9</b>	-
	<b>69</b>	55

**6. Finance costs**

	<b>29 March 2020</b> <b>£'000</b>	<b>29 March 2019</b> <b>£'000</b>
Bank interest and charges	<b>383</b>	406
Interest on lease liabilities	<b>108</b>	-
	<b>491</b>	406

**7. Income tax expense**

	<b>29 March 2020</b> <b>£'000</b>	<b>29 March 2019</b> <b>£'000</b>
<b>Current tax:</b>		
Current tax on loss for the year	-	34
Total current tax	-	34
	<b>29 March 2020</b> <b>£'000</b>	<b>29 March 2019</b> <b>£'000</b>
Loss before tax	<b>(9,076)</b>	(6,899)
Tax calculated at the tax rates applicable (blended rate 20.1%; 2019: 19.2%)	<b>(1,823)</b>	(1,325)
Tax effects of:		
Effect of higher tax rates in foreign jurisdictions	-	34
Losses created in the year	<b>1,823</b>	1,325
<b>Tax charge</b>	-	34

The Feelunique International Limited Group consists of Feelunique International Limited, which is subject to UK corporation tax, its French subsidiary, Feelunique France SAS, being subject to French company taxation, and Feelunique International Asia Limited, being subject to Hong Kong company taxation. The Company is subject to UK corporation tax rate of 19%. Feelunique France SAS corporate income tax in France is at a rate of 33.3%. Feelunique International Asia Limited in Hong Kong is at a rate of 0%.

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. This change was not substantively enacted at the balance sheet date and hence has not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that this change will have a material impact on the company's deferred tax balances.

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Notes to the financial statements (continued)**

**8. Deferred tax**

The directors have considered whether a deferred tax asset should be recognised in these financial statements and performed a review of the financial projections for the next few years.

The value of the estimated deferred tax asset not yet recognised is in the sum of £6.0m (2019:£5.0m) all from trading losses; no deferred tax asset has been recognised at 29 March 2020 as the directors cannot assess with certainty when taxable profits will arise.

**9. Intangible assets**

<b>Group</b>	<b>Computer software £'000</b>	<b>Feelunique.com website £'000</b>	<b>Goodwill £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 30 March 2019	2,385	57	1,034	3,476
Additions	398	-	-	398
<b>At 29 March 2020</b>	<b>2,783</b>	<b>57</b>	<b>1,034</b>	<b>3,874</b>
<b>Accumulated amortisation</b>				
At 30 March 2019	1,313	17	-	1,330
Charge for the year	792	11	-	803
Impairment	-	-	943	943
<b>At 29 March 2020</b>	<b>2,105</b>	<b>28</b>	<b>943</b>	<b>3,076</b>
<b>Net book value</b>				
<b>At 29 March 2020</b>	<b>678</b>	<b>29</b>	<b>91</b>	<b>798</b>
At 29 March 2019	1,072	40	1,034	2,146

Prior year:

	<b>Computer software £'000</b>	<b>Feelunique.com website £'000</b>	<b>Goodwill £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 April 2018	1,796	42	1,034	2,872
Additions	589	15	-	604
<b>At 29 March 2019</b>	<b>2,385</b>	<b>57</b>	<b>1,034</b>	<b>3,476</b>
<b>Accumulated amortisation</b>				
At 1 April 2018	863	6	-	869
Charge for the year	450	11	-	461
<b>At 29 March 2019</b>	<b>1,313</b>	<b>17</b>	<b>-</b>	<b>1,330</b>
<b>Net book value</b>				
<b>At 29 March 2019</b>	<b>1,072</b>	<b>40</b>	<b>1,034</b>	<b>2,146</b>
At 31 March 2018	933	36	1,034	2,003

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Notes to the financial statements (continued)**

**9. Intangible assets (continued)**

**Company**

	<b>Computer software £'000</b>	<b>Feelunique.com website £'000</b>	<b>Goodwill £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 30 March 2019	2,385	57	287	2,729
Additions	397	-	-	397
<b>At 29 March 2020</b>	<b>2,782</b>	<b>57</b>	<b>287</b>	<b>3,126</b>
<b>Accumulated amortisation</b>				
At 30 March 2019	1,313	17	-	1,330
Charge for the year	790	11	-	801
Impairment charge	-	-	287	287
<b>At 29 March 2020</b>	<b>2,103</b>	<b>28</b>	<b>287</b>	<b>2,418</b>
<b>Net book value</b>				
<b>At 29 March 2020</b>	<b>679</b>	<b>29</b>	<b>-</b>	<b>708</b>
At 29 March 2019	1,072	40	287	1,399

**Prior year:**

	<b>Computer software £'000</b>	<b>Feelunique.com website £'000</b>	<b>Goodwill £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 April 2018	1,560	278	287	2,125
Additions	589	15	-	604
Transfers	236	(236)	-	-
<b>At 29 March 2019</b>	<b>2,385</b>	<b>57</b>	<b>287</b>	<b>2,729</b>
<b>Accumulated amortisation</b>				
At 1 April 2018	805	64	-	869
Charge for the year	450	11	-	461
Transfers	58	(58)	-	-
<b>At 29 March 2019</b>	<b>1,313</b>	<b>17</b>	<b>-</b>	<b>1,330</b>
<b>Net book value</b>				
<b>At 29 March 2019</b>	<b>1,072</b>	<b>40</b>	<b>287</b>	<b>1,399</b>
At 31 March 2018	755	214	287	1,256

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Notes to the financial statements (continued)**

**10. Property, plant and equipment**

<b>Group</b>	<b>Motor vehicles £'000</b>	<b>Fixtures &amp; fittings £'000</b>	<b>Computer equipment £'000</b>	<b>Leasehold improvements £'000</b>	<b>Plant &amp; equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>						
At 30 March 2019	9	311	387	564	14	1,285
Additions	-	31	33	10	1	75
Foreign currency adjustment	-	2	2	18	-	22
<b>At 29 March 2020</b>	<b>9</b>	<b>344</b>	<b>422</b>	<b>592</b>	<b>15</b>	<b>1,382</b>
<b>Accumulated depreciation</b>						
At 30 March 2019	9	148	310	246	4	717
Charge for the year	-	29	48	82	3	162
Impairment loss	-	-	-	236	-	236
Foreign currency adjustment	-	2	1	8	-	11
<b>At 29 March 2020</b>	<b>9</b>	<b>179</b>	<b>359</b>	<b>572</b>	<b>7</b>	<b>1,126</b>
<b>Net book value</b>						
<b>At 29 March 2020</b>	<b>-</b>	<b>165</b>	<b>63</b>	<b>20</b>	<b>8</b>	<b>256</b>
At 29 March 2019	-	163	77	318	10	568

Prior year:

	<b>Motor vehicles £'000</b>	<b>Fixtures &amp; fittings £'000</b>	<b>Computer equipment £'000</b>	<b>Leasehold improvements £'000</b>	<b>Plant &amp; equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>						
At 1 April 2018	9	296	284	554	8	1,151
Additions	-	16	103	20	6	145
Foreign currency adjustment	-	(1)	-	(10)	-	(11)
<b>At 29 March 2019</b>	<b>9</b>	<b>311</b>	<b>387</b>	<b>564</b>	<b>14</b>	<b>1,285</b>
<b>Accumulated depreciation</b>						
At 1 April 2018	7	94	241	169	2	513
Charge for the year	2	54	69	79	2	206
Foreign currency adjustment	-	-	-	(2)	-	(2)
<b>At 29 March 2019</b>	<b>9</b>	<b>148</b>	<b>310</b>	<b>246</b>	<b>4</b>	<b>717</b>
<b>Net book value</b>						
<b>At 29 March 2019</b>	<b>-</b>	<b>163</b>	<b>77</b>	<b>318</b>	<b>10</b>	<b>568</b>
At 31 March 2018	2	202	43	385	6	638



**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Notes to the financial statements (continued)**

**10. Property, plant and equipment (continued)**

<b>Company</b>	<b>Fixtures &amp; fittings £'000</b>	<b>Computer equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 30 March 2019	242	350	592
Additions	11	34	45
<b>At 29 March 2020</b>	<b>253</b>	<b>384</b>	<b>637</b>
<b>Accumulated depreciation</b>			
At 30 March 2019	93	286	379
Charge for the year	21	37	58
<b>At 29 March 2020</b>	<b>114</b>	<b>323</b>	<b>437</b>
<b>Net book value</b>			
<b>At 29 March 2020</b>	<b>139</b>	<b>61</b>	<b>200</b>
At 29 March 2019	149	64	213

Prior year:

	<b>Fixtures &amp; fittings £'000</b>	<b>Computer equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 April 2018	232	272	504
Additions	10	78	88
<b>At 29 March 2019</b>	<b>242</b>	<b>350</b>	<b>592</b>
<b>Accumulated depreciation</b>			
At 1 April 2018	53	232	285
Charge for the year	40	54	94
<b>At 29 March 2019</b>	<b>93</b>	<b>286</b>	<b>379</b>
<b>Net book value</b>			
<b>At 29 March 2019</b>	<b>149</b>	<b>64</b>	<b>213</b>
At 31 March 2018	179	40	219

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Notes to the financial statements (continued)**

**11. Leases**

	<b>Group 29 March 2020 £'000</b>	<b>Group 29 March 2019 £'000</b>	<b>Company 29 March 2020 £'000</b>	<b>Company 29 March 2019 £'000</b>
<b>Right of use assets – Buildings</b>	<b>1,995</b>	<b>-</b>	<b>1,762</b>	<b>-</b>
<b>Lease liabilities</b>				
Current	948	-	718	-
Non-current	1,005	-	1,006	-
	<b>1,953</b>	<b>-</b>	<b>1,724</b>	<b>-</b>
<b>Depreciation on right-of-use assets</b>	<b>755</b>	<b>-</b>	<b>587</b>	<b>-</b>
<b>Finance costs on leases</b>	<b>108</b>	<b>-</b>	<b>94</b>	<b>-</b>
<b>Expense on short term and low value leases</b>	<b>23</b>	<b>-</b>	<b>23</b>	<b>-</b>

There were no additions to leases in the year.

**12. Investments in subsidiaries**

	<b>Company 29 March 2020 £'000</b>	<b>Company 29 March 2019 £'000</b>
<b>Feelunique France SAS</b>		
Cost at 29 March 2020, 30 March 2019 and 30 March 2018	1,104	1,104
Impairment charge	(1,104)	-
Net book value at 29 March 2020 and 29 March 2019	-	1,104

The below companies are 100% directly owned subsidiaries of Feelunique International Limited.

<b>Name and registered office</b>	<b>Country of incorporation</b>	<b>Shares Held</b>	<b>Principal activity</b>	<b>% ownership</b>
Feelunique France SAS 35 Avenue Marceau, 75116, Paris	France	Ordinary €1 shares	Cosmetic and perfumery retailer	100%
Feelunique International Asia Limited 3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.	Hong Kong	Ordinary HKD1 shares	Asia Sourcing Office	100%

After appointment of the new CEO in November 2019, a full strategic review was carried out that led to a restructuring programme. As part of this restructuring, the French distribution centre, Paris office and 2 of the stores and the salon in France were closed post year end. At the year-end, the forecasts indicated the risk over recoverability of the goodwill, which led the company to impairing the above investment in Feelunique France SAS as at the balance sheet date.

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Notes to the financial statements (continued)**

**13. Inventories**

	<b>Group</b> <b>29 March</b> <b>2020</b> <b>£'000</b>	<b>Group</b> <b>29 March</b> <b>2019</b> <b>£'000</b>	<b>Company</b> <b>29 March</b> <b>2020</b> <b>£'000</b>	<b>Company</b> <b>29 March</b> <b>2019</b> <b>£'000</b>
Inventory for resale	7,180	10,184	5,924	7,983
Inventory provisions	(178)	(262)	(68)	(181)
	<b>7,002</b>	<b>9,922</b>	<b>5,856</b>	<b>7,802</b>

Stock recognised in cost of sales during the year as an expense is shown in note 4.

The value of stock at year end is not materially different to its replacement cost.

**14. Trade and other receivables**

<b>Falling due within one year:</b>	<b>Group</b> <b>29 March</b> <b>2020</b> <b>£'000</b>	<b>Group</b> <b>29 March</b> <b>2019</b> <b>£'000</b>	<b>Company</b> <b>29 March</b> <b>2020</b> <b>£'000</b>	<b>Company</b> <b>29 March</b> <b>2019</b> <b>£'000</b>
Trade receivables	3,615	3,820	3,192	3,621
Less: provisions for impairment	-	-	-	-
Trade receivables – net	3,615	3,820	3,192	3,621
Other receivables	272	736	179	589
Prepayments and accrued income	1,111	1,050	1,079	1,006
	<b>4,998</b>	<b>5,606</b>	<b>4,450</b>	<b>5,216</b>

**15. Cash and cash equivalents**

	<b>Group</b> <b>29 March</b> <b>2020</b> <b>£'000</b>	<b>Group</b> <b>29 March</b> <b>2019</b> <b>£'000</b>	<b>Company</b> <b>29 March</b> <b>2020</b> <b>£'000</b>	<b>Company</b> <b>29 March</b> <b>2019</b> <b>£'000</b>
Current account	2,057	2,342	1,920	2,312
Petty cash	17	35	-	-
	<b>2,074</b>	<b>2,377</b>	<b>1,920</b>	<b>2,312</b>

**16. Amounts due from group companies**

	<b>Group</b> <b>29 March</b> <b>2020</b> <b>£'000</b>	<b>Group</b> <b>29 March</b> <b>2019</b> <b>£'000</b>	<b>Company</b> <b>29 March</b> <b>2020</b> <b>£'000</b>	<b>Company</b> <b>29 March</b> <b>2019</b> <b>£'000</b>
Amount due from Ocapel Limited	678	493	678	493
Amount due from Feelunique France SAS	-	-	554	1,136
Amounts due from Feelunique International Asia Limited	-	-	506	225
Amount due from Feelunique Delivery Company Limited	42	-	42	-
	<b>720</b>	<b>493</b>	<b>1,780</b>	<b>1,854</b>

The intercompany loans are unsecured, interest free and repayable on demand.

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Notes to the financial statements (continued)**

**17. Share capital**

<b>Authorised:</b>	<b>Group Ordinary shares 29 March 2020 number</b>	<b>Group Ordinary shares 29 March 2019 £</b>	<b>Company Ordinary shares 29 March 2020 number</b>	<b>Company Ordinary shares 29 March 2019 £</b>
Ordinary £1 shares	100	100	100	100
	<b>Group Ordinary shares number</b>	<b>Group Ordinary shares £</b>	<b>Company Ordinary shares number</b>	<b>Company Ordinary shares £</b>
Issued, allotted and fully paid at £1 each:				
<b>At 29 March 2019 and 2020</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**18. Borrowings**

	<b>Group 29 March 2020 £'000</b>	<b>Group 29 March 2019 £'000</b>	<b>Company 29 March 2020 £'000</b>	<b>Company 29 March 2019 £'000</b>
Revolving loan facility	3,575	3,965	3,575	3,965

The Group's revolving loan facility came into effect on 16 November 2016 and was a 3 year £4m revolving credit facility. The facility end date was extended to 28 February 2020 from November 2019, and following the onset of Covid-19 and discussions with Barclays, an informal extension was in place until October 2020, at which point it was repaid with the proceeds from a new £3.6m loan facility with Global Growth Capital. The Barclay's facility carried an interest rate of LIBOR+8%. Non-utilisation fees were charged at 3.2%. The Global Growth Capital loan facility has a fixed return, with £5.4m repayable in April 2022 with a 6 month extension available at the option of the lender. Included within the amount are unamortised arrangement fees of nil (2018: £0.1m) which are being amortised over the life of the facility. Further details of additional funding received by and available to the Group post the year end are set out under the going concern disclosures included in note 2.

**19. Trade and other payables**

<b>Current Liabilities:</b>	<b>Group 29 March 2020 £'000</b>	<b>Group 29 March 2019 £'000</b>	<b>Company 29 March 2020 £'000</b>	<b>Company 29 March 2019 £'000</b>
Trade payables and other payables	9,029	10,682	8,716	9,925
Other taxation and social security payable	355	193	306	145
Accruals and other deferred income	5,105	2,976	4,392	2,623
	<b>14,489</b>	<b>13,851</b>	<b>13,414</b>	<b>12,693</b>

**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**Notes to the financial statements (continued)**

**20. Provisions**

The Group had no provisions outstanding at the end of the financial year (2019: £nil).

**21. Amounts due to group companies**

	<b>Group 29 March 2020 £'000</b>	<b>Group 29 March 2019 £'000</b>	<b>Company 29 March 2020 £'000</b>	<b>Company 29 March 2019 £'000</b>
Amount due to Feelunique Holding Limited	<b>19,339</b>	16,775	<b>19,339</b>	16,775
Amount due to thebigwebsite Limited	<b>15,470</b>	15,282	<b>15,767</b>	15,598
Amount due to Channel Island Commercial Group Limited	<b>3,727</b>	2,853	<b>3,716</b>	2,847
Amount due to Feelunique Delivery Company Limited	-	54	-	54
	<b>38,536</b>	34,964	<b>38,822</b>	35,274

The intercompany loans are unsecured, non-interest bearing and repayable on demand.

**22. Cash generated from operations**

	<b>Group 29 March 2020 £'000</b>	<b>Group 29 March 2019 £'000</b>	<b>Company 29 March 2020 £'000</b>	<b>Company 29 March 2019 £'000</b>
Operating loss	<b>(8,585)</b>	(6,493)	<b>(8,344)</b>	(6,635)
Depreciation and amortisation charges	<b>1,720</b>	667	<b>1,446</b>	555
Impairment charges of PPE and goodwill	<b>1,179</b>	-	<b>1,391</b>	-
Decrease in inventories	<b>2,920</b>	369	<b>1,946</b>	801
Decrease in trade and other receivables	<b>608</b>	558	<b>766</b>	622
Increase in trade and other payables	<b>636</b>	1,552	<b>691</b>	1,501
Increase in amounts due to group undertakings (net)	<b>3,344</b>	6,355	<b>3,622</b>	6,182
<b>Cash generated from operations</b>	<b>1,822</b>	3,008	<b>1,518</b>	3,026

# Feelunique International Limited

## Report and Financial Statements for the year ended 29 March 2020

### Notes to the financial statements (continued)

#### 23. Financial risk management

The Group's activities expose it to a variety of financial risks, including market risks, credit risks and liquidity risks. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's performance. Risk management is carried out by using policies and guidelines approved by the Board of Directors.

Market risk comprises cash flow interest rate risk and foreign exchange risk.

##### Interest rate risk

The revolving credit facility bears interest at LIBOR plus 8% and therefore changes in LIBOR will affect the interest repayable. The facility is drawn down in smaller tranches and therefore the interest rate risk can be managed through repayment of tranches and working capital management.

##### Foreign currency risk

The Group's international operations consist primarily of internet sales to various customers around the world. The Group's established corporate policy towards minimising the potential foreign exchange risk is to have a fixed transaction rate which is regularly monitored against international market rates. The Group did not use foreign exchange hedging instruments during the year.

The Group's exposure to foreign currency risk as the end of the year, was as follows:

	29 March 2020	29 March 2019
	EUR	EUR
	£'000	£'000
Trade and other receivables	817	500
Cash and cash equivalents	415	629
Trade and other payables	961	997

All other Group assets and liabilities are in GBP or currencies that have resulted in immaterial exposure to foreign currency risk.

The sensitivity to foreign currency risk at the end of the year, expressed in GBP, was as follows:

Company – impact on operating profit	29 March 2020	29 March 2019
	£'000	£'000
Euro/GBP exchange rate - increase 5% - credit	13	29
Euro/GBP exchange rate - decrease 5% - (charge)	(11)	(32)

Group – impact on operating profit	29 March 2020	29 March 2019
	£'000	£'000
Euro/GBP exchange rate - increase 5% - credit	20	5
Euro/GBP exchange rate - decrease 5% - (charge)	(18)	(6)

##### Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash. The Group closely monitors its cash position and requirements on an ongoing basis to ensure that it is able to settle its financial obligations as they fall due.

All trade receivables and other receivable amounts fall due within one year.

All financial liabilities amounts fall due within one year.

# **Feelunique International Limited** **Report and Financial Statements for the year ended 29 March 2020**

## **Notes to the financial statements (continued)**

### **23. Financial risk management (continued)**

In November 2016 the directors secured a three year revolving credit facility with Barclays Bank. This facility was extended to 28 February 2020 and was further informally extended until October 2020 when it was repaid. A new finance agreement with Global Growth Capital for £3.6m was secured on 8 October 2020 with a further £1.0m working capital facility available if required. The initial term is 18 months but there is an option to extend for a further 6 months. The loan has a fixed return with £5.4m due at the end of the term. Separately the directors monitor inventory levels to ensure optimum stock turn to minimise liquidity risk, and are strategically focused on the growth of the concession business which provides growth without investment in inventory. On an ongoing basis the directors negotiate improved credit terms from suppliers.

#### **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The main elements that directors monitor closely is the accounts receivable especially around business partners' debtor balances and monies due from merchant payment providers. Of the trade and other receivables outstanding at the balance sheet date, £0.3m (2019: £0.9m) is overdue but not impaired. The remainder is not due.

During the year there have been immaterial losses due to non-payment of receivables and the Group does not expect any losses from the credit counterparties as held at the balance sheet date. The directors do not consider credit risk to be significant.

Cash and cash equivalents – external rating (S&P'S)	<b>Group 2020: £'000</b>	Group 2019: £'000	<b>Company 2020: £'000</b>	Company 2019: £'000
A - Credit Lyonnais SA	137	30	-	-
A-3 Royal Bank of Scotland International	1,920	2,310	1,920	2,310
A-1 Barclays	-	2	-	2
	<b>2,057</b>	2,342	<b>1,920</b>	2,312

#### **Capital risk management**

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. The Group has an unchanged ordinary share capital structure.

The accounting policies for financial instruments have been applied to the items below:

#### **Financial assets by category**

	<b>Group 2020 £'000</b>	Group 2019 £'000	<b>Company 2020 £'000</b>	Company 2019 £'000
Trade and other receivables (excluding prepayments)	3,887	4,556	3,371	4,210
Cash and cash equivalents	2,074	2,377	1,920	2,312
Amounts due from group companies	720	493	1,780	1,854
Financial assets at amortised cost	<b>6,681</b>	7,426	<b>7,071</b>	8,376

# **Feelunique International Limited** **Report and Financial Statements for the year ended 29 March 2020**

## **Notes to the financial statements (continued)**

### **23. Financial risk management (continued)**

#### **Financial liabilities by category**

	<b>Group 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>Company 2020 £'000</b>	<b>Company 2019 £'000</b>
Trade payables and other payables	<b>9,029</b>	10,682	<b>8,716</b>	9,925
Borrowings	<b>3,575</b>	3,965	<b>3,575</b>	3,965
Amounts due to group companies	<b>38,536</b>	34,964	<b>38,822</b>	35,274
Accruals	<b>3,406</b>	2,345	<b>2,693</b>	2,036
Financial liabilities at amortised cost	<b>54,546</b>	51,956	<b>53,806</b>	51,200

All financial assets and liabilities have a maturity of less than 12 months.

### **24. Related party transactions**

The Company's operating expenses have been financed by its parent company, Feelunique Holding Limited. These costs relate to transactions in the normal course of business in the provision of commercial, marketing, technical, PR services and warehouse fulfilment services for the Group.

Mr. R. Bensoussan earned director fees during the year amounting to £67,500 (2019: £70,000) as per the terms of his director service agreement with the company. Mr. J. Sharp earned director fees during the year amounting to £17,500 (2019: £17,500) as per the terms of his director service agreement with the company. Consultancy fees of £47,986 (2019: £44,986) were also earned by Mr. J. Sharp during the year. The balance due at the end of the year was £5,249 (2019: £nil).

See notes 16 and 21 for amounts due to and from related companies. There are no other transactions with the directors or key management personnel which are outside of normal employment service agreements that are required to be disclosed.

### **25. Contingent liabilities**

There were no contingent liabilities identified at the year end (2019: £nil).

### **26. Subsequent events**

In June 2020 the Group's intermediate parent company Feelunique Holding Limited finalised an investment commitment with existing shareholders of up to £7m through a preference share equity raise that can be initiated twice by the Group. In July 2020, 50% of the existing loan and interest accrued on the loan from Palamon Equity was capitalised and 4,819,247 preference shares were issued.

In July 2020 the French distribution centre was closed, and in December 2020 two of the French stores were sold and the remaining two stores and salon were sold.

In October 2020 a £3.5m working capital facility with Barclays was repaid and was replaced with a £3.6m loan facility with a £1m undrawn working facility capital from Global Growth Capital which is in place for 18 months to April 2022 with a 6 month extension at the option of the lender.

### **27. Ultimate controlling party**

The ultimate controlling party is Palamon European Equity II LP, a limited liability partnership registered in England and Wales, whose registered office is at Cleveland House, 33 King Street, London, SW1Y 6RJ (registered number L.P. 010434). The smallest and largest group to consolidate these financial statements is that of Feelunique Holding Limited, a company registered in Jersey, which is the ultimate holding company of the Feelunique group. The immediate parent is The Big Website Limited, a company registered in Jersey.

## **Notes to the financial statements (continued)**



**Feelunique International Limited**  
**Report and Financial Statements for the year ended 29 March 2020**

**28. Changes in accounting policies**

**Leases**

The Group has adopted the modified retrospective approach with the lease liability recognised at transition date as the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. Under the modified retrospective transition approach, the comparative information is not restated. The Group has also elected not to recognise right of use assets and lease liabilities for short-term leases or low-value assets. The Group will continue to expense the lease payments associated with these leases on a straight line basis over the lease term.

**Right of use assets**

	£'000
Balance at 30 March 2019	2,739
Balance at 29 March 2020	1,995

**Impact on transition**

On transition to IFRS 16, the Group recognised additional right of use assets and lease liabilities relating to property, totalling £2.7m.

**Impacts for the period**

As a result of applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the twelve months ended 29 March 2020, the Group recognised £0.8m of depreciation charges and £0.1m of interest costs from those leases.