Feelunique International Limited
Report and Financial Statements
For the Year Ended 31 December 2022
Registered Number 07883226

Feelunique International Limited
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Company Information and Officers

Directors	Ms S. Boyd (appointed 2 January 2023) Ms H. Parisot (appointed 4 April 2023) Ms S. Miles (resigned 2 January 2023) Mr B. Amadei (resigned 4 April 2023) Ms S. Moreau
Registered office	Mowbray House Castle Meadow Road Nottingham NG2 1BJ
Business address	Feelunique.com 4th Floor Berkshire House 168-173 High Holborn London WC1 7AA
Bankers	Royal Bank of Scotland International PO Box 64 Royal Bank House Bath Street St. Helier Jersey JE4 8PJ
Independent Auditor	Constantin 25 Hosier Lane London EC1A 9LQ
Solicitors	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham England NG2 1BJ
Registered Number	07883226

Strategic Report

Review of the business

During the year, the Company (as defined in note 1 to the financial statements) rebranded it's UK website to Sephora UK. Internationally it continues to trade as Feelunique.com, a beauty e-commerce platform operating globally with an offer of 35,000 products from 800 brands to customers in over 120 countries through retail and marketplace channels.

The financial year ended 31 December 2022 is compared to a 9 month prior period, with the Company having aligned its financial year end date with its parent company Sephora SAS, which is incorporated in France. Revenue for the 12 month period ending 31 December 2022 was £98.3M (£78.7M for the 9 month period to 31 December 2021). Revenue for the comparative 9 month period was broadly flat year on year, despite a very strong prior period, where the ecommerce business saw large volume increases in traffic during lockdown periods and beyond, that converted to strong revenue numbers. The last quarter showed year on year growth, largely driven by the rebrand of the UK website to Sephora in October 2022.

Gross profit margin improved 50bps at 29.6% (2021: 29.1%) driven by a change in brand mix and a less promotional stance once rebranded to Sephora. The rebranding saw significant investment across the business to ensure the longer term growth plans are achieved, and therefore operating costs increased resulting in a £3.3m increase in loss before taxation of £7.3m for the 12 month period compared to £4.0m for the 9 month period ended 31 December 2021.

The current year's results were a combination of several factors as detailed below.

The rebranding of the UK website to Sephora UK saw the introduction of many new brands, including many Sephora-exclusive brands. This helped to significantly increase the customer base and overall offering, thus driving revenue growth in Q4 and beyond.

The Company continues to invest both resource and development in its marketplace business, with more than 20,000 products listed on the Sephora site which enabled brands to reach more than 1 million active customers that shop with Sephora UK.

As part of the rebrand of the UK website to Sephora, there was significant investment to help the long term growth of the business. This meant that operating costs increased as a percentage of revenue from 32.8% in 2021 to 36.8% in 2022.

The main financial KPIs which are used to monitor performance of the Company are revenue and gross profit margin.

Significant balance sheet movements include recognition of a Right of Use asset and liability for the first UK store at Westfield White City, which opened in March 2023. There was also a moderate increase in inventories and an increase in trade and other payables related to set-up costs for the store.

Going concern

For its day-to-day working capital requirements the Company uses its cash reserves and borrowings, when required. During 2021 all external debt was repaid and replaced with intercompany loans from Sephora. The Company now also has access to cash pooling from the LVMH group which allows it to 'draw down' on group financing as required.

The Directors have reviewed the results of the forecasts and projections prepared by the Company covering the year to 31 December 2024 (the"forecast"). At the time of signing these financial statements and as reflected in the forecast, further investment has been committed to, to ensure the longer-term objectives of the Company are met. The parent company has therefore provided a letter of support agreeing to provide adequate financial assistance to ensure the company can continue as a going concern.

Strategic Report (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 combined with an increase in cost of product and variable costs. This scenario concluded that the Company will be able to manage within its existing cash reserves. 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.

Based on the above, the Directors are confident, after making appropriate enquiries, that the cash flow projections support their reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future with the support from the Group to provide further investment to enable the Company to expand its physical store portfolio. The Directors consider the likelihood of a severe downside case, for example significant reduction in revenues, to be unlikely given the continued positive growth to the date of approval of these financial statements following a full year of trading as Sephora in the UK and the successful opening of the first UK store. The Company 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 the ability to continue to take market share as an omni-channel business. The following are risks that may impact the Company:

- The progression towards online retail for Beauty products slows or goes into reverse. This would reduce the Company'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. The risk is further mitigated by the Company's omni-channel strategy of also opening stores.

- Beauty brands could refuse to supply their products to the Company, undermining a core element of the customer proposition. In order to mitigate this risk, the Company 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 Company continued to add to its brand portfolio and the rebrand of the Company's UK website to Sephora has accelerated the listing of brands. Close management of supplier relationships also helps to mitigate potential supply chain issues and price increases.

- The Company could fail to deliver a competitive customer experience, either on the website, in its distribution of products, or in store, and so lose market share. The Company mitigates this risk by continually monitoring customer feedback and taking this into account in its service development.

- The Company could fail to maintain adequate controls over customer data, resulting in a security breach. This could result both in financial loss for the Company and a loss of reputation and confidence from its customers. The Company mitigates this risk by continually monitoring its technology environment and employing third parties to test for vulnerability.

- The Company does not respond adequately to the Ukraine/Russia conflict and associated global supply chain shock that has led to significant inflation in the UK. The Company has minimal sales in Ukraine and Russia before the conflict and ceased all sales to the area once the conflict began in 2021. The Company mitigates the risk of price increases through close management of commercial terms with suppliers, seeking relationships with new brands that will help to improve margin, and carefully forecasting costs to ensure that the impacts of potential price increases can be mitigated.

Strategic Report (continued)

Environmental issues

As an online retailer, the Company's main environmental concern is the use of packaging for the delivery of products to consumers. The Company 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 Company'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.

The Company is moving towards plastic free transit packaging and has already achieved this in its largest market (UK). Otherwise the Company continues to use air cushions and these have been developed according to European guidelines on packaging and 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 Company's key stakeholders and seeks to understand each of their interests to ensure they are properly considered in the Board's decisions.

- Employees – yearly employee engagement surveys are 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.
- Parent to Feelunique Holding Limited – the parent of the Feelunique group (Sephora SAS) regularly updates on the performance and strategy of the company, including monthly reporting of management accounts. There is direct dialogue between the directors and management of Sephora SAS to ensure their feedback is heard.
- Suppliers – as mentioned in principal risks and uncertainties, the Company 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, as well as in store. 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 Company's goals in supporting communities that are aligned with the Company'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, aided by the Sephora acquisition of the Company. Current strategic plans include the opening of further stores to continue the growth of the omni-channel operating model.

Approved by the Board and signed on its behalf by:

Ms Sarah Boyd
Director

Date: 29 September 2023

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Sarah Boyd
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Directors' Report

The directors present their report and audited financial statements of Feelunique International Limited ("the Company") for the year ended 31 December 2022. The comparative period is the 9 months ended 31 December 2021.

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

Principal activities
The Company's principal activity is that of an online retailer selling cosmetics and fragrances, trading as Sephora UK in the UK and Feelunique.com overseas. Following the year end, the Company has opened its first physical store with an aim to become an omni-channel retailer.

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 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 company and of the profit or loss of the Company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether for the 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 company will continue in business.

The directors are also responsible for safeguarding the assets of the 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company made a loss for the year after non-recurring items of £8.6m (2021: loss £4.2m). The results for the year are set out in the Income Statement on page 12.

Directors' Report (continued)

Ukraine/Russia conflict and associated global supply chain shock
Following the invasion of Ukraine by Russia, the Company immediately ceased sales to these regions. The Directors are closely monitoring the resultant global supply chain shock which has caused significant inflation in the UK. The Company is working closely with brands and other suppliers to minimise the impact of price increases and provide a competitive offering to customers.

Subsequent events
Following the year end the Company opened a retail store at Westfield White City on the 8th of March 2023. The Company has also signed a further lease to open another retail store, though the location is commercially sensitive.

Dividend
No dividend was paid or proposed during the year (2021: £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 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 remains 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:

Ms S. Boyd (appointed 2 January 2023)
Ms H. Parisot (appointed 4 April 2023)
Ms S. Miles (resigned 2 January 2023)
Mr B. Amadei (resigned 4 April 2023)
Ms S. Moreau

Political donations and political expenditure
No political donations or political expenditure were made during the year (2021: £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.

Streamlined Energy and Carbon Reporting
The Company has not presented Streamlined Energy and Carbon Reporting, on the basis that the ultimate parent company LVMH Moet Hennessy Louis Vuitton has provided equivalent disclosure in its 2022 Social and Environmental Responsibility Report. Further information is available at lvmh.com/investors.

Directors' Report (continued)

Disclosure of information to auditors

So far as each of the directors 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 or she ought to have taken as a director in order to make himself or herself 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:

Ms Sarah Boyd
Director

Date: 29 September 2023

DocuSigned by:
Sarah Boyd
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Independent Auditor's Report to the Members of Feelunique International Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Feelunique International Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at December 31, 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the summary of significant accounting policies; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report to the Members of Feelunique International Limited (continued)

Other Information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification

Independent Auditor's Report to the Members of Feelunique International Limited (continued)

and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

Independent Auditor's Report to the Members of Feelunique International Limited (continued)

- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Thierry de Gennes ACA (Senior statutory auditor)
For and on behalf of Constantin UK
Chartered Accountants and Statutory Auditor
25 Hosier Lane
London
EC1A 9LQ

29 September 2023

Income Statement

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	9-month period ended 31 December 2021 £'000
Revenue	3	**98,261**	78,717
Cost of sales		**(69,192)**	(55,812)
Gross profit		**29,069**	22,905
Selling and distribution costs		**(15,674)**	(7,666)
Administrative expenses		**(20,421)**	(14,886)
Non-recurring administrative expenses	4	**(18)**	(3,305)
Total operating costs		**(36,113)**	(25,857)
Operating loss	5	**(7,044)**	(2,952)
Finance costs	7	**(264)**	(1,084)
Loss before taxation		**(7,308)**	(4,036)
Income tax (charge)/credit	8	**(1,330)**	(198)
Loss for the year		**(8,638)**	(4,234)

The notes on pages 16 to 31 form part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2022

	Year ended 31 December 2022 £'000	9-month period ended 31 December 2021 £'000
Loss for the year	**(8,638)**	(4,234)
Other comprehensive income:		
Exchange differences on translation of foreign operations	-	-
Other comprehensive (expense)/income for the year that may subsequently be reclassified to profit or loss, net of tax	-	-
Total comprehensive expense for the year net of tax	**(8,638)**	(4,234)

The notes on pages 16 to 31 form an integral part of these financial statements.

Feelunique International Limited
Report and Financial Statements for the year ended 31 December 2022

Balance Sheet

As at 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Non-current assets			
Intangible assets	10	1,149	577
Property, Plant and Equipment	11	1,045	134
Right of use assets	12	4,121	721
Investment in subsidiaries	13	-	-
Deferred tax	9	-	1,003
		6,315	2,435
Current assets			
Deferred tax	9	-	327
Inventories	14	12,733	10,394
Trade and other receivables	15	6,490	4,893
Cash and cash equivalents	16	5,261	4,674
Amounts due from group companies	17	1,129	1,003
		25,613	21,291
Total assets		31,928	23,726
Equity			
Share capital	18	-	-
Accumulated losses		(54,417)	(45,779)
Total equity attributable to equity holders of the Company		(54,417)	(45,779)
Current liabilities			
Provisions	20	1,176	-
Trade and other payables	19	28,528	18,479
Lease liabilities	12	542	523
Amounts due to group companies	21	40,297	39,728
		70,543	58,730
Non-current liabilities			
Provisions	20	2,228	3,450
Lease liabilities	12	3,536	357
Amounts due to group companies	21	10,038	6,968
Borrowings		-	-
Total liabilities		86,345	69,505
Total equity and liabilities		31,928	23,726

The notes on pages 16 to 31 form part of these financial statements.

The financial statements on pages 12 to 31 were approved and authorised for issue by the board of directors on 29 September 2023 and were signed on its behalf by:

DocuSigned by:
Sarah Boyd
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Ms Sarah Boyd
Director

Registered number 07883226

Statement of Changes in Equity

For the year ended 31 December 2022

	Share Capital £'000 (Note 17)	Accumulated losses £'000	Total Equity £'000
Balance as at 31 March 2021	-	**(41,545)**	**(41,545)**
Loss for the year	-	(4,234)	(4,234)
Total expense	-	**(4,234)**	**(4,234)**
Balance as at 31 December 2021	-	**(45,779)**	**(45,779)**
Loss for the year	-	(8,638)	(8,638)
Total expense	-	**(8,638)**	**(8,638)**
Balance as at 31 December 2022	-	**(54,417)**	**(54,417)**

Notes to the Financial Statements

1. **General information**
The financial statements of Feelunique International Limited ("the Company") for the year from 1 January 2022 to 31 December 2022, hereafter referred to the as the year ended 31 December 2022, were authorised for issue in accordance with a resolution of the directors on 29 September 2023. The comparative period is the 9-month period ended 31 December 2021.

Feelunique International Limited ("the Company") is a private company limited by shares incorporated and domiciled in England, UK.

The Company's principal activity is that of an online retailer selling cosmetics and fragrances, trading as Sephora UK in the UK and feelunique.com overseas. Following the year end, the Company has opened its first physical store with an aim to become an omni-channel retailer.

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

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, in the year ended 31 December 2022 the Company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 'Reduced Disclosure Framework'. The financial statements have therefore been prepared in accordance with FRS 101. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of LVMH Moet Hennessy Louis Vuitton. The group accounts of LVMH Moet Hennessy Louis Vuitton are available to the public and can be obtained as set out in note 25.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in the financial statements are rounded to the nearest £1,000.

Changes in accounting policies and disclosures

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 Company in the current or future reporting years and on foreseeable future transactions.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Significant accounting estimates and judgements

The preparation of the Company's 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.

Going concern

For its day-to-day working capital requirements, the Company uses its cash reserves and borrowings, when required. During the prior year all external debt was repaid and replaced with Intercompany loans from Sephora SAS. In the current year the Company also entered into a cash pooling arrangement with LVMH.

The Directors have reviewed the results of the forecasts and projections prepared by the Company covering the year to 31 December 2024 (the"forecast"). At the time of signing these financial statements and as reflected in the forecast, further investment has been committed to, to ensure the longer-term objectives of the Company are met. Sephora SAS has therefore provided a letter of support agreeing to provide adequate financial assistance to ensure the company can continue as a going concern.

The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Deferred tax

At the year end a review is undertaken regarding the level of losses being carried forward by each group entity and what opportunities the Company has available to it to optimise its tax position going forwards. Due to a change in the short-to-medium term forecasts of the Company where it is now going through an investment phase so is not anticipated to make taxable profits within the short term, the decision has been made to derecognise the Deferred Tax Asset that was previously held on the balance sheet. This will be reassessed in each future year.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognised when control of the goods is 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, values added taxes, and customer refunds.

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

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, i.e. when the campaign has occurred.

Revenue from gift vouchers is recognised based on estimated breakage in proportion to the pattern of rights exercised by the customer.

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 Company meets specified supplier purchase targets during the calendar year. The Company recognises this income in the Income Statement through cost of sales when the retro qualifying stock has been sold to customers.

Non-recurring items

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

Foreign currencies

The Company's financial statements are presented in sterling which is the Company'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.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

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:

Leasehold property improvements	20%
Plant & equipment	20%
Fixtures & fittings	10%
Computer equipment	20-33%
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.

Intangible assets

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 Company 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.

Development costs that are capitalised based on the policy above are not regarded as realised losses.

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.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

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.

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.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses. Provision is made against cost where, in the opinion of the Directors, the value of the investment is impaired.

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 balance sheet is the cost price less inventory provisions and retro income attributable to qualifying inventory unsold at the year end.

Pensions

The Company operates a Defined Contribution scheme. A defined contribution scheme is a pension plan under which the Company and its employees pays fixed contributions into a third-party investment pension fund. The cost to the Company of these contributions is recognised within administrative expenses in the Income Statement. The Company 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.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

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.

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. Trade receivables includes uncleared amounts due to the Company from payment service providers.

Lease accounting

For any new contracts entered into on or after 1 January 2019, the Company 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 year of time in exchange for consideration. Where a lease is identified the Company 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 Company'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 Company, 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 Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the Company 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.

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.

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.

Discontinued operations

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell on the disposal group(s) constituting the discontinued operation.

3. Revenue

	31 December 2022 £'000	31 December 2021 £'000
Sales of goods	**94,339**	75,836
Rendering of services	**3,922**	2,881
Total revenue	**98,261**	78,717

Notes to the financial statements (continued)

4. Non-recurring costs

	31 December 2022 £'000	31 December 2021 £'000
Other exceptional provisions	18	3,305
Total non-recurring costs	18	3,305
Continuing operations	9	2,470
Discontinued operations	9	835
Total non-recurring costs	18	3,305

In the current year, non-underlying costs were incurred in relation to the closure of the French subsidiary.

During the prior year, other exceptional provisions for release from contract and excess stock were made. See notes 14 and 20 for further details.

5. Operating loss

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

	31 December 2022 £'000	31 December 2021 £'000
Operating lease costs	0	1
Depreciation on tangible assets	33	23
Depreciation of right of use assets	688	419
Amortisation – intangible assets	421	245
Foreign exchange losses/(gains)	76	136
Inventories recognised in cost of sales	62,330	48,914
Inventory written off	249	242

The aggregated remuneration for all employees including directors comprised:

	31 December 2022 £'000	31 December 2021 £'000
Wages and salaries	5,243	3,278
Pension contributions – Defined contribution	135	96
Social security costs	616	329
	5,994	3,703
Directors' emoluments	448	596
Total wages and staff related costs	6,442	4,300

During the year retirement benefits were accruing to no directors (2021: none) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £448,202 (2021: £557,139). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2021: £nil).

Notes to the financial statements (continued)

5. Operating loss (continued)

Average number of employees during the year:

	31 December 2022 number	31 December 2021 number
	111	96

Average number of people (including executive directors) employed:

Selling and distribution	**111**	96
Total	**111**	96

6. Auditors' remuneration

	31 December 2022 £'000	31 December 2021 £'000
Fees payable to Company's auditors and their associates for the audit of the financial statements	**67**	66
	67	66

7. Finance costs

	31 December 2022 £'000	31 December 2021 £'000
Bank interest and charges	**185**	974
Interest on lease liabilities	**79**	110
	264	1,084

Notes to the financial statements (continued)

8. Income tax expense

	31 December 2022 £'000	31 December 2021 £'000
Current tax:		
Current tax on loss for the year	-	-
Total current tax	-	-
Deferred tax:		
Deferred tax charge for the year	1,330	198
Total deferred tax	1,330	198
Total tax charge	1,330	198

	31 December 2022 £'000	31 December 2021 £'000
Loss from continuing operations before tax	(7,308)	(4,036)
Tax calculated at 19%	(1,389)	(767)
Tax effects of:		
Deferred tax de/(recognised) in the year	1,330	198
Non deductible expenses	109	389
Losses surrendered to group	1,280	98
Losses not recognised in the year	-	280
Tax charge/(credit)	1,330	198

The Company is subject to UK corporation tax rate of 19%. In the Finance Bill 2021, the UK Government announced that the corporation tax rate would remain at 19% until 1 April 2023, at which point the main rate will increase to 25%. This was substantively enacted on 24 May 2021. Deferred tax balances have been calculated on this basis.

9. Deferred tax

	31 December 2022 £'000	31 December 2021 £'000
Assets:		
Deferred tax asset recognised on tax losses	-	1,330
Total deferred tax asset	-	1,330
Movement during the year:		
As at 1 January 2022/1 April 2021	1,330	1,528
Charged to the profit and loss account	(1,330)	(198)
Deferred tax asset as at 31 December	-	1,330

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.

Following the purchase of the Company by Sephora SAS, tax losses can now be surrendered to fellow LVMH group companies in the UK. These shall be surrendered for nil compensation, hence the decision has been made to derecognise the deferred tax asset that was previously recognised. The value of the estimated deferred tax asset not yet recognised is in the sum of £4,688,000 (2021: £4,408,000); all from trading losses.

Notes to the financial statements (continued)

10. Intangible assets

	Computer software £'000	Website £'000	Goodwill £'000	Total £'000
Cost				
At 31 December 2021	3,387	57	287	3,731
Additions	889	104	-	993
At 31 December 2022	**4,276**	**161**	**287**	**4,724**
Accumulated amortisation				
At 31 December 2021	2,826	41	287	3,154
Charge for the year	415	6	-	421
At 31 December 2022	**3,241**	**47**	**287**	**3,575**
Net book value				
At 31 December 2022	**1,035**	**114**	**-**	**1,149**
At 31 December 2021	561	16	-	577

11. Property, plant and equipment

	Leasehold Improvements £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 31 December 2021	-	253	393	646
Additions	680	158	106	944
At 31 December 2022	**680**	**411**	**499**	**1,590**
Accumulated depreciation				
At 31 December 2021	-	152	360	512
Charge for the year	1	20	12	33
At 31 December 2022	**1**	**172**	**372**	**545**
Net book value				
At 31 December 2022	**679**	**239**	**127**	**1,045**
At 31 December 2021	-	101	33	134

Notes to the financial statements (continued)

12. Leases

	Company 31 December 2022 £'000	Company 31 December 2021 £'000
Right of use assets – Buildings	**4,121**	721
Lease liabilities		
Current	**542**	523
Non-current	**3,536**	357
	4,078	880
Depreciation on right-of-use assets	**688**	419
Finance costs on leases	**79**	110
Expense on short term and low value leases	**1**	1

There were no additions to leases in the year.

13. Investments in subsidiaries

	Company 31 December 2022 £'000	Company 31 December 2021 £'000
Feelunique France SAS		
Cost	**1,104**	1,104
Impairment charge	**(1,104)**	(1,104)
Net book value	**-**	-

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

Name and registered office	*Country of incorporation*	*Shares Held*	*Principal activity*	*% ownership*
Feelunique France SAS 41 Rue Ybry, 92200, Neuilly sur Seine	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%

Notes to the financial statements (continued)

14. Inventories

	Company 31 December 2022 £'000	Company 31 December 2021 £'000
Inventory for resale	12,992	11,540
Inventory provisions	(259)	(1,146)
	12,733	10,394

Stock recognised in cost of sales during the year as an expense is shown in note 5.

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

During the prior year, a significant one-off provision was made for specific stock that was considered surplus following the purchase of the Company by Sephora. An expense of £1,040,000 was recognised in Non-recurring costs. All other stock provisions are recognised through cost of sales.

15. Trade and other receivables

Falling due within one year:	Company 31 December 2022 £'000	Company 31 December 2021 £'000
Trade receivables	5,593	3,771
Less: provisions for impairment	-	-
Trade receivables – net	5,593	3,771
Other receivables	244	116
Prepayments and accrued income	653	1,006
	6,490	4,893

16. Cash and cash equivalents

	Company 31 December 2022 £'000	Company 31 December 2021 £'000
Current account	5,261	4,674

17. Amounts due from group companies

	Company 31 December 2022 £'000	Company 31 December 2021 £'000
Amount due from Ocapel Limited	1,060	933
Amount due from Feelunique Delivery Company Limited	69	70
	1,129	1,003

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

Notes to the financial statements (continued)

18. Share capital

Authorised:	Company Ordinary shares 31 December 2022 number	Company Ordinary shares 31 December 2021 £
Ordinary £1 shares	**100**	100

	Company Ordinary shares number	Company Ordinary shares £
Issued, allotted and fully paid at £1 each:		
At 31 December 2021 and 31 December 2022	**100**	100

19. Trade and other payables

Current Liabilities:	Company 31 December 2022 £'000	Company 31 December 2021 £'000
Trade payables and other payables	**15,285**	12,746
Other taxation and social security payable	**999**	968
Accruals and other deferred income	**12,244**	4,765
	28,528	18,479

20. Provisions

	Regulatory £'000	Reorganisation £'000	Total £'000
At 31 December 2021	2,250	1,200	3,450
Utilised	(22)	(24)	(46)
Charged to the Income Statement	-	-	-
At 31 December 2022	**2,228**	**1,176**	**3,404**
Current	-	**1,176**	1,176
Non-current	**2,228**	-	2,228
At 31 December 2022	**2,228**	**1,176**	**3,404**

Notes to the financial statements (continued)

20. Provisions (Continued)

The Company has recognised a provision of £2,186,000 (2021: £2,186,000) for historic VAT liabilities. The provision is an estimate of amounts due where the timing and outcome is dependent upon agreement with the relevant jurisdiction. The estimate has been made based on information available to date and is the Company's best estimate considering a range of potential outcomes. During the prior year, £64,000 was also transferred from accruals to provisions for potential employee related taxes. The Company recognised a provision in the prior financial year of £1,200,000 relating to costs to reorganise the Company following its purchase by Sephora. The provision is expected to be utilised within the next 12 months. It is the assessment of the Directors that these provisions remain appropriate.

21. Amounts due to group companies

	Company 31 December 2022 £'000	Company 31 December 2021 £'000
Amount due to Feelunique Holding Limited	**20,250**	20,416
Amount due to thebigwebsite Limited	**14,960**	14,960
Amount due to Channel Island Commercial Group Limited	**3,978**	4,352
Amount due to Sephora S.A.S. (trade)	**688**	-
Amount due to Sephora S.A.S. (loan)	**7,016**	6,968
Amount due to Benefit Cosmetics UK & Eire	**170**	-
Amount due to Christian Dior (UK) Ltd	**141**	-
Amount due to Guerlain Ltd	**34**	-
Amount due to LVMH Fragrance Brands – Givenchy	**22**	-
Amount due to Acqua di Parma Ltd	**21**	-
Amount due to Make Up for Ever	**12**	-
Amount due to Kendo Brands Ltd	**21**	-
Amount due to LVMH	**3,022**	-
Current	**40,297**	39,728
Non-current	**10,038**	6,968
Total	**50,335**	46,696

The intercompany loans that are classed as current are unsecured, non-interest bearing and repayable on demand.

The loans payable to Sephora S.A.S. carry an interest rate of 1 month EURIBOR plus 100bps with interest payable quarterly and a repayment date of 31 December 2022, with an automatic 1 year extension to 31 December 2023 if not repaid in full at that date.

Notes to the financial statements (continued)

22. Related party transactions

As permitted by FRS 101, the Company has taken advantage of the exemption from disclosing related party transactions entered into with other group companies.

See notes 17 and 21 for amounts due to and from group 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.

23. Contingent liabilities

There were no contingent liabilities identified at the year end (2021: £nil).

24. Subsequent events

Following the year end the Company opened a retail store at Westfield White City on the 8th of March 2023. The Company has also signed a further lease to open another retail store, though the location is commercially sensitive.

25. Ultimate controlling party

The smallest and largest group to consolidate these financial statements is LVMH Moet Hennessy Louis Vuitton SE. This is the first year of the Company being a consolidated entity in the LVMH group. As such, there is no longer a requirement to produce consolidated accounts for the Company and its Subsidiaries.

The ultimate controlling party is LVMH Moet Hennessy Louis Vuitton SE, a publicly traded company on the Euronext Paris exchange. Further information is available at www.lvmh.com.