24 February 2022

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

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Attached for release is the Blackmores Limited Financial Report for the half-year ended 31 December 2021.

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

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

Richard Conway
Group General Counsel & Company Secretary
Blackmores Limited

BLACKMORES
GROUP

Financial Report

FOR THE
HALF-YEAR ENDED
31 DECEMBER 2021

Contents

Directors' Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

The Directors of Blackmores Limited submit herewith the Financial Report of Blackmores Limited and its subsidiaries (the Group) for the half-year ended 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows:

The names of the Directors of the Company during and since the end of the half-year were:

Chair:
Anne Templeman-Jones

Directors:
David Ansell

Wendy Stops

Sharon Warburton

Erica Mann (Director since 20 September 2021)

Stephen Roche (Director since 20 September 2021)

Alastair Symington

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

The Directors report that revenue for the six months to 31 December 2021 was $346.0m, up 14% on the prior corresponding period (pcp), delivering a profit after tax attributable to Blackmores shareholders of $20.3m in the first half of 2022 (1H22).

We were pleased with the performance of our segments, particularly the International segment which saw revenue growth of 50% vs pcp (54% in constant currency). Our fastest growing market of Indonesia saw revenue increasing by 110% (in local currency) driven by increased demand for the Blackmores brand, distribution expansion, and a surge in demand for immunity products. Demand was particularly strong in quarter one (Q1) of the year, which coincided with a spike in COVID-19 cases in the market. Thailand also saw substantial growth at 51% (in local currency) as Blackmores gained market share with the immunity segment of our portfolio performing most strongly. Singapore, Hong Kong and Korea returned to growth in the year, following challenges in the first half of 2021 (1H21) due to COVID-19 and travel restrictions, and in Vietnam, Blackmores Infant Formula business continued to grow in the strong double digits compared to the prior year. Underlying Earnings before interest and tax (EBIT) for International increased 61% during the half, increasing at a rate faster than revenue growth owing to cost of goods efficiencies, contained A&P, and moderate operating expense growth. International gross margin improved more than 2 points driven by supply chain savings, stronger product mix and very robust pricing growth.

Revenue in our China segment was up 8.5% (8.5% in constant currency) compared to pcp. Cross border e-commerce channel growth increased 18% against pcp, partly offset by a 7% reduction in revenue from the corporate daigou channel. The Double 11 e-commerce shopping festival continued to be a key contributor to the 1H22 results with Gross Merchandise Value (GMV) sales from e-commerce platforms up 14%. This was a solid result in the context of deceleration and lower levels of consumption growth on ecommerce platforms. China underlying EBIT grew above revenue up 13% compared to pcp while still enabling higher levels of investment in our teams, capability and marketing spend. In total, the combined reported revenue of our China and International Segments was 58% of Group revenue.

Revenue in the ANZ segment of $145.9m was down 1% on pcp, with market conditions continuing to remain challenging in Australia and New Zealand due to COVID-19 impacts such as lockdowns in Q1, ongoing supply chain disruption and out of stocks (OOS). Despite these challenging market conditions, Blackmores, BioCeuticals and PAW brand health measures all remain strong, and we retain our number one market position in Australia in our key segments[1,2]. When minor sales of contract manufactured product from Braeside are excluded, sales to retail customers and consumers were flat compared to the prior year confirming that the ANZ business has stabilised and is now trading in line with the category. Pleasingly ANZ saw costs of sales and operating expense decline compared to pcp due to benefits of the OPEX efficiency programs, resulting in underlying EBIT growth of 14%. Deferral of A&P spend to the second half of the year was prudent as effectiveness during COVID-19 lockdowns is limited. Gross margin increased over 2

1 Leading VDS practitioner brand in pharmacy across Australia; BioCeuticals has 77.5% share of the practitioner channel in Australia (12-month average to 22/01/2022). Source: Nielsen IQVIA Scan data to 22/01/2022.

2 Leading VDS brand in Australia: Blackmores has 13% share of total VDS sales in Australia (12-month average to 22/01/2022). Source: Nielsen/IQVIA Scan data to 22/01/2022.

Directors' Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

points in the half-year compared to pcp, with COGS efficiency savings and mix improvement being the biggest drivers of this growth. Our strategy to price Blackmores at a premium position to the market was deemed a success in driving higher earnings relative to some of our competitors who use short term deep price discounting to buy market share. While Blackmores was still down slightly in the first half of the year, BioCeuticals saw solid growth and share gains compared to pcp meaning that our total share of all channels was up in 1H22.

Our Business Improvement Program is on track to deliver annualised gross savings of $40-$42m by end of FY22 and remains on track to achieve our target of $55m annualised gross savings by the end of FY23.

We progressed investment in our demand and supply planning capabilities, including cloud-based SaaS (Software-as-a-Service) investments in enhanced planning systems. The acquisition of Braeside continued to be a key competitive advantage for the Group enabling stronger focus on growth and product innovation along with greater control over production and quality. We implemented a price increase of 3% on average across China in October and an even larger increase in International markets, with ANZ seeing a more modest 0.5% price accretion in its competitive market context. At least two-thirds of these price increases are expected to be retained over time after adjustments in our promotional programs. These factors together with the supply savings program contributed to the Group's gross margin percentage improving by 2.3 points to 54.2%.

Though supply chain challenges as a result of COVID-19 remain elevated, Blackmores has worked to increase inventory levels and seen some improvements in OOS. However, freight and other supply challenges globally mean we will need to remain very active in inventory management in the coming months and more investment in inventory may be required in the second half. Production, bottling and packing has continued at normal output levels, despite staff shortages and a very tight labour market owing to COVID-19.

During the first half, Blackmores Institute (BI), the academic, education and research arm of the Group, continued to lead excellence in education ranking #2 in Australia in 2021. The BI team won gold and silver Brandon Hall awards ('Best Extended Program for BeCertified and Best Certification Program for Complementary Medicine Education (CMEd)'), launched online pharmacy education for BioCeuticals and 85,483 online education modules were completed by pharmacy staff in Australasia. With a focus on the significant health epidemic, the research arm of the Institute continued execution of clinical trials, as much as COVID-19 circumstances allowed in each country.

FINANCIAL POSITION OF THE GROUP

Net assets at 31 December 2021 increased by 5% from 30 June 21 to $399.3m. Total assets increased by 3% or $19.0m to $579.4m in the half, while total current assets of the Group increased by $25.5m to $347.1m. Cash and cash equivalents were $89.4m at 31 December 2021, a $19.3m increase on 30 June 2021. Receivables of $115.4m were $6.9m higher than June 2021 largely due to higher revenue in the final months of the half period. Inventory of $121.8m was $6.1m higher than June 2021 due to a continued focus on improved inventory management and reducing the number of OOS products. Non-current assets declined by $6.5m as amortisation and depreciation exceeded additions. Current and non-current liabilities of the Group decreased by 1% to $180.1m compared to 30 June 2021. Following the successful completion of the capital raise all debt was repaid in 1H21 and remains undrawn at 31 December 2021. All pre-existing debt facilities remained in place as at 31 December 2021.

Cash generated from operations of the Group was $49.1m, a decrease of 16% ($9.7m) compared with 1H21 as the Group began investment in working capital to support faster growth. The new accounting policy change relating to cloud computing also resulted in $5.1m of Information Technology spend, which would have historically been capital expenditure, being reclassified as operating expense (compared to less than $0.5m in 1H21).

EVENTS AFTER THE REPORTING PERIOD

Interim Dividend

On 24 February 2022 the Directors declared an interim dividend of 63 cents per share fully franked. The record date is 23 March 2022, and the dividend is payable on 12 April 2022. The Board and management continue to evaluate a range of investment opportunities designed to support the Group's strategic priorities. The dividend payout ratio of 60% takes into consideration alternative uses of capital considering Blackmores capital management framework. Blackmores has retained the Dividend Re-Investment Plan (DRP) continuing with a 2.5% discount.

Other than the matters noted above, no other matter or circumstance has arisen since 31 December 2021 that has significantly affected or may significantly affect the Group's operations, or the Group's state of affairs in future years.

Directors' Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

LOOKING AHEAD

Looking ahead to the second half of FY22, in Australia, we expect the category to continue to recover, albeit slowly, and we will remain focused on executing against key consumption periods, reduce out of stocks, and accelerating our delivery of new product innovation. All of these plans will come with a step up in brand advertising in ANZ. Performance of the International markets will continue with momentum from new product launches from Blackmores. In the International segment, COVID-19 category tailwinds will be less than what we experienced in the first half, with the second half returning to levels of growth more consistent with growth rates experienced in FY21. Given the phasing of the Double 11 shopping festival in China, we expect second half sales in China to grow compared to the prior corresponding period but will be below 1H22 sales. Total Group A&P investments will be $10-$15m higher in the second half of the year compared to the first half.

Our investments in supply chain capabilities have made Blackmores more resilient and underpin our ability to meet customer demand. Given the ongoing uncertainty due to COVID-19 across our markets and its impact on global supply chains, these improvements will help us manage what we believe will continue to be a challenging environment throughout the remainder of FY22.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on page 4 of this half-year Financial Report.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the half-year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s.306 (3) of the Corporations Act 2001.

On behalf of the Directors

Anne Templeman-Jones
Chair

Dated in Sydney, 24 February 2022

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

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

24 February 2022

Dear Board Members

Auditor's Independence Declaration to Blackmores Limited

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

As lead audit partner for the review of the half year financial report of Blackmores Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

John M Clinton
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Review Report to the Members of Blackmores Limited

Conclusion

We have reviewed the half-year financial report of Blackmores Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 7 to 24.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Deloitte.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

John M Clinton
Partner
Chartered Accountants
Sydney, 24 February 2022

DIRECTORS' DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

The Directors declare that:

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

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Anne Templeman-Jones
Chair

Dated in Sydney, 24 February 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	NOTES	31 December 2021 $'000	Restated[1] 31 December 2020 $'000
Revenue	2.1	**346,024**	302,562
Other income	2.1	**1,166**	11,054
Revenue and other income		**347,190**	313,616
Raw materials and consumables used		**127,099**	115,350
Employee benefits expenses	2.3	**94,157**	89,214
Selling and marketing expenses		**30,485**	29,845
Depreciation and amortisation expenses		**14,388**	13,253
Facility and maintenance expenses		**8,438**	8,835
Professional and consulting expenses		**7,230**	3,057
Freight expenses		**10,877**	6,414
Licences and registration expenses		**4,973**	3,780
Cloud IT expenses		**5,125**	464
Impairment of financial assets		**(97)**	428
Impairment of non-financial assets		**-**	9,601
Other expenses		**6,956**	6,719
Total expenses		**309,631**	286,960
Earnings before interest and tax	2.2.2	**37,559**	26,656
Interest revenue		**69**	58
Interest expense		**(1,907)**	(2,294)
Net interest expense		**(1,838)**	(2,236)
Profit before tax		**35,721**	24,420
Income tax expense		**(10,535)**	(8,386)
Profit after tax from continuing operations		**25,186**	16,034
Profit after tax from discontinued operations	3.1.1	**-**	5,367
Profit for the half-year		**25,186**	21,401
Attributable to:			
Owners of the parent		**20,303**	19,478
Non-controlling interests		**4,883**	1,923
		25,186	21,401
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign controlled entities		**3,234**	(3,360)
Net (loss)/gain on cash flow hedging instruments (net of tax)		**(192)**	432
Asset revaluation reserve movement		**(95)**	-
Other comprehensive income/(expense) for the period (net of tax)		**2,947**	(2,928)
Total comprehensive income for the period		**28,133**	18,473
Total comprehensive income attributable to:			
Owners of the parent		**22,610**	16,982
Non-controlling interests		**5,523**	1,491
		28,133	18,473
EARNINGS PER SHARE			
From continuing operations			
Basic earnings per share (cents)	4.3.1	**104.8**	73.1
Diluted earnings per share (cents)		**104.1**	73.0
From continuing and discontinued operations			
Basic earnings per share (cents)	4.3.1	**104.8**	100.9
Diluted earnings per share (cents)		**104.1**	100.8

1. The half-year ended 31 December 2020 has been restated for a change in accounting policy in June 2021, refer to Note 1.8 for further information.

Notes to the Condensed Consolidated Financial Statements are included on pages 12 to 24.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	NOTES	31 December 2021 $'000	30 June 2021 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**89,381**	70,054
Receivables		**115,436**	108,492
Inventories		**121,803**	115,690
Tax assets		**10,307**	12,255
Other assets		**9,363**	14,633
Derivative assets	5.1	**819**	505
Total current assets		**347,109**	321,629
NON-CURRENT ASSETS			
Property, plant and equipment		**109,937**	112,462
Right-of-use assets		**28,289**	30,945
Goodwill and intangible assets		**69,255**	72,684
Deferred tax assets		**22,158**	21,031
Other financial assets	5.1	**1,496**	1,542
Other non-current assets		**1,179**	129
Total non-current assets		**232,314**	238,793
Total assets		**579,423**	560,422
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**111,470**	112,650
Tax liabilities		**5,156**	7,466
Lease liabilities	4.1	**8,022**	7,855
Provisions		**16,229**	15,152
Other liabilities		**919**	872
Derivative liabilities	5.1	**626**	177
Total current liabilities		**142,422**	144,172
NON-CURRENT LIABILITIES			
Lease liabilities	4.1	**20,784**	21,893
Deferred tax liabilities		**12,093**	11,241
Provisions		**4,802**	4,162
Total non-current liabilities		**37,679**	37,296
Total liabilities		**180,101**	181,468
Net assets		**399,322**	378,954
EQUITY			
CAPITAL AND RESERVES			
Issued capital	4.2	**197,778**	196,126
Reserves		**8,089**	4,002
Retained earnings		**184,472**	173,028
Equity attributable to shareholders of Blackmores Limited		**390,339**	373,156
Equity attributable to non-controlling interests		**8,983**	5,798
Total equity		**399,322**	378,954

Notes to the Condensed Consolidated Financial Statements are included on pages 12 to 24.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	ISSUED CAPITAL	EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE	CASH FLOW HEDGING RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	CAPITAL RESERVE	ASSET REVALUATION RESERVE	RETAINED EARNINGS	ATTRIBUTABLE TO OWNERS OF BLACKMORES LTD	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2020 (Reported at half-year ended 31 December 2020)	146,388	234	(1,226)	4,104	-	-	155,795	305,295	1,344	306,639
Change in accounting policy (described in note 1.8)[1]	-	-	-	-	-	-	(5,796)	(5,796)	-	(5,796)
Balance at 1 July 2020 (restated)[1]	146,388	234	(1,226)	4,104	-	-	149,999	299,499	1,344	300,843
Profit for the period	-	-	-	-	-	-	19,478	19,478	1,923	21,401
Other comprehensive income/(expense) for the period (net of tax)	-	-	432	(2,928)	-	-	-	(2,496)	(432)	(2,928)
Total comprehensive income for the period	-	-	432	(2,928)	-	-	19,478	16,982	1,491	18,473
Share-based payments expense	-	845	-	-	-	-	-	845	-	845
Issue of shares under Capital Raise (net of transaction costs)	48,206	-	-	-	-	-	-	48,206	-	48,206
Balance as at 31 December 2020 (restated)[1]	194,594	1,079	(794)	1,176	-	-	169,477	365,532	2,835	368,367
Balance at 1 July 2021	**196,126**	**2,536**	**203**	**1,263**	**-**	**-**	**173,028**	**373,156**	**5,798**	**378,954**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**20,303**	**20,303**	**4,883**	**25,186**
Other comprehensive income/(expense) for the period (net of tax)	**-**	**-**	**(192)**	**2,594**	**429**	**(95)**	**(429)**	**2,307**	**640**	**2,947**
Total comprehensive income for the period	**-**	**-**	**(192)**	**2,594**	**429**	**(95)**	**19,874**	**22,610**	**5,523**	**28,133**
Dividends declared	**-**	**-**	**-**	**-**	**-**	**-**	**(8,162)**	**(8,162)**	**(2,338)**	**(10,500)**
Share-based payments expense	**-**	**2,012**	**-**	**-**	**-**	**-**	**-**	**2,012**	**-**	**2,012**
Vested share rights, settled on market	**-**	**(915)**	**-**	**-**	**-**	**-**	**-**	**(915)**	**-**	**(915)**
Transfer to retained earnings	**-**	**268**	**-**	**-**	**-**	**-**	**(268)**	**-**	**-**	**-**
Issue of shares under Dividend Reinvestment Plan (DRP)	**1,638**	**-**	**-**	**-**	**-**	**-**	**-**	**1,638**	**-**	**1,638**
Issue of shares under employee incentive plans (net of tax)	**14**	**(14)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at 31 December 2021	**197,778**	**3,887**	**11**	**3,857**	**429**	**(95)**	**184,472**	**390,339**	**8,983**	**399,322**

1. The half-year ended 31 December 2020 has been restated for a change in accounting policy in June 2021, refer to Note 1.8 for further information.

Notes to the Condensed Consolidated Financial Statements are included on pages 12 to 24.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	NOTES	31 December[1] 2021 $'000	Restated 31 December[1,3] 2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (net of promotional and other rebates)		**372,604**	327,712
Payments to suppliers and employees[2]		**(323,463)**	(268,884)
Cash generated from operations		**49,141**	58,828
Interest and other costs of finance paid		**(1,906)**	(2,295)
Income taxes paid		**(11,950)**	(11,579)
Net cash flows from operating activities		**35,285**	44,954
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**68**	70
Proceeds from disposal of assets		**-**	30,260
Payments for property, plant and equipment		**(3,594)**	(5,941)
Payments for intangible assets		**(525)**	(2,461)
Dividends received		**45**	43
Net cash flows (used in)/from investing activities		**(4,006)**	21,971
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings		**-**	35,000
Repayments of bank borrowings		**-**	(120,000)
Proceeds from other borrowings		**-**	-
Repayments of other borrowings		**-**	(1,335)
Repayments of lease liabilities	4.1	**(4,073)**	(4,282)
Dividends paid – external BKL shareholders		**(6,524)**	-
Dividends paid – non-controlling interests		**(2,338)**	-
Payments for vested share rights		**(915)**	-
Proceeds from the issue of share capital (net of transaction costs)		**-**	48,206
Net cash used in financing activities		**(13,850)**	(42,411)
Net increase in cash and cash equivalents		**17,429**	24,514
Cash and cash equivalents at the beginning of the period		**70,054**	47,655
Effects of exchange rate changes on the balance of cash held in foreign currencies		**1,898**	(1,139)
Cash and cash equivalents at the end of the period		**89,381**	71,030

1. The Condensed Consolidated Statement of Cash Flows includes both continuing and discontinuing operations. Amounts relating to discontinued operations are disclosed in note 3.1.1.
2. Payments to suppliers and employees is net of COVID-19 relief payments including JobKeeper.
3. The half-year ended 31 December 2020 has been restated for a change in accounting policy in June 2021, refer to Note 1.8 for further information.

Notes to the Condensed Consolidated Financial Statements are included on pages 12 to 24.

Notes to the Condensed Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

01 General Information

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

Blackmores Limited's registered office and its principal place of business is as follows:
20 Jubilee Avenue, Warriewood, NSW 2102
Telephone +61 2 9910 5000

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

1.1 REPORTING ENTITY

Blackmores Limited (the Company) is a company domiciled in Australia. The Condensed Consolidated Interim Financial Report (Financial Report) of Blackmores as at and for the half-year ended 31 December 2021 comprises Blackmores and its subsidiaries (the Group).

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

1.2 STATEMENT OF COMPLIANCE

The half-year Financial Report is a General Purpose Financial Report prepared in accordance with the Corporations Act 2001 and AASB134 'Interim Financial Reporting'. Compliance with AASB 134 'Interim Financial Reporting' ensures compliance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an Annual Financial Report and should be read in conjunction with the most recent Annual Financial Report as at and for the financial year ended 30 June 2021.

1.3 BASIS OF PREPARATION

The half-year Financial Report has been prepared on the basis of historical cost, except for certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year Financial Report are consistent with those adopted and disclosed in the Group's Annual Financial Report for the year ended 30 June 2021 except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

1.4 ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the half-year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

1.5 ESTIMATES

The preparation of the half-year Financial Report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this half-year Financial Report, the significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainty in estimation were the same as those applied to the Annual Financial Report for the financial year ended 30 June 2021.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

01 General Information

1.6 ONGOING IMPACT OF COVID-19

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

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

1.7 APPLICATION OF NEW AND REVISED STANDARDS

In the current half-year, the Group has applied the below amendments to Australian Accounting Standards (and Interpretations) issued by the Australian Accounting Standards Board (the Board) that are effective for the Group's annual reporting period that began on 1 July 2021.

Their adoption has had no material impact on the disclosures and/or amounts reported in these financial statements:

- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2.
- AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021.

1.8 CHANGE IN ACCOUNTING POLICY

As noted in the Group's Annual Report for the financial year ended 30 June 2021, the Group implemented two agenda decisions issued by IFRIC related to accounting for Software-as-a-Service (SaaS) arrangements. This was retrospectively accounted for as a change in accounting policy during the prior financial year. Previously, the Group capitalised certain upfront configuration and customisation costs incurred in implementing SaaS arrangements.

In this half-year report, the historical financial information have been restated to also retrospectively account for the impact of the change in accounting policy, as follows:

	31 December 2020		
	Previously Reported $'000	Adjustment $'000	Restated $'000
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Cloud IT related expenses	-	464	464
Depreciation and amortisation expenses	14,525	(1,272)	13,253
Profit before tax from continuing operations	**(23,612)**	**(808)**	**(24,420)**
Income tax expense	8,144	242	8,386
Profit after tax from continuing operations	**(15,468)**	**(566)**	**(16,034)**
Condensed Consolidated Statement of Cash Flows			
Payments to suppliers and employees	(268,420)	(464)	(268,884)
Net cash generated by operating activities	**45,418**	**(464)**	**44,954**
Payments for intangible assets[1]	(2,925)	464	(2,461)
Net cash from investing activities	**21,507**	**464**	**21,971**

1. Includes the effects of software assets reclassified from Property, Plant & Equipment.

	Previously Reported Cents	Adjustment Cents	Restated Cents
Basic and Diluted Earnings per Share from Continuing Operations			
Basic EPS	70.2	2.9	73.1
Diluted EPS	70.1	2.9	73.0

The comparative information in the Condensed Consolidated Statement of Financial Position already reflects the revised accounting policy.

02 Our Operations

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

2.1 REVENUE AND OTHER INCOME

	Consolidated Half-year ended	
	31 December 2021 $'000	31 December 2020 $'000
Sales (net of discounts)	**413,838**	369,050
Promotional and other rebates	**(67,814)**	(66,488)
Revenue	**346,024**	302,562
JSS (Singapore) COVID-19 relief payments (2020: JSS (Singapore) and Australian JobKeeper)	**40**	10,424
Other	**1,126**	630
Other income	**1,166**	11,054
Revenue and other income	**347,190**	313,616

Key estimates and judgements

Promotional and other rebates

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

For the half-year, the Group recognised promotional and other rebates of $67.8m (2020: $66.5m) which have been charged against sales revenue as disclosed in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Other income

Other income relates primarily to government grants and income assistance including JobKeeper and the Singapore Jobs Support Scheme (JSS). The Australian JobKeeper government grant and income assistance ceased in FY21.

Accounting policies

Revenue

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

Sale of goods

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

Sale of goods on consignment

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

Discounts, promotional and other rebates

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

Government grants and assistance income

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

02 Our Operations

2.2 SEGMENT INFORMATION

Information reported to the Group's Chief Operating Decision Maker for the purpose of resource allocation and assessment of segment reporting is based on three key regions, ANZ, International, and China. The Group reports three revenue generating operating segments, and a fourth Corporate segment. The reportable segments under AASB 8 are now as follows:

ANZ	CHINA	INTERNATIONAL	CORPORATE
Comprising the Blackmores, PAW by Blackmores, Impromy and BioCeuticals practitioner brands sold across Australia and New Zealand, and manufacturing on behalf of third parties within our Braeside facility. Excluding sales to corporate exporters which are instead mapped to the China or International markets to which they sell.	Comprising Blackmores brand in China (in country) and China Export Division.	Comprising the Blackmores and PAW by Blackmores brands in Thailand, Malaysia, Singapore, Hong Kong (China), Taiwan (China), South Korea, Indonesia, India, Philippines, Vietnam, and Pakistan.	Those costs which cannot be reliably allocated to a specific segment, or which have been incurred as a function of being an ASX listed business in Australia and for long-term growth opportunities.

2.2.1 Revenue by segment

	Consolidated Half-year ended 31 December 2021 $'000	Consolidated Half-year ended 31 December 2020 $'000
ANZ[1]	**145,885**	147,637
International	**116,251**	77,604
China	**83,888**	77,321
	346,024	302,562

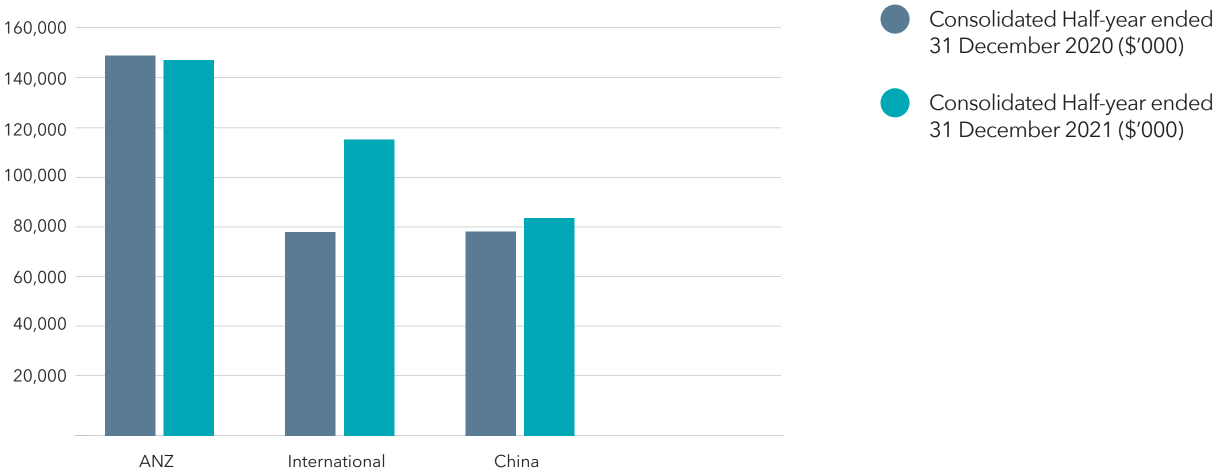
The Group had one customer who contributed more than 10% of the Group's revenue in the period (2020: one). Revenue earned from this customer amounts to $52.3m (2020: $53.3m). This customer is reported in the ANZ segment.

2.2.2 Earnings before interest and taxes (EBIT) by segment

	Consolidated Half-year ended 31 December 2021 $'000	Consolidated Half-year ended Restated 31 December 2020 $'000
ANZ[1]	**26,121**	17,310
International	**19,670**	12,506
China	**6,961**	6,139
Corporate	**(15,193)**	(9,299)
	37,559	26,656

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

2.2.3 Revenue history by segment



02 Our Operations

2.3 PROFIT FOR THE YEAR

	Consolidated Half-year ended	
Profit for the year from continuing operations has been arrived at after charging:	31 December 2021 $'000	31 December 2020 $'000
Employee benefits expense		
Defined contribution plans	**4,920**	4,585
Redundancy payments	**647**	6,407
Other employee expenses	**86,579**	77,377
Share-based payments:		
Equity-settled share-based payments	**2,011**	845
	94,157	89,214
Provision for stock obsolescence	**2,604**	3,598
Hedge ineffectiveness	-	252

2.4 OTHER FINANCIAL INFORMATION

	Consolidated Half-year ended	
	31 December 2021 $'000	31 December 2020 $'000
Cost of goods sold	**158,434**	145,317

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

03 Our Investments

3.1 ASSET SALES AND DISCONTINUED OPERATIONS

3.1.1 Discontinued operations

During the half-year ended 31 December 2020, as part of its strategic focus, Blackmores divested non-core brands resulting in the sale of Global Therapeutics business in addition to the IsoWhey and Wheyless brands. The sale of the Global Therapeutics business resulted in a final net gain arising on disposal of $3.8m.

	Global Therapeutics 31 December 2020 $'000
Consideration received in cash	27,000
Payment for net working capital in advance	2,170
Total consideration received	**29,170**
Estimated adjustment to net working capital	(1,828)
Transaction costs	(1,002)
Total consideration net of transaction costs	**26,340**
Less fair value of the assets disposed	
Current assets	
Receivables	1,990
Inventories	2,596
Other current assets	146
	4,732
Non-current assets	
Property, plant and equipment	71
Intangible assets	22,057
Deferred tax assets	-
Other non-current assets	26
	22,154
Total assets	**26,886**
Current liabilities	
Trade and other payables	-
Provisions	342
	342
Non-current liabilities	
Deferred tax liabilities	4,211
Provisions	80
	4,291
Total liabilities	**4,633**
Identifiable net assets disposed	**22,253**
Initial gain arising on disposal	**4,087**
Adjustments to net working capital	(300)
Final gain arising on disposal	**3,787**

03 Our Investments

3.1 ASSET SALES AND DISCONTINUED OPERATIONS

3.1.1 Discontinued operations (cont.)

The Global Therapeutics business was a separate cash generating unit (CGU) and is presented separately in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income. The profit during the half-year ended 31 December 2020 for the Global Therapeutics business is set out below.

	Consolidated Half-year ended 31 December 2020 $'000
Revenue	7,027
Other income	21
Revenue and other income	**7,048**
Total expenses	5,636
Earnings before interest and tax	**1,412**
Net interest income	10
Profit before tax	**1,422**
Income tax expense	(438)
Profit after tax before gain on sale of discontinued operations	**984**
Gain on sale of discontinued operations	4,087
Tax on gain on sale[1]	296
Profit after tax from discontinued operations	**5,367**
Statement of Cash Flows	
Cash flow from operating activities	2,745
Cash flow used in investing activities	(2,702)
Cash flow used in financing activities	(47)
Net decrease in cash and cash equivalents	**(4)**
Cash and cash equivalents at the beginning of the period	4
Cash and cash equivalents at the end of the period	-

1. There is no tax on the capital gain on sale of Global Therapeutics due to recoupment of carried forward capital tax losses. The tax benefit above relates to the transaction costs incurred.

3.1.2 Asset sales

IsoWhey and Wheyless brands

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

Sale of investment property

On 25 November 2020, Blackmores entered into a contract for sale of land for the investment property at 15 Jubilee Avenue Warriewood, NSW 2102. The land had a book value of $2.2m and was classified as held for sale at 31 December 2020. The sale for $6.2m plus GST included a 5% non-refundable deposit and completed in May 2021.

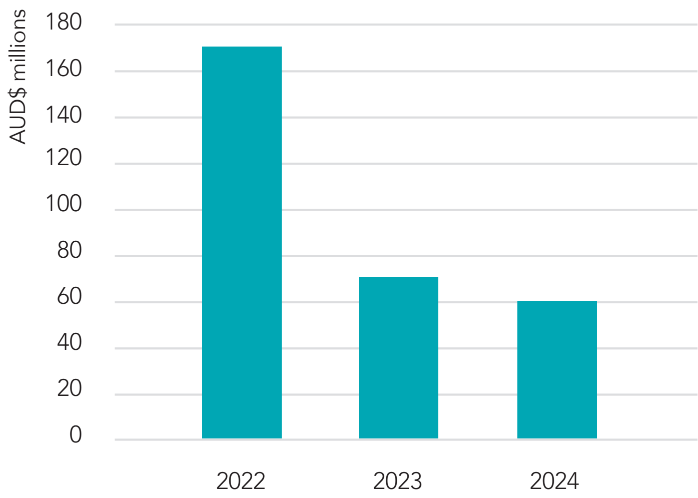
04 Our Financing

4.1 INTEREST-BEARING LIABILITIES

	31 December 2021 $'000	30 June 2021 $'000
Current		
Lease liabilities	**8,022**	7,855
Non-current		
Lease liabilities	**20,784**	21,893
Interest-bearing liabilities	**-**	-

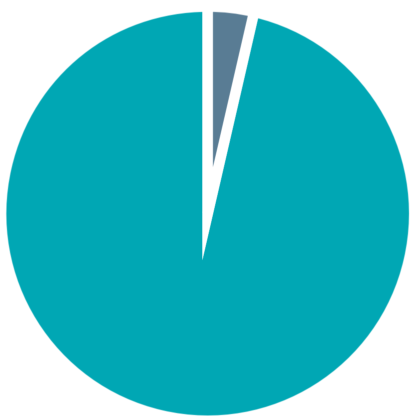
	Interest-bearing Liabilities		Lease Liabilities	
	31 December 2021 $'000	30 June 2021 $'000	31 December 2021 $'000	30 June 2021 $'000
Reconciliation				
Balance at the start of the year	-	85,000	29,748	27,818
Non-cash movements	-	-	3,677	12,484
Principal repayments	-	(85,000)	(4,073)	(9,424)
Interest repayment	-	-	(546)	(1,130)
Balance at the end of the year	**-**	**-**	**28,806**	**29,748**

Blackmores Limited Debt Maturity Profile



Facility expires by financial year

Blackmores Limited Debt Facilities



Drawn Facilities* $9.5m

Undrawn Facilities $290.5m

*Drawn facilities relate to bank guarantees. Refer to note 6.1.

04 Our Financing

4.2 ISSUED CAPITAL

	31 December 2021 NUMBER	31 December 2021 ISSUED CAPITAL $'000	30 June 2021 NUMBER	30 June 2021 ISSUED CAPITAL $'000
Fully Paid Ordinary Shares				
Balance at beginning of year	19,365,519	196,126	18,677,903	146,388
Issue of shares under Executive and Employee Share Plans	193	14	231	17
Issue of shares under Dividend Reinvestment Plan (DRP)	18,534	1,638	17,573	1,408
Issue of shares under Capital Raise	-	-	669,812	48,563
Transaction costs	-	-	-	(250)
Balance at end of financial/year	**19,384,246**	**197,778**	**19,365,519**	**196,126**

On 8 July 2020, Blackmores announced the successful completion of its Share Purchase Plan. 669,812 shares were issued at $72.50 per share. Fully paid ordinary shares carry one vote per share and carry a right to dividends.

4.3 SHAREHOLDER RETURNS

4.3.1 Earnings per share

	Consolidated Half-year ended	
	31 December 2021 $'000	Restated 31 December 2020 $'000
From continuing operations		
Profit attributable to shareholders of Blackmores Limited	**20,303**	14,110
	Number	Number
WANOS[1] used in the calculation of basic EPS[2]	**19,376**	19,300
WANOS[1] used in the calculation of diluted EPS[2]	**19,507**	19,332
	Cents	Cents
Basic EPS	**104.8**	73.1
Diluted EPS	**104.1**	73.0
From continuing and discontinued operations		
Profit attributable to shareholders of Blackmores Limited	**20,303**	19,478
	Number	Number
WANOS[1] used in the calculation of basic EPS[2]	**19,376**	19,300
WANOS[1] used in the calculation of diluted EPS[2]	**19,507**	19,332
	Cents	Cents
Basic EPS	**104.8**	100.9
Diluted EPS	**104.1**	100.8

1. Weighted average number of ordinary shares.
2. The variance in the WANOS used in the calculation of the basic EPS and the diluted EPS is attributable to employee share plans.

4.3 SHAREHOLDER RETURNS (CONT.)

4.3.2 Dividends

	Consolidated Half-year ended			
	31 December 2021		31 December 2020	
	CENTS PER SHARE	TOTAL $'000	CENTS PER SHARE	TOTAL $'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend declared in respect of prior financial year				
- fully franked at 30% corporate tax rate	42	8,162	-	-
- paid as cash		6,524		-
- taken as shares issued through DRP		1,638		-
		8,162		-
Unrecognised amounts				
Fully paid ordinary shares				
Interim dividend payable in respect of current financial year				
– fully franked at 30% corporate tax rate	63	12,212	29	5,611

05 Our Financial Risk Management Approach

5.1 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the Condensed Consolidated Financial Statements approximate their fair values.

Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

Fair value measurements recognised in the Condensed Consolidated Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		31 December 2021 $'000	30 June 2021 $'000
Financial assets			
Unquoted equities	Level 3	**1,496**	1,542
Foreign exchange derivatives	Level 2	**819**	505
		2,315	2,047
Financial liabilities			
Foreign exchange derivatives	Level 2	**626**	177
		626	177

06 Other

6.1 CONTINGENT LIABILITIES

Blackmores has been in discussions with a relevant authority in one of the countries in which it trades pertaining to the historical use of and compliance to export classification codes and related exemptions claimed under free trade agreements between the periods of 2009 to 2014. These discussions have been ongoing for over 5 years. The relevant authority has issued assessments for approximately $9.5m (AUD) adjusted for FX. Corresponding bank guarantees totalling $9.5m (AUD) adjusted for FX, were issued by the Group. Blackmores has initiated an appeals process for these assessments. Blackmores considers that it has correctly interpreted and complied with all relevant requirements under the free trade agreement and continues to pursue all legal avenues of objection. It remains unclear when a resolution to this matter will be reached. As at the date of signing, no legal liability exists in relation to the assessments under applicable laws of that jurisdiction. A reliable estimate of potential risks or probable outflows, if any, cannot be determined. Accordingly, applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets, no liability has been recorded in the half-year Financial Report at 31 December 2021.

6.2 EVENTS AFTER THE REPORTING PERIOD

Interim Dividend

The Directors declared after 31 December 2021 an interim dividend of 63 cents per share fully franked as described in note 4.3.2.

Impact of COVID-19 Pandemic

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

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

Other than the foregoing, no other matter or circumstance has arisen since 31 December 2021 that has significantly affected or may significantly affect the Group's operations, or the Group's state of affairs in future years.

BLACKMORES®
GROUP

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