Groupe L'OCCITANE

L'OCCITANE INTERNATIONAL S.A.

(Incorporated under the laws of Luxembourg with limited liability)

Stock code : 973

FY2022

Interim Report

L'OCCITANE
EN PROVENCE

Melvita
french organic beauty care since 1983

erborian
KOREAN SKIN THERAPY
PARIS · SEOUL

L'OCCITANE
AU BRÉSIL

LimeLife by Alcone

ELEMIS

The L'OCCITANE Group consists of six brands: L'OCCITANE en Provence, Melvita, Erborian, L'OCCITANE au Brésil, LimeLife by Alcone and ELEMIS.

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Corporate Information

Executive Directors

Reinold Geiger
(Chairman)
André Hoffmann
(Vice-Chairman and Chief Executive Officer)
Yves Blouin
(Group Managing Director)
Thomas Levilion
(Group Deputy General Manager,
Finance and Administration)
Karl Guénard
(Company Secretary)
Séan Harrington
(Chief Executive Officer of ELEMIS)

Independent Non-Executive Directors

Valérie Bernis
Charles Mark Broadley
Jackson Chik Sum Ng

Company Secretary

Karl Guénard

Authorised Representatives

André Hoffmann
Jackson Chik Sum Ng

Company Legal Name

L'Occitane International S.A.

Date of Incorporation

22 December 2000

Date of Listing in Hong Kong

7 May 2010

Registered Office

49, Boulevard Prince Henri
L-1724 Luxembourg

Headquarter Offices

49, Boulevard Prince Henri
L-1724 Luxembourg

Chemin du Pré-Fleuri 5
CP 165
1228 Plan-les-Ouates
Geneva
Switzerland

Principal Place of Business in Hong Kong

20/F K11 ATELIER King's Road
728 King's Road
Quarry Bay, Hong Kong

Stock Code

973

Company Website

group.loccitane.com

Audit Committee

Charles Mark Broadley *(Chairman)*
Valérie Bernis
Jackson Chik Sum Ng

Remuneration Committee

Jackson Chik Sum Ng *(Chairman)*
Yves Blouin
Charles Mark Broadley

Nomination Committee

Jackson Chik Sum Ng *(Chairman)*
Valérie Bernis
André Hoffmann

Sustainability Committee

Charles Mark Broadley *(Chairman)*
Valérie Bernis
Thomas Levilion

Principal Bankers

HSBC France
Groupe Crédit Agricole
- Crédit Agricole CIB
- Le Crédit Lyonnais (LCL)
- Caisse Régionale du Crédit Agricole Mutuel Provence Côte d'Azur

BNP Paribas
Groupe BPCE
- Natixis
- BRED
- CEPAC
- Palatine

Groupe Société Générale
- Société Générale
- Crédit du Nord

CIC

Auditor

PricewaterhouseCoopers, Société coopérative
Certified Public Accountants
Recognized Public Interest Entity Auditor

Principal Share Registrar and Transfer Office

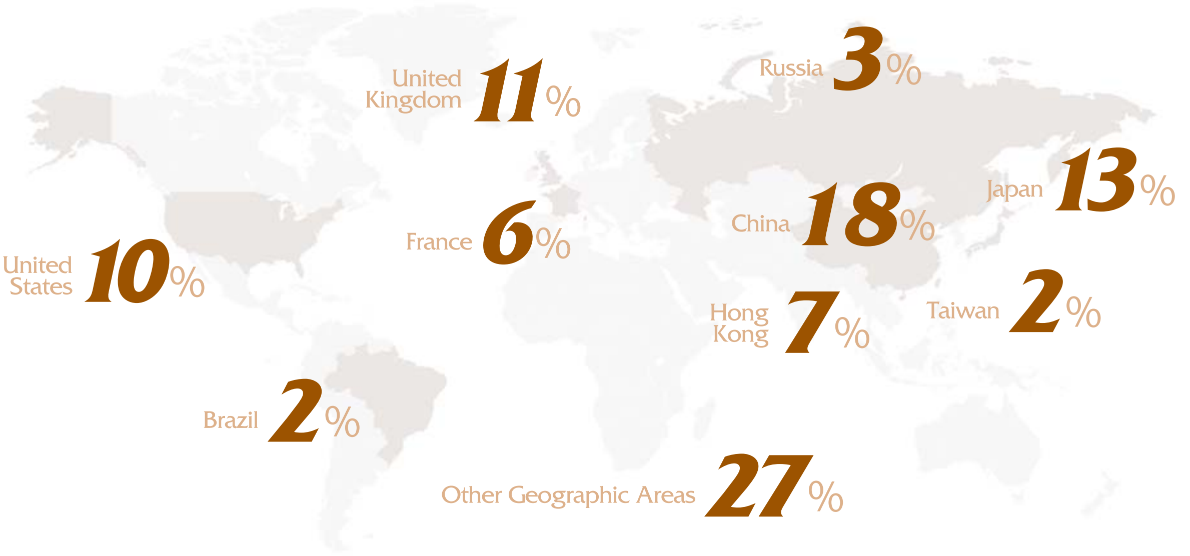
49, Boulevard Prince Henri
L-1724 Luxembourg

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

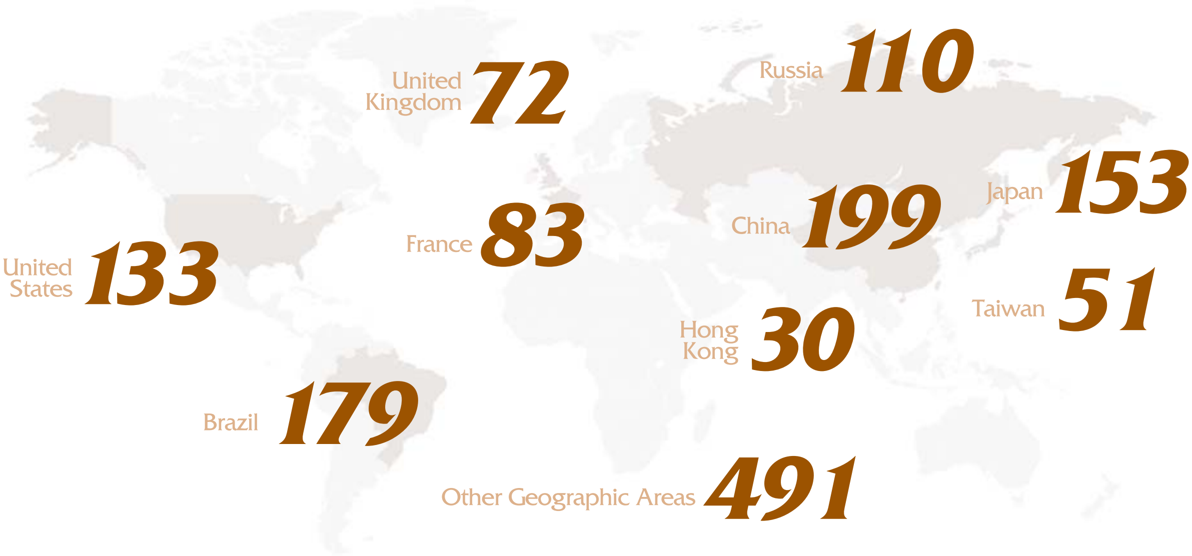
Financial Highlights

OUR ACTIVITY WORLDWIDE



** Net sales (%) by geographic areas*

OUR STORES WORLDWIDE



** 3,074 retail locations and*
1,501 stores operated directly by the Group

KEY FINANCIAL HIGHLIGHTS

	FY2022 H1	*FY2021 H1 restated*
Reported net sales *(€ million)*	**696.4**	616.6
Operating profit *(€ million)*	**78.9**	32.3
Profit for the period *(€ million)*	**60.6**	16.7
Gross profit margin	**79.7%**	82.1%
Operating profit margin	**11.3%**	5.2%
Net profit margin	**8.7%**	2.7%
Net operating profit after tax *(€ million)* (NOPAT) (1)	**66.3**	26.3
Capital employed *(€ million)* (2)	**1,846.8**	1,799.4
Return on capital employed (ROCE) (3)	**3.6%**	1.5%
Return on equity (ROE) (4)	**4.9%**	1.5%
Current ratio (times) (5)	**0.9**	1.0
Gearing ratio (6)	**28.0%**	37.9%
Average inventory turnover days (7)	**282**	346
Turnover days of trade receivables (8)	**40**	41
Turnover days of trade payables (9)	**228**	248
Total number of own stores (10)	**1,501**	1,569
Profit attributable to equity owners *(€ million)*	**59.9**	15.1
Basic earnings per share *(€)*	**0.041**	0.010

Notes:

(1) (Operating profit + foreign currency net gains or losses) x (1 - effective tax rate)
(2) Non-current assets - (deferred tax liabilities + other financial liabilities + other non-current liabilities) + working capital
Note that the calculation of working capital included current financial liabilities such as dividends and acquisition payments. These are now excluded to show only working capital relating to operations.
(3) NOPAT/capital employed
(4) Net profit attributable to equity owners of the Company/shareholders' equity excluding minority interest
(5) Current assets/current liabilities
(6) Total debt/total assets
(7) Average inventory turnover days equals average inventory divided by cost of sales and multiplied by 182.5. Average inventory equals the average of net inventory at the beginning and end of a given period.
(8) Turnover days of trade receivable equals average trade receivables divided by net sales and multiplied by 182.5. Average trade receivables equals the average of net trade receivables at the beginning and end of a given period.
(9) Turnover days of trade payables equals average trade payables divided by cost of sales and multiplied by 182.5. Average trade payables equals the average of trade payables at the beginning and end of a given period.
(10) L'Occitane, ELEMIS, Melvita, L'Occitane au Brésil and Erborian branded boutiques and department store corners directly managed and operated by the Company.

Disclaimer

The financial information and certain other information presented in a number of tables have been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Chairman's Statement

Message from Chairman

Reinold Geiger

29 November 2021

I am delighted to announce strong financial results in the first half of FY2022 during which we achieved record levels of operating profit and net profit. For this, I am incredibly proud of the resilience and intelligence demonstrated by our teams around the world in collectively overcoming the numerous challenges thrown up by the pandemic over the past 18 months.

This solid outcome was the result of our determination to accelerate our transformation and adopt a balanced approach on our top and bottom-line. In recent years, we have made important changes within our organisation to place trust in and empower our people and to promote sustainable and profitable growth. These changes included targeting our investments towards key channels, markets and brands; adjusting our incentive scheme to give our management ownership over the performance of their respective market or business unit; and completing a voluntary Chapter 11 case in the US to rationalise our store network — just some of many examples.

Meanwhile, our foresight in investing in our digital transformation and omni-channel strategy long before the pandemic proved to be imperative when COVID-19 hit, enabling us to be socially distant but still connected. And with our physical stores being forced to close or reopening in different markets in line with local COVID-19 conditions, our robust sales performance continued to attest to the effectiveness of our omni-channel strategy with overall revenue during the period exceeding pre-pandemic levels. Despite seeing a strong recovery of in-store sales, online sales still accounted for a third of total sales, roughly 10 points higher than that before the pandemic, a contributing factor to our elevated profitability.

We also continued our evolution as a multinational and multi-brand group. The Group's second-largest brand, ELEMIS, saw accelerated sales growth via a global rollout throughout the interim period, opening flagship stores in numerous pivotal markets including China ahead of the key holiday season. Our multi-brand strategy was further underscored by the acquisition of a majority stake in Sol de Janeiro, a premium body care lifestyle brand inspired by an authentic Brazilian philosophy of self-love and joy. Its unique brand story, high-quality products rich in natural ingredients, fast and profitable growth, and committed and entrepreneurial management team align perfectly with our strategy of building a leading and geographically-balanced portfolio of premium beauty brands.

It is pleasing to see the Group's transformative changes converging with a period of record profit. I truly sense we are at the cusp of our next stage of development and I am extremely excited about our prospects in the second half of FY2022 and the coming years.

While the Group has grown to generate close to €2 billion in annual revenue, we have never lost sight of what we stand for. As a business that takes inspiration and relies on nature and its resources, all aspects of our operations are informed by our sustainability strategy, anchored by our three priorities of contributing to a carbon net-zero, nature-positive and fair and inclusive world. In our view, investing in sustainability is the only option. I invite you to embark on this journey with us in our ambition to achieve B Corp certification by 2023 and net-zero carbon emissions across the Group by 2030.

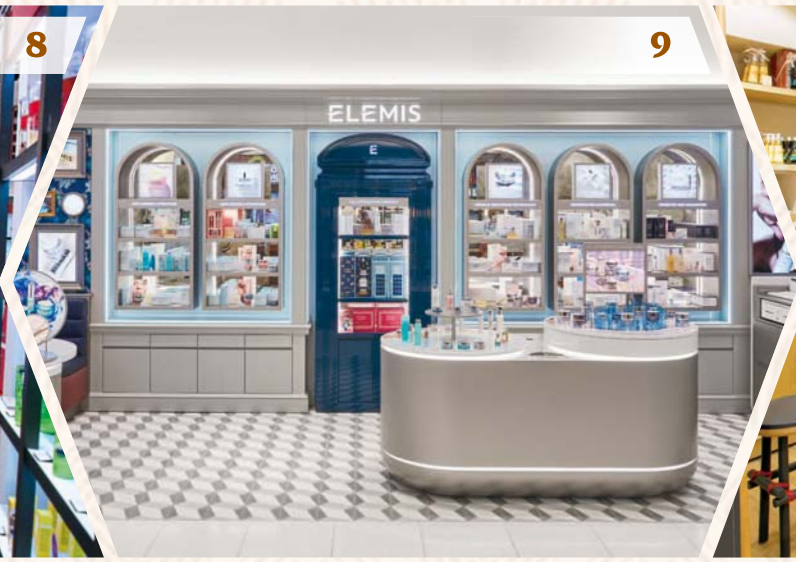
With the Group firmly positioned for a sustainable future, now is an opportune time for me to take a step back and make way for new leadership. In September 2021, with a happy heart, I stepped down as Chief Executive Officer of the Group, leaving the strategic direction and daily management to my business partner and dear friend of 26 years, André Hoffmann. I have absolutely no doubt that André will continue to lead the Group from strength to strength. I will remain the Group's Chairman and Executive Director well into the foreseeable future and will continue to support André and the rest of the management team as they continue to generate growth and value for you, our shareholders. I thank you for your continued support.

Strong Global Presence

Regent Street, London, United Kingdom | 5

Yorkdale, Toronto, Canada | 6

Europark, Moscow, Russia | 7



1 Charlotte,
North Carolina, United States

2 Atré Ueno,
Tokyo, Japan

3 Lille,
France

4 ION Orchard,
Singapore

8 Vegas Crocus City,
Moscow, Russia
(Erborian)

9 Harrods,
London, United Kingdom
(ELEMIS)

10 Pátio Higienópolis,
São Paulo, Brazil
(L'Occitane au Brésil)

11 Hankyu Umeda,
Osaka, Japan
(Melvita)

Management
Discussion & Analysis


L'OCCITANE
EN PROVENCE
CONCENTRE DE LAIT
LISSANT ET RAFFERMISSANT
SMOOTHING AND FIRMING
MILK CONCENTRATE
WITH ALMOND OIL

Management Discussion & Analysis

Summary:

For the six months ended 30 September	*Reported (1) 2021 € million or %*	*Management (2) 2021 € million or %*	*Restated (3) 2020 € million or %*
Net sales	696.4	725.1	616.6
Operating profit	78.9*	74.4*	32.3
Profit for the period	60.6	n/a	16.7
Gross profit margin (% to net sales)	79.7%	81.0%	82.1%
Operating profit margin (% to net sales)	11.3%	10.3%	5.2%
Net profit margin (% to net sales)	8.7%	n/a	2.7%

(1) *Reported 2021 — sales and operating expenses of L'Occitane, Inc. in April to August 2021 were not consolidated but instead treated as associate under the equity method, due to the Chapter 11 proceedings. The proceedings finished at end of August 2021 and thus the sales and operating expenses and other items of the statement of income of L'Occitane, Inc. in September 2021 were consolidated for the period from 1 September to 30 September 2021.*

(2) *Management 2021 — assuming L'Occitane, Inc. remained fully consolidated in the Group and its results for the six months ended 30 September 2021 were consolidated into the Group's results. Management believes that this management version provides a better view of the financial performance during the period and is thus more comparable to the same period in 2020.*

(3) *Restated 2020 — The accounting treatment of MyGlamm was corrected from financial investment at fair value through other comprehensive income to associates accounted for under the equity method during the period. Thus, the share of profit/(losses) from associates accounted for using the equity method for the six months ended 30 September 2020 was restated to include the loss incurred by MyGlamm amounting to €550,000.*

* *The €4.5 million difference in operating profits between reported version and management version was due to deconsolidation and reconsolidation of L'Occitane, Inc.*

Definitions:

Comparable Stores means existing retail stores which have been opened before the start of the previous financial year, including Company owned e-commerce websites.

Non-comparable Stores & others means all stores that are not Comparable Stores, i.e. stores opened, closed and renovated during the previous or the current financial period under discussion, together with other sales from marketplaces, mail-orders, services and LimeLife.

Comparable Store Sales means net sales from Comparable Stores during the financial period under discussion. Unless otherwise indicated, discussion of Comparable Store Sales excludes foreign currency translation effects.

Non-comparable Store Sales means net sales from Non-comparable Store Sales during the financial period under discussion. Non-comparable Store Sales also includes sales from a limited number of promotional campaigns usually held at temporary common areas of shopping malls. Unless otherwise indicated, discussion of Non-comparable Store Sales excludes foreign currency translation effects.

Same Store Sales Growth represents a comparison between Comparable Store Sales for two financial periods. Unless otherwise indicated, discussion of Same Store Sales Growth excludes foreign currency translation effects.

Overall Growth means the total worldwide net sales growth for the financial period(s) presented excluding foreign currency translation effects.

SEASONALITY OF OPERATIONS

The Group is subject to seasonal variances in sales, which are typically higher in the third financial quarter (between 1 October and 31 December) in anticipation of and during the Christmas holiday season. For the six months ended 30 September 2020, the level of sales represented 40.1% of the annual level of sales in the year ended 31 March 2021 ("FY2021") and the level of operating profit represented 14.9% of the annual operating profit in FY2021. Yet these ratios are not representative of the annual results for the year ending 31 March 2022 ("FY2022").

Seasonality also has an impact on the production schedule and the use of working capital. We generally use a significant part of our working capital between April and November in order to increase the production in anticipation of increased sales and new product launches during the Christmas holiday season.

REVENUE ANALYSIS

In FY2022 H1, the Group's reported net sales were €696.4 million, representing an increase of 12.9% as compared to FY2021 H1.

In January 2021, the Group's US subsidiary, L'Occitane, Inc., commenced a voluntary case under Chapter 11 of the US Bankruptcy Code. In accordance with IFRS, the Group has deconsolidated the results of L'Occitane, Inc. from the date of filing to the completion of proceedings. However, for the purpose of proper comparison, the related sales of L'Occitane, Inc. from April 2021 to August 2021, totaling €28.6 million, remain included in the Group's revenue analysis in this report.

Excluding the accounting effect of the deconsolidation of L'Occitane, Inc., the Group's net sales were €725.1 million, representing an increase of 17.6% at reported rates and 18.6% at constant rates. The encouraging growth was mainly due to the end of COVID-19 restrictive measures and the normalisation of retail footfall. Retail, travel retail, wholesale channels all rebounded strongly. Despite the reopening of retail stores, online channels remained strong and accounted for 33.1% of overall sales.

The Group's total number of retail locations decreased from 3,088 as at 31 March 2021 to 3,074 as at 30 September 2021, a decrease of 14 locations or 0.5%. The number of own retail stores decreased from 1,523 as at 31 March 2021 to 1,501 as at 30 September 2021, representing a net decrease of 22 or 1.4%. The Group strategically closed underperforming stores during FY2022 H1, including 14 stores in the US under the Chapter 11 reorganisation plan.

In terms of geographic areas, all markets except Taiwan posted growth in FY2022 H1. The overall growth in FY2022 H1 was mainly driven by China, Hong Kong (with contribution from the travel retail business in Asia), the United Kingdom and Brazil, with impressive growth of 23.2%, 64.2%, 13.8% and 81.3% respectively at constant rates. Taiwan was affected by the new wave of restrictive measures and also comparing with a strong FY2021 H1.

Management Discussion & Analysis

Performance by Brand

The following table presents the net sales and net sales growth by brand for the periods indicated:

	FY2022 H1		FY2021 H1		Growth at reported rates	Growth at constant rates	Contribution to Overall Growth at constant rates
	€ '000	*%*	*€ '000*	*%*	*%*	*%*	*%*
L'OCCITANE en Provence	557,990	77.0	462,395	75.0	20.7	21.7	87.4
ELEMIS	86,805	12.0	64,698	10.5	34.2	33.1	18.6
LimeLife	37,259	5.1	54,318	8.8	(31.4)	(28.7)	(13.6)
Others [(1)]	43,007	5.9	35,227	5.7	22.1	24.6	7.6
Total	**725,061**	**100.0**	**616,638**	**100.0**	**17.6**	**18.6**	**100.0**

[(1)] *Others include Melvita, Erborian and L'OCCITANE au Brésil.*

L'OCCITANE en Provence grew 21.7% at constant rates in FY2022 H1. Retail sales rebounded strongly after stores reopened and footfall started to normalise. Strong growth was also recorded in travel retail, webpartners, wholesale and marketplace channels. The markets that contributed most to the growth were Hong Kong (driven by travel retail sales in Asia), China, the US and Japan.

ELEMIS's net sales increased by 33.1% at constant rates in FY2022 H1. The encouraging growth was contributed most by the US as the cruise ship business resumed gradually and by the UK as the spa business rebounded strongly as lockdown measures ended. The successful roll outs of ELEMIS in countries like China and Russia also contributed to the growth.

LimeLife, following the end of lockdowns and a recovery in the employment market in the US, faced difficulties in recruiting and retaining beauty guides. Net sales in FY2022 H1 declined by 28.7%, as compared to a 34.9% growth in FY2021 H1.

The other brands together recorded an increase of 24.6% at constant rates in FY2022 H1, a strong rebound from a decline of 21.5% in FY2021 H1. Erborian was outstanding with close to 50% growth. L'OCCITANE au Brésil rebounded strongly and posted triple-digit growth. Melvita, however, was impacted by COVID-19 in its key markets, France and Japan.

Performance by Geographic Area

The following table presents the net sales growth for FY2022 H1 and contribution to net sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	FY2022 H1		FY2021 H1		Growth at reported rates	Growth at constant rates	Contribution to Overall Growth at constant rates
	€ '000	*%*	*€ '000*	*%*	*%*	*%*	*%*
Japan	88,962	12.3	88,308	14.3	0.7	8.2	6.3
Hong Kong [(1)]	51,401	7.1	32,345	5.2	58.9	64.2	18.1
China	124,115	17.1	97,445	15.8	27.4	23.2	19.7
Taiwan	16,700	2.3	17,936	2.9	(6.9)	(8.0)	(1.3)
France	40,746	5.6	37,538	6.1	8.5	8.5	2.8
United Kingdom	78,015	10.8	65,545	10.6	19.0	13.8	7.9
United States	114,106	15.7	113,924	18.5	0.2	5.3	5.3
Brazil	19,661	2.7	10,997	1.8	78.8	81.3	7.8
Russia	23,645	3.3	17,106	2.8	38.2	45.2	6.7
Other geographic areas [(2)]	167,710	23.1	135,494	22.0	23.8	22.7	26.7
Total	**725,061**	**100.0**	**616,638**	**100.0**	**17.6**	**18.6**	**100.0**

(1) *Includes sales in Macau and to distributors and travel retail customers in Asia.*
(2) *Includes sales from Luxembourg.*

Management Discussion & Analysis

The following table presents a breakdown, by geographic area, of the number of own retail stores, their contribution percentage to Overall Growth and Same Store Sales Growth for FY2022 H1 compared to FY2021 H1:

	Own Retail Stores				% contribution to Overall Growth [1] [2]			
	30 Sep 2021	Net openings YTD 30 Sep 2021	30 Sep 2020	Net openings YTD 30 Sep 2020	Non-comparable Stores	Comparable Stores	Total Stores	Same Store Sales Growth % [2]
Japan [3]	153	(4)	157	(6)	0.6	5.8	6.4	8.8
Hong Kong [4]	30	(3)	36	1	(0.3)	0.1	(0.2)	1.7
China	199	1	204	1	(2.6)	7.2	4.5	16.2
Taiwan	51	(2)	54	(1)	(0.7)	(0.7)	(1.4)	(6.3)
France [5]	83	(2)	87	–	1.1	(0.9)	0.2	(5.7)
United Kingdom [6]	72	2	71	(1)	0.5	(0.2)	0.3	(1.0)
United States	133	(14)	174	2	(0.4)	10.7	10.3	31.3
Brazil [7]	179	3	168	(31)	1.7	4.5	6.1	59.2
Russia [8]	110	(2)	113	1	0.3	2.8	3.1	29.4
Other geographic areas [9]	491	(1)	505	(5)	0.1	4.3	4.4	6.9
Total [10]	**1,501**	**(22)**	**1,569**	**(39)**	**0.3**	**33.5**	**33.8**	**11.9**

(1) *Represents percentage of overall net sales growth attributable to Non-comparable Stores, Comparable Stores and Total Stores for the geographic area and period indicated.*
(2) *Excludes foreign currency translation effects.*
(3) *Includes 31 and 28 Melvita stores as at 30 September 2020 and 30 September 2021 respectively.*
(4) *Includes 2 L'OCCITANE en Provence stores in Macau and 11 Melvita and 3 ELEMIS stores in Hong Kong as at 30 September 2020, and 2 L'OCCITANE en Provence stores in Macau and 5 Melvita and 3 ELEMIS stores in Hong Kong as at 30 September 2021.*
(5) *Includes 7 Melvita and 2 Erborian stores as at 30 September 2020 and 4 Melvita and 2 Erborian stores as at 30 September 2021.*
(6) *Includes 1 ELEMIS store as at 30 September 2021.*
(7) *Includes 60 and 70 L'OCCITANE au Brésil stores as at 30 September 2020 and 30 September 2021 respectively.*
(8) *Includes 11 Erborian stores as at 30 September 2020 and 30 September 2021.*
(9) *Includes 8 Melvita, 2 ELEMIS and 2 Erborian stores as at 30 September 2020 and 6 Melvita, 7 ELEMIS and 2 Erborian stores as at 30 September 2021.*
(10) *Includes 57 Melvita, 60 L'OCCITANE au Brésil, 5 ELEMIS and 15 Erborian stores as at 30 September 2020 and 43 Melvita, 70 L'OCCITANE au Brésil, 11 ELEMIS and 15 Erborian stores as at 30 September 2021.*

Japan

Japan's net sales for FY2022 H1 were €89.0 million, an increase of 8.2% at constant rates as compared to the same period last year. Sales were strong in FY2022 Q1 but slowed down in FY2022 Q2 due to the various state of emergency orders.

Hong Kong

Hong Kong's net sales for FY2022 H1 were €51.4 million, an increase of 64.2% at constant rates as compared to the same period last year. The strong rebound was mainly driven by travel retail sales in the region. The development of webpartners in Hong Kong and a rebound of distribution sales in Asia also contributed to the growth during the period.

China

China's net sales for FY2022 H1 were €124.1 million, an increase of 23.2% at constant rates as compared to the same period last year. Sales momentum remained strong despite sporadic COVID-19 outbreaks and natural disasters in certain provinces during the period, as well as comparing against a high base of 35.4% growth in FY2021 H1. All channels posted good growth, especially webpartners, retail and marketplace.

Management Discussion & Analysis

Taiwan

Taiwan's net sales for FY2022 H1 were €16.7 million, a decrease of 8.0% at constant rates as compared to the same period last year. Taiwan faced a new wave of COVID-19 cases in the period, with corresponding restrictive measures hampering retail traffic. It is worth noting that FY2022 H1 was comparing against a very strong 15.3% growth last year.

France

France's net sales for FY2022 H1 were €40.7 million, an increase of 8.5% at constant rates as compared to the same period last year. Retail sales in FY2022 Q1 improved significantly after stores reopened, yet FY2022 Q2 turned softer as retail traffic remained low due to the impact of COVID-19 on tourism. The growth was driven mostly by Erborian.

United Kingdom

The United Kingdom's net sales for FY2022 H1 were €78.0 million, an increase of 13.8% at constant rates as compared to the same period last year. Following the end of lockdowns, the retail, spa, wholesale and webpartners businesses rebounded strongly. Both ELEMIS and L'OCCITANE en Provence continued to be resilient and delivered encouraging growth.

United States

The United States' net sales for FY2022 H1 were €114.1 million, an increase of 5.3% at constant rates as compared to the same period last year. Both L'OCCITANE en Provence and ELEMIS performed very well following the end of restrictive measures. Despite trading with 41 stores fewer than in the same period last year, L'OCCITANE en Provence grew strongly while e-commerce normalised. ELEMIS also benefited from the end of lockdowns and posted mid-double-digit growth, thanks to the return of cruise ship business and dynamic e-commerce sales. LimeLife, on the other hand, faced difficulties in recruitment and retention of beauty guides following the end of lockdowns and a strong recovery in the employment market.

Brazil

Brazil's net sales for FY2022 H1 were €19.7 million, an increase of 81.3% at constant rates as compared to the same period last year. Both L'OCCITANE en Provence and L'OCCITANE au Brésil rebounded strongly. The growth was also benefited by a change in consumption tax and the acquisition of some franchisees' stores.

Russia

Russia's net sales for FY2022 H1 were €23.6 million, an increase of 45.2% at constant rates as compared to the same period last year. In addition to the encouraging growth recorded in both L'OCCITANE en Provence and Erborian, the further roll out of ELEMIS also contributed to the substantial growth in Russia.

Other geographic areas

Other geographic areas' net sales for FY2022 H1 were €167.7 million, an increase of 22.7% at constant rates as compared to the same period last year. Most areas saw a strong recovery. The growth was mainly contributed by a strong rebound of distribution sales in Europe, impressive growth in Korea as well as a gradual recovery of travel retail sales in Europe and the Americas.

Management Discussion & Analysis

PROFITABILITY ANALYSIS

Cost of sales and gross profit

Cost of sales increased by 28.2% or €31.1 million to €141.6 million for FY2022 H1 as compared to the same period last year. The gross profit margin decreased by 2.4 points to 79.7% for FY2022 H1, due mainly to the following factors:

- deconsolidation of the US subsidiary from April 2021 to August 2021 for 1.2 points;
- unfavourable channel mix for 0.7 points due to higher proportion of wholesale;
- increase in freight and duties for 0.4 points;
- inventory obsolescence and accelerated depreciation of a production equipment for 0.4 points; and
- unfavourable FX and other factors, partly net off by price increase, for 0.2 points.

The decrease in gross profit margin was partly alleviated by the following factor:

- lower production costs and lower use of mini products and pouches ("MPPs") for 0.5 points.

Distribution expenses

Distribution expenses decreased by 7.1% or €21.9 million to €288.4 million for FY2022 H1 as compared to the same period last year. As a percentage of net sales, the distribution expenses improved by 8.9 points to 41.4% of net sales for FY2022 H1. This significant improvement was attributable to a combination of the following:

- higher sales leverage for 8.0 points;
- the deconsolidation of the US subsidiary from April 2021 to August 2021 for 1.6 points;
- higher efficiency after closing some non-profitable stores last year together with other efficiency improvements for 0.7 points; and
- FX, one-off effects, lease accounting and others for 0.6 points.

The improvement was partly offset by:

- subsidies received from government on personnel costs and rental last year for 2.0 points.

Marketing expenses

Marketing expenses increased by 25.9% or €23.0 million, to €111.5 million for FY2022 H1 as compared to the same period last year. The marketing expenses as a percentage of net sales increased by 1.6 points to 16.0% of net sales for FY2021 H1. The increase was attributable to the following:

- enhancing marketing investments in ELEMIS in existing markets and development of new markets, e-commerce and marketplace for 1.4 points;
- redirecting marketing investment of L'OCCITANE en Provence to markets with higher growth and profitability potential, namely China, in particular in marketplace and special events for 1.3 points; and
- unfavourable brand mix for 0.6 points as the sales mix of L'OCCITANE en Provence and ELEMIS increased.

The deterioration was partly offset by:

- higher sales leverage for 1.5 points;
- reduction in promotional tools, favourable channel mix and others for 0.2 points.

Management Discussion & Analysis

Research & development expenses

Research and development ("R&D") expenses increased by 7.6%, or €0.6 million, to €8.4 million for FY2022 H1 compared to the same period last year. The R&D expenses as a percentage of net sales reduced slightly by 0.1 points to 1.2% for FY2022 H1, due mainly to higher leverage.

General and administrative expenses

General and administrative expenses increased by 3.6%, or €2.5 million, to €71.6 million for FY2022 H1 compared to the same period last year. As a percentage of net sales, general and administrative expenses decreased by 0.9 points to 10.3% for FY2022 H1. The improvement was attributable to a combination of the following:

- higher sales leverage for 1.8 points;
- deconsolidation of the US from April 2021 to August 2021 for 0.3 points; and
- one-off and other factors for 0.1 points.

The improvement was partly offset by:

- increase in long-term incentive and bonus provisions for 0.7 points as a result of strong financial achievements this year and bonus cuts under the uncertain COVID-19 environment last year; and
- one-off furlough and subsidies received from governments last year for 0.6 points.

Share of profit/(losses) from associates and joint ventures accounted for using the equity method

The share of losses from associates and joint ventures accounted for using the equity method amounted to a €9.4 million, due mainly to the losses of €8.9 million in the investment in L'Occitane, Inc. from 1 April to 31 August in FY2022 H1.

Other gains, net

Net other gains amounted to €0.6 million in FY2022 H1, being tax credits on research expenditures and profit on sale of fixed assets. In FY2021 H1, there were net other gains of €1.0 million.

Operating profit

Operating profit increased by 143.8%, or €46.5 million, to €78.9 million for FY2022 H1 and the operating profit margin increased by 6.1 points to 11.3% of net sales. The increase in operating profit margin is explained by a combination of:

- leverage of fixed costs and channel distribution costs, primarily retail, on higher sales for 11.5 points;
- one-off gains from the deconsolidation and reconsolidation of L'Occitane, Inc. for 1.1 points; and
- store closings last year, restructuring, other efficiency gains and gains in production costs despite higher freight for 0.8 points.

This increase was partly offset by:

- COVID-19 subsidies from governments last year for 3.2 points;
- ELEMIS's enhanced investment in staff and advertising to drive expansion in new and existing markets for 3.0 points; and
- Channel mix as wholesale channels rebounded, and brand mix due to higher share of L'OCCITANE en Provence in overall sales for 1.1 points.

Finance costs, net

Net finance costs were €6.7 million for FY2022 H1, €3.7 million lower than the same period last year. The decrease in finance costs was contributed by lower interest costs on loans and credit facilities and lower finance costs relating to IFRS 16 leases.

Management Discussion & Analysis

Foreign currency gains/losses

Net foreign currency losses amounted to €0.7 million for FY2022 H1, as compared to net currency losses of €3.8 million for FY2021 H1. The net foreign currency losses comprised €1.0 million realised gains and €1.7 million unrealised losses and IFRS 16 related provisions.

In terms of currency kind, the net foreign currency losses of €0.7 million were mainly incurred from Chinese yuan, Swiss franc, Great British Pound and South Korean won.

Income tax expense

Income tax expense amounted to €10.9 million in FY2022 H1, representing an effective tax rate of 15.2%, as compared to an income tax expense of €1.4 million or an effective tax rate of 7.8% in same period last year. The increase in income tax expense was due mainly to higher profit before tax this year. The increase in effective tax rate was mainly explained by the higher proportion of taxable income achieved in territories with higher tax rates.

Profit for the period

Net profit for FY2022 H1 increased by €43.9 million or 262.6% to €60.6 million, as compared to the same period last year. The basic and diluted earnings per share are both €0.041, increased by 295.8% and 294.6% respectively as compared to the restated earnings per share for same period last year.

Impact of COVID-19 pandemic

FY2022 H1 saw the continual impacts of COVID-19 pandemic on footfall and business operations, despite having a much lower magnitude than in FY2021 H1. Retail and wholesale business rebounded strongly after the uplift of restrictive measures. Yet business operations in certain markets were still affected by sporadic regional lockdowns or tightened restrictive measures, such as in the US, France, Russia, Japan and China. Travel retail business in Europe and the Americas showed some improvement, however, sales were still heavily impacted by much lower international air traffic.

The Group remained vigilant and proactive in managing its global business operations — on the one hand, putting on cost-cutting measures, closing non-performing stores and controlling capital expenditures, on the other hand, enhancing investments in more profitable and promising channels, brands and markets.

The Group posted a strong like-for-like sales growth of 18.6% and ended FY2022 H1 with a record interim profit of €60.6 million.

Given the unpredictability of the future development of COVID-19, its impact to the Group in FY2022 H1 is not indicative of the impact for the year ending 31 March 2022.

BALANCE SHEET REVIEW

Liquidity and capital resources

As at 30 September 2021, the Group had cash and cash equivalents of €181.7 million, as compared to €252.8 million as at 30 September 2020 and €421.2 million as at 31 March 2021.

The total borrowings, including term loans, bank borrowing and revolving facilities and other borrowings, amounted to €331.5 million as at 30 September 2021, as compared to €525.7 million as at 30 September 2020 and €522.1 million as at 31 March 2021.

Net debt including lease liability and dividend payable as at 30 September 2021 amounted to €556.0 million, reduced by €142.7 million or 20.4% as compared to €698.7 million as at 30 September 2020.

As at 30 September 2021, the aggregate amount of undrawn borrowing facilities was €360.9 million, as compared to €445.8 million as at 30 September 2020 and €443.3 as at 31 March 2021.

In FY2022 H1, the Group continued to repay its bank borrowings:

— In June 2021, the FY2021 PGE bank borrowing was repaid for an amount of €50 million.

— In July 2021, the FY2019 Term Loan was repaid for an amount of €275 million.

Investing activities

Net cash used in investing activities was €10.2 million for FY2022 H1, as compared to €23.5 million for the same period last year, representing a decrease of €13.3 million. The sharp decrease was due to the inclusion of €20.9 million cash on hand from reconsolidation of L'Occitane, Inc. Excluding this cash from reconsolidation, the net investing activities increased by €7.6 million to €31.1 million, representing financial investments of €16.1 million, mainly related to Carbios and MyGlamm, and capital expenditures of €15.0 million, related to:

- leasehold improvements in progress and other tangible assets relating to stores for €6.1 million;
- investments in various IT projects for €5.7 million; and
- improvements and replacements at factories and warehouses for €3.2 million.

Financing activities

Financing activities resulted in a net outflow of €241.6 million in FY2022 H1. During the same period last year, it was a net outflow of €10.1 million. The net outflow this year was mainly resulted from net repayment of borrowings for €190.8 million.

Management Discussion & Analysis

Inventories

The following table sets out a summary of the average inventory days for the periods indicated:

For the six months ended 30 September	***2021***	***2020***
Average inventory turnover days [(1)]	282	346

[(1)] *Average inventory turnover days equals average inventory divided by cost of sales and multiplied by 182.5. Average inventory equals the average of net inventory at the beginning and end of a given period.*

Inventory net value was €239.2 million as at 30 September 2021, an increase of €24.1 million or 11.2% as compared to €215.1 million as at 30 September 2020. The increase in inventory net value was mainly from the expansion of ELEMIS and slowdown of LimeLife sales. Inventory value of L'OCCITANE en Provence and other brands in fact reduced as compared to the same period last year.

The inventory turnover days for FY2022 H1 decreased by 64 days, due mainly to the improvement in sales and thus increase in cost of sales as compared to same period last year, together with tighter inventory control.

The decrease in inventory turnover days by 64 days was attributable to the following:

- finished goods and MPPs for -63 days; and
- raw materials and work in progress for -16 days.

which was partly offset by:

- unfavourable FX impacts for +15 days.

Trade receivables

The following table sets out a summary of the turnover of trade receivables for the periods indicated:

For the six months ended 30 September	***2021***	***2020***
Turnover days of trade receivables [(1)]	40	41

[(1)] *Turnover days of trade receivables equals average trade receivables divided by net sales and multiplied by 182.5. Average trade receivables equals the average of net trade receivables at the beginning and end of a given period.*

The decrease in turnover days of trade receivables by 1 day for FY2022 H1 was mainly attributable to a slight decrease in turnover days in Sell-out channels.

Trade payables

The following table sets out a summary of the turnover of trade payables for the periods indicated:

For the six months ended 30 September	***2021***	***2020***
Turnover days of trade payables [(1)]	228	248

[(1)] *Turnover days of trade payables equals average trade payables divided by cost of sales and multiplied by 182.5. Average trade payables equals the average of trade payables at the beginning and end of a given period.*

The decrease in turnover days of trade payables by 20 days for FY2021 H1 was explained by the lower turnover days in trade payables and accruals for 42 days and partly offset by FX impact for 22 days.

BALANCE SHEET RATIOS

The Group's profitability ratios for FY2022 H1 improved significantly as compared to the same period last year. Return on capital employed for FY2022 H1 increased to 3.6% as compared to 1.5% for the same period last year. The sharp increase was a net result of a sharp increase in net profit and a slightly higher capital employed. Gearing ratio lowered by 9.9 points, as a result of lower debt.

For the six months ended	*30 September 2021* € '000	*Restated [10] 30 September 2020* € '000
Profitability		
EBITDA [1]	158,690	129,367
Net operating profit after tax (NOPAT) [2]	66,278	26,301
Capital employed [3]	1,846,775	1,799,448
Return on capital employed (ROCE) [4]	3.6%	1.5%
Return on equity (ROE) [5]	4.9%	1.5%
Liquidity		
Current ratio (times) [6]	0.9	1.0
Quick ratio (times) [7]	0.6	0.7
Capital adequacy		
Gearing ratio [8]	28.0%	37.9%
Debt to equity ratio [9]	43.1%	63.5%

(1) *Earnings before interest, taxes, depreciation and amortisation*
(2) *(Operating profit + foreign currency net gains or losses) x (1 – effective tax rate)*
(3) *Non-current assets – (deferred tax liabilities + other financial liabilities + other non-current liabilities) + working capital. Note that working capital excludes financial liabilities such as dividends and acquisition payment.*
(4) *NOPAT/capital employed*
(5) *Net profit attributable to equity owners of the Company/shareholders' equity at period end excluding minority interest*
(6) *Current assets/current liabilities*
(7) *(Current assets – inventories)/current liabilities*
(8) *Total debt/total assets*
(9) *Net debt/(total assets – total liabilities)*
(10) *Investments accounted for using the equity method, other non-current assets and retained earnings for the period ended 30 September 2020 were restated to reflect the corrected accounting treatment of MyGlamm.*

FOREIGN EXCHANGE RISK MANAGEMENT

The Group enters into forward foreign exchange contracts to hedge anticipated transactions, as well as receivables and payables not denominated in our presentation currency, the Euro, for periods consistent with our identified exposures. As at 30 September 2021, the Group had foreign exchange derivatives net liabilities of €2.1 million in the form of foreign exchange forward contracts and interest rate derivatives (in accordance with fair market valuation requirements under IFRS). The notional principal amounts of the outstanding sales forward exchange derivatives were €114.0 million.

DIVIDENDS

At the Board meeting held on 28 June 2021, the Board recommended a distribution of a gross final dividend of €0.03687 per share for an aggregated sum of €54.1 million or 35.0% of the FY2021 net profit attributable to the equity owners of the Company. The amount of the final dividend was based on 1,467,388,221 shares in issue as at 28 June 2021 excluding 9,576,670 treasury shares. The shareholders of the Company approved the final dividend at the annual general meeting held on 29 September 2021. The dividend was paid on 22 October 2021.

In line with its policy to declare and pay only a final dividend each year, the Board has recommended that no distribution would be made from the profits of FY2022 H1.

Management Discussion & Analysis

POST BALANCE SHEET EVENTS

On 1 October 2021, the Group invested an additional amount of €4,924,138 in L'Occitane Middle East to develop the activity in Dubai.

On 15 November 2021, the Group agreed to acquire an indirect equity interest of approximately 83% in Sol de Janeiro. The total cash consideration payable by the Company under the Merger Agreement is based on an equity value for 100% of the shares of common stock of Sol de Janeiro of US$450,000,000.

STRATEGIC REVIEW

The Group delivered a strong set of results in the first half of FY2022, with sales growth accelerating to 7.0% above pre-pandemic levels in the second quarter. This performance was achieved despite the continued impact of COVID-19, which led to partial store closures in many key markets globally. More importantly, the Group again expanded profitability, with its operating profit reaching a record €78.9 million and its operating margin expanding to 11.3%, compared to 5.2% (restated) in the first half of FY2021. Excluding the gain from the reconsolidation of the Group's US subsidiary, its operating margin still strongly improved to 10.3%.

The Group's continued adherence to its strategy of building trust, sustainable growth and profitability helped it weather the continued difficult conditions. It also made considerable progress in accelerating its transformation into a multi-brand and geographically balanced group.

Specifically, as a result of the Group's agility and adaptability, its online channels showed strong performance even as offline retail channels recovered. The core L'OCCITANE en Provence brand once again demonstrated resilience against the lingering impacts of COVID-19, with solid results recorded not only in Asia but also in North America and Europe. The Group reinforced its multi-brand structure with the global rollout of ELEMIS, as well as its recent acquisition of Sol de Janeiro. The completion of major restructuring actions enabled the Group to become more efficient and agile, and coincided with a period of record profit, attesting to the Group's renewed sense of focus and discipline on a balanced approach on the top and bottom-line.

Omni-channel strategy paved the way for permanently higher online mix

The Group has long invested in an omni-channel presence to reach customers across all touchpoints online and offline. This omni-channel strategy proved to be imperative in allowing the Group to capture demand during COVID-19 when traffic shifted overnight to online channels. After almost two years of living with the pandemic, some consumer behavioural shifts have become permanent. Although offline channels re-opened in key markets of North America and Europe, online channels still grew a robust 11.6% in the second quarter of FY2022, on top of an outstanding 65% growth in the same quarter of the previous year. Notably, even as the Group's overall sales have already exceeded pre-pandemic levels, its online sales mix remained at a relatively high level of roughly a third of total sales. This shift of sales activity from offline to online channels was also a contributing factor behind the Group's expansion in profitability.

While the COVID-19 situation has stabilised from the peak of the crisis, the world continues to face sporadic outbreaks. During the period, store closures were mandated in different parts of North America, Europe and Asia. At the same time, domestic and touristic traffic continued to be severely affected worldwide. Under this backdrop, the Group's omni-channel strategy remain pivotal for engaging with customers remotely while still keeping a human approach to beauty.

Core brand demonstrates strong resilience and powers growth globally

The Group's core brand, L'OCCITANE en Provence, saw strong growth in the first half of FY2022 and contributed 87.4% of overall growth during the period. Improved results were observed globally, with balanced profit contributions from Asia, North America and Europe. During the period, the Group invested significantly in China, the largest market for the core brand. As a result, L'OCCITANE en Provence outperformed the market in terms of online and offline growth and remained as one of the top brands in the premium body care and hair care categories. In addition to its staple categories, L'OCCITANE en Provence created excitement through new launches in other product categories. For instance, the Osmanthus fragrance launch saw tremendous success in China. By leveraging celebrities in well thought out campaigns to drive social buzz and recruit new customers, the range contributed 10% to the brand's total sales in China during the launch period. In the second half of FY2022, the Group will continue to invest strongly in China to sustain its momentum in this highly competitive market.

Elsewhere in Asia, Korea was one of the best-performing markets with close to 30% sales growth. L'OCCITANE en Provence remained one of the top beauty brands with fan favourites such as the Pillow Mist. L'OCCITANE en Provence continued to benefit from the heightened awareness of hygiene following the pandemic, which matched perfectly with its iconic status in premium body and hand care.

ELEMIS gains traction with accelerated global rollout

Led by a digital-first global expansion strategy, ELEMIS accelerated sales growth in the first half of FY2022, playing an important role in the Group's evolution from a mono-brand company into a multinational and multi-brand group. It continued to rapidly expand in Asia and other markets, opening flagship stores in China, Singapore, Malaysia, the UAE and Russia, as well as making initial inroads into pivotal Asian markets such as Japan, boosting its brand image ahead of the key holiday season.

ELEMIS upheld its position as the no. 1 British skincare brand with new product launches from its best-selling *Pro-Collagen* range, as well as the *Ultra Smart Pro-Collagen* range, its most premium anti-ageing face care line. It also displayed sustained growth momentum in its heritage markets, particularly in the US with the return of its cruise ship business and the UK following the end of lockdown measures, alongside the stable performance in its online and home shopping channels.

After significantly reducing its cost base during the pandemic, ELEMIS maintained its lean and agile structure while sensibly stepping up its investments in marketing and in new geographies. Still, it continued to deliver a healthy operating profit margin of 17.3%, making it another key contributor to the Group's expanding operating margins.

Management Discussion & Analysis

Acquisition strategy underscores continued transformation into a multi-brand group

On 15 November 2021, the Group announced its acquisition of a majority stake in Sol de Janeiro, an innovative leader in the global premium body care market. Founded in the US and inspired by an authentic Brazilian philosophy of self-love and joy, Sol de Janeiro is a fast growing, award-winning lifestyle skincare brand beloved by multi-generational, modern and global consumers from Generation Z to millennials. In its few years of existence, the brand has shown cross-category success, selling premium body care, fragrance and hair care products both directly to consumers through its website and various premium retailers across the globe.

The acquisition is in line with the Group's strategy of building a leading portfolio of premium beauty brands and is a perfect strategic fit in terms of brand recognition and identity, product quality, management capability, as well as growth, profitability and cash generation prospects.

At the same time, the Group continued to develop its other brands, which together posted 25% growth in the first half of FY2022. Erborian delivered outstanding growth of close to 50% during the period while L'OCCITANE au Brésil saw a strong rebound and strong triple-digit growth. Together with ELEMIS, the growth of these brands continued to fuel the Group's evolution into a multi-brand group and diversify its revenue and profit sources beyond its core brand. Meanwhile, LimeLife suffered from a high base, being the Group's fastest-growing brand in FY2021, following the removal of lockdowns and a recovery in the employment market in the US.

Record profit coincides with completion of restructure and leadership evolution

In August 2021, the Group's US subsidiary successfully concluded its voluntary Chapter 11 case, which enabled it to accelerate its store rationalisation process. The Group's optimised footprint in the US includes 133 L'OCCITANE en Provence boutiques, providing it with a robust brick-and-mortar presence to best serve customers across multiple channels. The Group expects this successful Chapter 11 case to deliver savings of around €9 million to €10 million on an annual basis for the next several years.

The Group also recently amended its management structure to support its ongoing transformation with Mr. André Hoffmann becoming the Group's Chief Executive Officer on 16 September 2021. Mr. Reinold Geiger remains the Group's Chairman and Executive Director, having decided to take a step back to focus on his other commitments. Under the new organisational structure, Mr. Hoffmann will drive the Group's strategic planning to leverage the strengths of its core business in order to scale innovations and create large-scale new businesses, while continuing to build each brand's unique identity.

Following its recent acquisition of a majority stake in Sol de Janeiro, the Group remains open to other acquisition opportunities with the support of the strong cash-generative qualities of the L'OCCITANE en Provence and ELEMIS brands.

Integrating long-term sustainability into all aspects of business

The Group pushed forward with its sustainability strategy, anchored by its three priorities of contributing to a carbon net-zero, nature-positive and fair and inclusive world. In September 2021, the Group announced the guiding principles of its biodiversity strategy at the International Union for Conservation of Nature (IUCN) Congress in Marseille. In line with its vision for a 'nature-positive' world, the Group intends to develop a programme of actions that impacts the whole value chain, both within its own commercial ecosystem and beyond.

The Group has also set an ambitious objective of being B Corp certified by 2023. The B Corp framework will help the Group define its roadmaps, accelerate its action on the three priorities above, and scale up sustainable practices across the whole Group. Importantly, the Group recently added sustainability progress as one of the metrics used to evaluate and incentivise its employees globally, ensuring an alignment of interests and a balance of purpose and profit. At the same time, a sustainability committee at the Board level was established, enabling the Group to move forward on its sustainability journey in a unified and more structured way that will ultimately achieve an even greater impact.

OUTLOOK

Looking ahead, even as consumers around the world re-discover the joy of in-store shopping, especially in the lead-up to the holiday season, the Group continues to expect its omni-channel sales to remain robust. Combined with the healthy performances of the Group's core brand and ELEMIS, the Group expects to achieve profitability growth for the remainder of FY2022.

Under its new leadership and with its global restructure completed, the Group is looking forward with optimism as it continues to harness the inherent strengths of its brands and empower its teams to further improve its operational efficiency and deliver long-term value to its shareholders.


ELEMIS
English Rose-Infused Radiance Duo
ELEMIS
ELEMIS
Orangery
ELEMIS
pour la peau
ELEMIS

Consolidated Interim Financial Statements

Independent Review Report

Report on Review of Interim Condensed Consolidated Financial Information

To the Shareholders of
L'Occitane International S.A.

We have reviewed the accompanying interim condensed consolidated financial information of L'Occitane International S.A. and its subsidiaries (the "Group"), which comprise the interim consolidated balance sheet as at 30 September 2021, and the interim consolidated statement of income, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information (the "interim condensed consolidated financial information").

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial information in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board, and for such internal control as the Board of Directors determines is necessary to enable the preparation of interim condensed consolidated financial information that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITY OF THE "RÉVISEUR D'ENTREPRISES AGRÉÉ"

Our responsibility is to express a conclusion on these interim condensed consolidated financial information based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity") as adopted for Luxembourg by the "Institut des Réviseurs d'Entreprises". This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the interim condensed consolidated financial information, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of interim condensed consolidated financial information in accordance with ISRE 2410 is a limited assurance engagement. The "Réviseur d'entreprises agréé" performs procedures, primarily consisting of making inquiries of management and others within the Company, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim condensed consolidated financial information.

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CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board.

EMPHASIS OF MATTER

We draw attention to Note 2.3.2 to these interim condensed consolidated financial information, which indicates that corresponding figures have been restated as a result of an error identified during the period ended 30 September 2021. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 29 November 2021

Magalie Cormier

Interim Consolidated Statement of Income

In thousands of euros, except per share data	*Notes*	**Period ended 30 September** 2021	2020 *Restated**
Net sales	(5)	**696,435**	**616,637**
Cost of sales		(141,551)	(110,403)
Gross profit		**554,884**	**506,234**
% of net sales		79.7%	82.1%
Distribution expenses		(288,358)	(310,258)
Marketing expenses		(111,472)	(88,505)
Research and development expenses		(8,439)	(7,843)
General and administrative expenses		(71,588)	(69,126)
Share of profit/(loss) from associates and joint ventures accounted for using the equity method	(6.1)	(9,377)	814
Reconsolidation of L'Occitane, Inc.	(6.1)	12,783	–
Restructuring expenses		(113)	–
Other gains/(losses), net	(24)	550	1,033
Operating profit		**78,870**	**32,349**
Finance income	(25)	1,022	829
Finance costs	(25)	(7,705)	(11,222)
Foreign currency gains/(losses)	(26)	(708)	(3,825)
Profit before income tax		**71,479**	**18,131**
Income tax expense	(27)	(10,867)	(1,413)
Profit for the period		**60,612**	**16,718**
Attributable to:			
Equity owners of the Company		59,888	15,063
Non-controlling interests		724	1,655
Total		**60,612**	**16,718**
Earnings per share for profit attributable to equity owners of the Company during the period *(expressed in euros per share)*	(28)		
Basic		0.041	0.010
Diluted		0.041	0.010
Number of shares used in earnings per share calculation	(28)		
Basic		1,468,437,771	1,461,732,521
Diluted		1,475,276,213	1,464,247,251

* *See note 2.3.2 for details regarding the restatement as a result of an error.*

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Interim Consolidated Statement of Comprehensive Income

In thousands of euros	*Notes*	Period ended 30 September 2021	2020 *Restated**
Profit for the period		**60,612**	**16,718**
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) on defined benefits obligation		–	403
Changes in the fair value of equity investments at fair value through other comprehensive income	(4.3)	(856)	(236)
Items that may subsequently be reclassified to profit or loss			
Cash flow hedges fair value gains/losses, net of tax		56	74
Currency translation differences (1)		6,505	(58,373)
Total items that may subsequently be reclassified to profit and loss		**5,705**	**(58,132)**
Other comprehensive income/(loss) for the period, net of tax		**5,705**	**(58,132)**
Total comprehensive income for the period income/(loss) for the period		**66,317**	**(41,414)**
Attributable to:			
— Equity owners of the Company		65,243	(38,811)
— Non-controlling interests		1,074	(2,603)
Total comprehensive income for the period income/(loss) for the period		**66,317**	**(41,414)**

* *See note 2.3.2 for details regarding the restatement as a result of an error.*

(1) *The currency translation differences were mainly generated by the US Dollar.*

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Interim Consolidated Balance Sheet

ASSETS *In thousands of euros*	*Notes*	**30 September 2021**	**31 March 2021** *Restated**	**1 April 2020** *Restated**
Property, plant and equipment	(8)	129,247	130,347	180,505
Right-of-use assets	(9.1)	356,710	301,271	429,451
Goodwill	(10)	763,705	754,843	761,926
Intangible assets	(11)	315,637	315,949	341,577
Deferred income tax assets		96,099	65,854	76,521
Investments accounted for using the equity method	(12)	47,918	62,175	10,535
Other non-current assets	(13)	64,698	50,816	50,851
Non-current assets		**1,774,014**	**1,681,255**	**1,851,366**
Inventories	(14)	239,218	198,860	203,966
Trade receivables	(15)	185,159	135,338	131,571
Other current assets	(16)	63,069	52,798	50,565
Derivative financial instruments	(17)	283	72	604
Cash and cash equivalents		181,661	421,216	166,342
Current assets		**669,390**	**808,284**	**553,048**
TOTAL ASSETS		**2,443,404**	**2,489,539**	**2,404,414**

EQUITY AND LIABILITIES *In thousands of euros*	*Notes*	**30 September 2021**	**31 March 2021***	**1 April 2020** *Restated**
Share capital	(18)	44,309	44,309	44,309
Additional paid-in capital	(18)	342,851	342,851	342,851
Other reserves		(96,050)	(107,642)	(86,918)
Retained earnings		918,819	913,320	794,293
Capital and reserves attributable to the equity owners of the Company		**1,209,929**	**1,192,838**	**1,094,535**
Non-controlling interests		80,874	78,699	76,855
Total equity		**1,290,803**	**1,271,537**	**1,171,390**
Borrowings	(18)	54,690	19,622	361,493
Lease liabilities	(9.2)	260,254	216,189	322,426
Other financial liabilities	(7)	19,644	18,671	17,978
Other non-current liabilities	(20)	23,960	23,256	22,929
Deferred income tax liabilities		54,342	52,786	42,021
Non-current liabilities		**412,890**	**330,524**	**766,847**
Trade payables	(21)	191,733	161,658	145,994
Social and tax liabilities		76,992	93,539	72,809
Current income tax liabilities		20,487	28,504	12,270
Borrowings	(19)	276,840	502,492	113,556
Lease liabilities	(9.2)	91,660	78,538	99,206
Derivative financial instruments	(17)	2,425	713	208
Provisions	(22)	1,529	1,677	1,525
Other current liabilities	(20)	78,045	20,357	20,609
Current liabilities		**739,711**	**887,478**	**466,177**
TOTAL EQUITY AND LIABILITIES		**2,443,404**	**2,489,539**	**2,404,414**

* *See note 2.3.2 for details regarding the restatement as a result of an error.*

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Interim Consolidated Statement of Changes in Equity

		Attributable to equity owners of the Company											
					Other reserves								
In thousands of euros (except "Number of Shares")	*Notes*	**Number of shares**	**Share capital**	**Additional paid-in capital**	**Share-based payments**	**Other items**	**Cumul. Currency Transl. Diff.**	**Excess of consideration in transaction with non-controlling interests**	**Actuarial gains/ (losses)**	**Treasury shares**	**Profit for the period**	**Non-controlling interests**	**TOTAL EQUITY**
Balance at 31 March 2020 Restated*		**1,476,964,891**	**44,309**	**342,851**	**28,299**	**(338)**	**(17,169)**	**(72,391)**	**46**	**(24,376)**	**793,304**	**76,855**	**1,171,390**
Profit for the 6-month period (a)		–	–	–	–	–	–	–	–	–	15,063	1,655	16,718
Other comprehensive income													
Currency translation differences		–	–	–	–	–	(54,115)	–	–	–	–	(4,258)	(58,373)
Changes in the fair value of equity investments at fair value through other comprehensive income		–	–	–	–	(236)	–	–	–	–	–	–	(236)
Cash flow hedge fair value gain/(loss)		–	–	–	–	74	–	–	–	–	–	–	74
Actuarial gains/(losses) on defined benefit obligation		–	–	–	–	–	–	–	403	–	–	–	403
Total comprehensive income		**-**	**-**	**-**	**-**	***(162)***	***(54,115)***	**-**	***403***	**-**	***15,063***	***(2,603)***	***(41,414)***
Transactions with owners													
Dividends declared		–	–	–	–	–	–	–	–	–	(32,618)	–	(32,618)
Contribution from the parent		–	–	–	1,323	–	–	–	–	–	–	–	1,323
Employee share option: value of employee services	(18.3)	–	–	–	1,749	–	–	–	–	–	–	286	2,035
Total contributions by and distribution to owners of the Company		**-**	**-**	**-**	***3,072***	**-**	**-**	**-**	**-**	**-**	***(32,618)***	***286***	***(29,260)***
Transactions with non-controlling interests		–	–	–	–	–	–	–	–	–	(1,215)	1,215	–
Non-controlling interests recorded as liabilities		–	–	–	–	–	–	–	–	–	(201)	201	–
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***(1,416)***	***1,416***	**-**
Balance at 30 September 2020 *Restated**		**1,476,964,891**	**44,309**	**342,851**	**31,371**	**(500)**	**(71,284)**	**(72,391)**	**449**	**(24,376)**	**774,333**	**75,954**	**1,100,716**
Balance at 31 March 2021 *Restated**		**1,476,964,891**	**44,309**	**342,851**	**30,959**	**7,595**	**(54,971)**	**(72,728)**	**279**	**(16,381)**	**910,925**	**78,699**	**1,271,537**
Profit for the 6-month period		–	–	–	–	–	–	–	–	–	59,888	724	60,612
Other comprehensive income													
Currency translation differences		–	–	–	–	–	6,155	–	–	–	–	350	6,505
Changes in the fair value of equity investments at fair value through other comprehensive income		–	–	–	–	(856)	–	–	–	–	–	–	(856)
Cash flow hedge fair value gain/(loss)		–	–	–	–	56	–	–	–	–	–	–	56
Total comprehensive income		**-**	**-**	**-**	**-**	***(800)***	***6,155***	**-**	**-**	**-**	***59,888***	***1,074***	***66,317***
Transactions with owners													
Dividends declared		–	–	–	–	–	–	–	–	–	(54,189)	–	(54,189)
Acquisition of 2,646,000 treasury shares	(18.2)	–	–	–	–	–	–	–	–	(7,491)	–	–	(7,491)
Distribution of 4,405,850 options	(18.2)	–	–	–	(7,123)	7,526	–	–	–	7,123	–	–	7,526
Contribution from the parent		–	–	–	3,246	–	–	–	–	–	–	–	3,246
Employee share option: value of employee services	(18.3)	–	–	–	2,453	–	–	–	–	–	–	97	2,550
Total contributions by and distribution to owners of the Company		**-**	**-**	**-**	***(1,424)***	***7,526***	**-**	**-**	**-**	***(368)***	***(54,189)***	***97***	***(48,358)***
Reconsolidation of L'Occitane, Inc. non controlling interests		–	–	–	–	–	–	–	–	–	–	1,307	1,307
Non-controlling interests recorded as liabilities		–	–	–	–	–	–	–	–	–	303	(303)	–
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***303***	***1,004***	***1,307***
Balance at 30 September 2021		***1,476,964,891***	***44,309***	***342,851***	***29,535***	***14,321***	***(48,816)***	***(72,728)***	***279***	***(16,749)***	***916,927***	***80,874***	***1,290,803***

* *See note 2.3.2 for details regarding the restatement as a result of an error.*

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Interim Consolidated Statement of Cash Flows

In thousands of euros	*Notes*	Period ended 30 September **2021**	**2020** *Restated**
Cash flows relating to operating activities			
Profit for the period		60,612	16,718
Adjustments to reconcile profit for the period to net cash from operating activities			
Depreciation, amortisation and impairment	(23.3)	80,528	100,843
Taxes expenses	(27.1)	10,867	1,413
Unwinding of discount on lease liabilities	(25)	3,953	6,384
Interest income/expenses	(25)	2,730	4,009
Share-based payment	(18.3)	5,796	3,358
Share of profit/(loss) from associates and joint ventures accounted for using the equity method (a)	(6.2)	9,377	(814)
Change in the fair value of derivatives	(26)	1,557	565
Other losses/(gains) on sale of assets — net	(4)	(28)	(368)
Net movements in provisions	(22)	348	1,493
Reconsolidation of L'Occitane, Inc.	(6.1)	(12,873)	–
Non cash items		***102,255***	***116,883***
Interests paid		(1,761)	(3,021)
Income tax paid		(30,237)	(13,603)
Changes in working capital			
Inventories		(22,687)	(16,610)
Trade receivables		(45,059)	(17,083)
Trade payables		(22,417)	13,798
Salaries, wages, related payroll items and other tax liabilities		(20,125)	20,246
Other assets and liabilities, net		(6,278)	1,143
Changes in working capital		***(116,566)***	***1,494***
Net cash inflow/(outflow) from operating activities		**14,303**	**118,471**

In thousands of euros	Notes	Period ended 30 September 2021	2020 Restated*
Cash flows relating to investing activities			
Acquisition of subsidiaries, net of cash acquired	(6)	–	172
Investments in associates	(6.2)	(1,978)	(11,577)
Acquisition of property, plant and equipment	(8)	(12,322)	(8,402)
Acquisition of intangible assets	(11)	(3,831)	(5,063)
Proceeds from sale of intangible assets and property, plant and equipment		414	1,051
Reconsolidation of L'Occitane, Inc., net of cash acquired	(6.1)	20,874	–
Change in deposits and key money paid to lessors		667	1,679
Change in non-current receivables and liabilities		818	(103)
Other financial investments	(13)	(14,890)	(1,288)
Net cash (outflow) from investing activities		**(10,248)**	**(23,531)**
Cash flows relating to financing activities			
Proceeds from borrowings	(19)	138,307	67,948
Repayments of borrowings	(19)	(329,132)	(16,647)
Principal components of lease payments	(9)	(50,768)	(63,641)
Acquisition of treasury shares	(18.2)	(7,491)	–
Sales of treasury shares		7,526	–
Transactions with non-controlling interests	(7)	–	2,249
Net cash inflow/(outflow) from financing activities		**(241,558)**	**(10,091)**
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		(2,052)	1,590
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(239,555)**	**86,439**
Cash and cash equivalents at the beginning of the period		**421,216**	**166,342**
Cash and cash equivalents		*421,216*	*166,342*
Cash and cash equivalents at end of the period		**181,661**	**252,781**
Cash and cash equivalents		*181,661*	*252,781*

* See note 2.3.2 for details regarding the restatement as a result of an error.

The accompanying notes are an integral part of this interim condensed consolidated financial information.

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Notes to the Interim Condensed Consolidated Financial Information

1. THE GROUP

L'Occitane International S.A. (the "Company") and its consolidated subsidiaries (hereinafter referred to as the "Group") design, manufacture and market, under the trademarks "L'OCCITANE en Provence" and "Melvita", a wide range of cosmetic products, perfumes, soaps and home fragrance products based on natural or organic ingredients.

The Group also designs and markets other ranges of home fragrance products, cosmetic products, perfumes, soaps and natural products under the trademarks "LimeLife", "ELEMIS", "Erborian" and "L'OCCITANE au Brésil".

L'Occitane International S.A. is a *société anonyme* organised and existing under the laws of Luxembourg and registered in the Luxembourg Trade and Commercial Register, Grand Duchy of Luxembourg under number B-80 359. The Company's address is as follows: 49, boulevard Prince Henri, L-1724 Luxembourg.

The Group is listed on the Main Board of the Stock Exchange of Hong Kong.

This interim condensed consolidated financial information was approved for issue by the Board of Directors on 29 November 2021.

This interim condensed consolidated financial information has been reviewed, not audited.

Some of the amounts reported for the previous period have been restated to correct an error. Detailed information about these adjustments can be found in 2.3.2.

2. BASIS OF PREPARATION

2.1 Basis of preparation

This interim condensed consolidated financial information (the "interim condensed consolidated financial information") for the six-month period ended 30 September 2021 ("period ended 30 September 2021") has been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board. The interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2021, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union.

2.2 Accounting policies

The accounting policies and methods used to prepare this interim condensed consolidated financial information are consistent with those used to prepare the annual consolidated financial statements for the year ended 31 March 2021, except as described below:

Taxes on income for an interim period are calculated using the estimated tax rate for the full year.

2.2.1 New and amended standards

Interpretations and amendments to IFRSs effective for reporting periods beginning on or after 1 April 2021 have no material impact on the interim condensed consolidated financial information.

Amendment to IFRS 16 — Leases — COVID-19-Related Rent Concessions

The Group has chosen to early adopt the amendment to IFRS 16 — Leases, which was initially adopted by the IASB (International Accounting Standards Board) on 28 May 2020 and by the European Union on 12 October 2020. The amendment was extended by one year and permits a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021).

2. BASIS OF PREPARATION *(continued)*

2.2 Accounting policies *(continued)*

2.2.1 New and amended standards *(continued)*

Amendment to IFRS 16 — Leases — COVID-19-Related Rent Concessions *(continued)*

This amendment aims to simplify certain provisions of IFRS 16, enabling lessees to recognise concessions granted due to the health crisis on rent initially due up to the end of 2021 as negative variable lease payments (i.e., directly in the income statement), without having to assess whether the concessions were granted pursuant to contractual or legal clauses governing the performance of the lease in question. The impact on the interim condensed consolidated financial information is described in note 23.

Other new and amended standards

Several other amendments became effective for annual reporting periods beginning on or after 1 January 2021, but do not have a material impact on the interim condensed consolidated financial information:

- Interest Rate Benchmark Reform — amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one.

2.2.2.Impact of standards issued but not yet applied by the entity

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

2.3 Estimates, judgements and errors

2.3.1 Preparation of interim condensed consolidated financial information

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets and liabilities, income and expenses. Although these estimates are based on management's knowledge of current events and actions, actual results may ultimately differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements and estimates made by management when applying the Group's accounting policies and the key sources of uncertainty were the same as those applicable to the annual consolidated financial statements for the year ended 31 March 2021.

Please refer to note 3 below for more details.

2.3.2 Correction of material error in the accounting of an associate

In 2015, the Group invested in MyGlamm, a non-listed company, which operates in the distribution of cosmetic products mainly in India. The initial investment amounted to €1,880,000 with a percentage of interest of 11.06% as at 31 March 2016.

Since 2015, the total amount of subscriptions of the capital increases of MyGlamm amounted to €17.9m. The percentage of interest increased from 11.06% as at 31 March 2015 to 33.84% as at 31 March 2020 and then decreased to 23.84% as at 31 March 2021 and then to 19.43% as at 31 September 2021.

Since the financial year ended 31 March 2016, this investment was accounted for in the interim consolidated balance sheet at fair value through other comprehensive income (as per IFRS 9) and no fair value adjustments had been recorded considering that it was not material based on the value of the shares subscribed by other investors together with the uncertainties of the business mode of this recently created company.

Notes to the Interim Condensed Consolidated Financial Information

2. BASIS OF PREPARATION *(continued)*

2.3 Estimates, judgements and errors *(continued)*

2.3.2 Correction of material error in the accounting of an associate (continued)

When preparing the interim condensed consolidated financial information, management has reassessed the accounting treatment of its investment considering the representation of the Group on the board of directors of MyGlamm. Due to the capacity of L'Occitane to appoint one director to the board of directors of MyGlamm, it has been considered that L'Occitane had the power to participate in the financial and operating policy decisions of MyGlamm. In accordance with IAS 28.6, the Group concluded that it has a significant influence on MyGlamm.

The consequence of this error is a reclassification of the investment in the interim consolidated balance sheet from 'Other non-current assets' to 'Investments accounted using the equity method'. Related share of profit from the associate attributable to the Group has been accounted for in the interim consolidated statement of income in 'Share of profit/(loss) from associates and joint ventures accounted for using equity method'.

According to IAS 8, this correction was applied retrospectively, and the Group corrected this error by restating each of the affected interim condensed consolidated financial information line items for the prior periods (including a presentation of the impact on the interim consolidated balance sheet at the beginning of the preceding comparative period which was 1 April 2020).

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Interim consolidated Balance sheet (extract)

In thousands of Euros	Financial year ended 31 March 2021 31 March 2021 (Published)	Increase/ (decrease)	31 March 2021 (Restated)	Financial year ended 1 April 2020 1 April 2020 (Published)	Increase/ (decrease)	1 April 2020 (Restated)
Investments accounted for using the equity method	53,636	8,539	62,175	0,000	10,535	10,535
Other non-current assets	66,696	(15,880)	50,816	65,331	(14,480)	50,851
Retained earnings	**920,661**	**(7,341)**	**913,320**	**798,238**	**(3,945)**	**794,293**

2. BASIS OF PREPARATION *(continued)*

2.3 Estimates, judgements and errors *(continued)*

2.3.2 Correction of material error in the accounting of an associate (continued)

Interim consolidated statement of income (extract)

	Financial year ended 31 March 2021			Financial year ended 31 March 2020			Six-month period ended 30 September 2020		
In thousands of Euros	31 March 2021 (Published)	Profit increase/ (decrease)	31 March 2021 (Restated)	31 March 2020 (Published)	Profit increase/ (decrease)	31 March 2020 (Restated)	30 September 2020 (Published)	Profit increase/ (decrease)	30 September 2020 (Restated)
Share of profit/(loss) from associates and joint ventures accounted for using the equity method	(4,136)	(3,399)	(7,535)	–	(2,740)	(2,740)	1,364	(550)	814
Operating profit	220,325	(3,399)	216,836	187,263	(2,740)	184,523	32,899	(550)	32,349
Profit for the year	**157,036**	**(3,399)**	**153,637**	**115,240**	**(2,740)**	**112,500**	**17,268**	**(550)**	**16,718**

There is no material impact on the Other Comprehensive Income.

2.4 Seasonality of operations

The Group is subject to significant seasonal variation in its sales, which are substantially higher in its financial third quarter (between 1 October and 31 December) in anticipation of and during the Christmas holiday season. For the period ended 30 September 2020, the sales generated during the period represented 40.09% of the Group's annual sales for the year ended 31 March 2021 and operating profit represented 14,93% of annual operating profit. These ratios are not representative of sales and operating profit expected for the year ended 31 March 2022.

Seasonality also has an impact on the production schedule and the use of working capital. The Group generally uses a significant part of its working capital between April to November in order to increase production in anticipation of increased sales during the Christmas holiday season.

3. IMPACT OF THE COVID-19 PANDEMIC ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

During the half-year ended 30 September 2021, there were limited impacts of the COVID-19 pandemic on the Group's operations.

All of the impacts arising from the COVID-19 pandemic have been recognised in the income statement for first-half 2021 and essentially affect recurring operating income.

These event and conditions do not cast to doubt on the Group's ability to continue as a going concern.

Notes to the Interim Condensed Consolidated Financial Information

3. IMPACT OF THE COVID-19 PANDEMIC ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021 *(continued)*

Recoverable amount of non-current assets as at 30 September 2021

The impacted assets mainly concern goodwill, trademarks, right-of-use assets, leasehold improvements and other property, plant and equipment related to stores.

Management has reviewed the indicators for impairment of assets related to stores. When necessary, impairment calculations were updated (Note 23).

An impairment test has been performed on Melvita goodwill, trademarks and on LimeLife goodwill and considering the impact of COVID-19 in the future cash flows no impairment loss was recorded. Please refer to note 10.2 for more details.

For other goodwill and trademarks, the Group did not identify material discrepancies between the future cash flows used for the impairment test as at 31 March 2021 and the actual performance as at 30 September 2021. Management has considered that there is no indicator for impairment. Consequently, no impairment testing was performed and no impairment loss was recorded.

Credit risk

The Group assessed that the credit risk increased for counterparts located in impacted areas as at 30 September 2021. Where applicable the expected credit loss measurement was adjusted to align with the future economic conditions forecasted by the Group. The impact recorded in the interim consolidated statement of income amounted to €4,906,000 as at 30 September 2021 (€3,983,000 as at 31 March 2021) (note 15).

Net realisable value of inventories

As at 30 September 2021, the Group adjusted the net realisable value of inventories to reflect slower inventory turnover and more limited sales prospects. The impact of those additional allowances on inventories were recorded in the interim consolidated statement of income amounted to €20,425,000 (€15,992,000 as at 31 March 2021) (note 14).

Lease expenses

The rent concessions negotiated with lessors due to the consequences of the COVID-19 pandemic were immediately recognised in the income statement as negative variable lease payments rather than as an amendment to the associated leases. This accounting method complies with the simplification measure provided for in the Amendment to IFRS 16 — Leases. As a result, a €2,104,000 was recognised as deduction of variable rents directly in the interim consolidated statement of income (note 23).

Grants/subsidies from government

The Group received grants or subsidies from local governments for a total amount of €2,509,000. These measures are mainly aimed at protecting jobs and correspond to savings in employee benefit expenses (note 23).

3. IMPACT OF THE COVID-19 PANDEMIC ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021 *(continued)*

Liquidity risk

During the half year ended 30 September 2021, the Group continued to reimburse its borrowings:

- In July 2021, the FY2019 Term Loan was reimbursed for an amount of €275 million,
- In June 2021, the FY2021 PGE bank borrowing was reimbursed for an amount of €50.2 million.

The Group's access to liquidity was also preserved. As at September 30, 2021, the total liquidity reserves (cash and cash equivalents net of bank overdrafts and undrawn borrowing facilities) amounted to €542.6 million.

The Group also prepared a cash projection for the period from October 2021 to March 2022 and showed no liquidity risks.

Other significant events of the period ended 30 September 2021

Chapter 11 proceedings with respect to L'Occitane, Inc.

During FY2021, in order to drive sustainable growth and profitability, the Group focused on addressing loss areas and increasing the efficiency of the investments. Due to the difficulties faced by the subsidiary of L'Occitane in the United States, the Group announced on 26 January 2021 that it was accelerating the restructuring of its US store portfolio enabling the Group to best position the US business for the future. These actions led to the filing of Chapter 11 proceedings in order to accelerate and facilitate the negotiations with the lessors. In the consolidated statements of income in FY21, the net gain from the deconsolidation of L'Occitane, Inc. was recorded in the line "Deconsolidation of L'Occitane, Inc." as follows:

In thousands of euros

Derecognition of the assets and liabilities of L'Occitane, Inc. at their carrying amounts	2,727
Recognition of the investment retained in L'Occitane, Inc. at its fair value	–
Reclassification to statement of income of the amounts previously recognised in other comprehensive income (currency translation differences)	3,029
Net gain from the deconsolidation of L'Occitane, Inc.	**5,756**

Since 31 August 2021, the Chapter 11 proceedings is ended and the Group gained back exclusive control of L'Occitane, Inc. and the entity was re-consolidated (Note 6).

The impact of the reconsolidation of L'Occitane, Inc. as at 31 August 2021 resulted in a net gain of €12.8m, which corresponds to the difference between the fair value of L'Occitane, Inc. (Note 6) and the carrying amount of the investment in this associate (Note 12).

From 1 April 2021 to 30 September 2021, the impact of L'Occitane, Inc. is €55.2m for net sales and a loss of €8.2m for the net result.

Notes to the Interim Condensed Consolidated Financial Information

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements and should therefore be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2021.

(a) Market risk

Foreign exchange risk

The Group conducts its distribution activities worldwide. Sales made by the subsidiaries are denominated in their local currency. The production sites are located in France and a major part of the production and purchasing costs is therefore denominated in EUR for L'OCCITANE. For ELEMIS and LimeLife the cost of goods sold are respectively purchased to third parties in GBP and USD and the production and purchasing are denominated in GBP. The Group is thus exposed to foreign exchange risk on its commercial transactions, whether known or forecasted.

The Group invoices its subsidiaries in their local currencies, whenever possible, in order to centralise foreign exchange risk at the Group level. The Group's foreign exchange risk is split between trading operations related to commercial transactions with subsidiaries and financing operations related to intercompany financing.

Commercial transactions

The Group treasury's risk management policy is to hedge systematically the transaction risk (amounts invoiced) at a minimum of 80%.

The economic risk (amounts forecasted) is hedged depending on market conditions and anticipations from management. All decisions to hedge economic risk are formally approved by the Group CFO.

The Group uses forward contracts to hedge the main part of its foreign risk exposure and currency options on a maximum of 40% of its exposure on its main currencies (USD, GBP, JPY, CNY and RUB). All decisions to use foreign exchange derivatives-based products are formally approved by the Group CFO.

The Group only designates the spot component of foreign currency forwards in hedge relationships. The spot component is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. It is discounted, where material.

The intrinsic value of foreign currency options is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the discounted spot market exchange rate is defined as the time value. It is discounted, where material.

4. FINANCIAL RISK MANAGEMENT *(continued)*

4.1 Financial risk factors *(continued)*

(a) ***Market risk*** *(continued)*

Foreign exchange risk *(continued)*

Financing operations

The Group's risk management policy is to maximise natural hedging using multicurrency bank facilities whenever possible.

For those currencies not covered by multicurrency bank facilities, the Group's risk management policy is to finance subsidiaries in their local currencies, whenever possible, and to hedge the corresponding exposure for a maximum hedging cost of 7%.

Cash flow and fair value interest rate risk

The Group's cash is currently invested in short-term treasury deposits to take advantage of any increase in euro interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The analysis of the borrowings by category of rate is provided in Note 19.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the differences between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

In accordance with debt covenants described in note 19.2, the margin of certain bank borrowings can change.

Price risk

The Group is not significantly exposed to commodity price risk.

The Group is exposed to price risk arising from investments in financial assets such as equity, fixed income, private equity, property or multi-asset funds. Investments are made in accordance with the limits and rules set by the Financial Investments Policy.

On 30 September 2021, the Group owned 3% of Carbios (acquired on 10 May 2021) for a total consideration paid of €10,000,000. This investment is classified in the interim consolidated balance sheet at fair value through other comprehensive income (note 4.3). An increase or decrease of 5% of the share price would have an estimated impact of €500,000 in the interim consolidated statement of comprehensive income.

The amounts recognised in the interim consolidated statement of comprehensive income in relation to the investments held by the Group are disclosed in note 4.3.

Notes to the Interim Condensed Consolidated Financial Information

4. FINANCIAL RISK MANAGEMENT *(continued)*

4.1 Financial risk factors *(continued)*

(b) Credit risk

Credit risk is managed on a Group basis, except where it relates to accounts receivable balances. Each local entity is responsible for monitoring and analysing the credit risk of its customers. Standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments, carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), derivative financial instruments and deposits with bank and financial institutions, as well as credit exposures to wholesale and retail customers.

The Group has no significant concentrations of credit risk for customers:

- For customers in the Sell-in and B-to-B activities, sales are made with credit terms generally between 60 and 90 days. The Group maintains adequate allowances for potential credit losses and monitors the solvency of its counterparts. As at 30 September 2021 and 2020, the Group did not have any significant concentrations of business conducted with a particular customer that could, if suddenly eliminated, severely impact its operations;

- For customers in the Sell-out activities, the Group's sales to end customers are made in cash or via major credit cards and no credit terms are generally granted. When the Sell-out sales are generated in department stores, a credit term is granted to the department store until the cash is transferred to the Group. This credit term is generally from 30 to 90 days;

- All significant cash deposits are made with major financial institutions with an investment grade rating and are invested in fixed-term deposits with negotiated terms and conditions and interest rates, or in mutual funds. The Group has temporary exposure to non-investment grade institutions on payments made by customers in certain countries, until the related amounts to investment grade institutions. Cash and cash equivalents and derivative financial instruments are concentrated with a few independently rated parties with a minimum rating of "BBB-" (investment Grade) except in countries rated below BBB-.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of its underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

During the half year ended 30 September 2021, the Group continued to reimburse its borrowings:

- In June 2021, the FY2021 PGE bank borrowing was reimbursed for an amount of €50.2 million.

- In July 2021, the FY2019 Term Loan was reimbursed for an amount of €275 million.

4. FINANCIAL RISK MANAGEMENT *(continued)*

4.1 Financial risk factors *(continued)*

(c) ***Liquidity risk*** *(continued)*

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) based on expected cash flows. The liquidity reserves as at 30 September 2021 were as follows:

In thousands of euros	**30 September 2021**	**31 March 2021**
Cash and cash equivalents and bank overdrafts	181,661	421,216
Undrawn borrowing facilities *(Note 19.2)*	360,923	443,272
Liquidity reserves	**542,584**	**864,488**

Surplus cash held by the Group is invested in call accounts, certificates of deposit, money market funds and securities or any other financial assets authorised by the Financial Investments Policy.

The repayment of certain bank borrowings depends on a financial covenant (note 19.2).

The Group also prepared a cash projection for the period from October 2021 to March 2022 and showed no liquidity risks.

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, such that it can continue to provide returns for equity owners and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity owners, return capital to equity owners, issue new shares or sell assets to reduce debt.

4.3 Fair value measurement hierarchy

IFRS 13 for financial instruments requires the disclosure of fair value measurements by level according to the following fair value measurement hierarchy:

- Quoted prices in active markets for identical assets or liabilities (level 1);
- 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 2);
- Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs) (level 3).

Notes to the Interim Condensed Consolidated Financial Information

4. FINANCIAL RISK MANAGEMENT *(continued)*

4.3 Fair value measurement hierarchy *(continued)*

The following table presents the Group's assets and liabilities that are measured at fair value:

	30 September 2021				31 March 2021			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
In thousands of euros	**(a)**	**(b)**	**(c)**		**(a)**	**(b)**	**(c)**	
Assets								
Derivatives at fair value *(Note 17)*	–	283	–	283	–	72	–	72
Financial assets at fair value through other comprehensive income (FVOCI) *(Note 13) (*)*	10,000	21,567	–	31,567	–	17,503	–	17,503
Total assets	**10,000**	**21,850**	**-**	**31,850**	**-**	**17,575**	**-**	**17,575**
Liabilities								
Derivatives at fair value *(Note 17)*	–	2,425	–	2,425	–	713	–	713
Other financial liabilities *(Note 7)*	–	–	19,644	19,644	–	–	18,671	18,671
Total liabilities	**-**	**2,425**	**19,644**	**22,069**	**-**	**713**	**18,671**	**19,384**

* *See note 2.3.2 for details regarding the restatement as a result of an error.*

(a) The fair value of financial instruments traded in active markets (such as equity securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by external counterparties using methods and assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in level 2.

(c) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between the levels of the fair value hierarchy in the period ended 30 September 2021. No changes were made to any of the valuation techniques applied as at 31 March 2021.

4. FINANCIAL RISK MANAGEMENT *(continued)*

4.3 Fair value measurement hierarchy *(continued)*

Fair value measurements using financial instruments traded in active markets (level 1)

On 10 May 2021, the Group acquired shares in Carbios S.A. which is specialised in recycling plastic and packaging products for a net amount of €10,000,000 (less than 3% of the total shares).

Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability (level 2)

The following table presents the change in level 2 instruments for the period ended 30 September 2021:

In thousands of euros	**Balance as at 31 March 2021**	**Disposals**	**Acquisitions**	**Gain/(loss) recognized in other comprehensive income**	**Balance as at 30 September 2021**
Assets					
Real estate investments funds	9,520	–	–	–	9,520
Other investments	7,983	–	4,064	–	12,047
Total assets (level 2)	**17,503**	**–**	**4,064**	**–**	**21,567**

Equity investments at fair value through other comprehensive income mainly correspond to the investments in:

- Real estate investments funds for an amount of €9,520,000.
- Other investments for an amount of €12,047,000 (representing 15 investments with individual investments of which 12 are lower than €200,000 and for all the investments the percentage of voting shares is lower than 20%).

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the change in level 3 instruments for the period ended 30 September 2021:

In thousands of euros	**Balance as at 31 March 2021**	**Disposals**	**Acquisitions**	**Gain/(loss) recognized in other comprehensive income**	**Balance as at 30 September 2021**
Financial assets at fair value through other comprehensive income (FVOCI) *(Note 12) Restated**	–	–	–	–	–
Other financial liabilities *(Note 7)*	18,671	–	–	973	19,644
Total liabilities (level 3)	**18,671**	**–**	**–**	**973**	**19,644**

* *See note 2.3.2 for details regarding the restatement as a result of an error.*

Notes to the Interim Condensed Consolidated Financial Information

4. FINANCIAL RISK MANAGEMENT *(continued)*

4.3 Fair value measurement hierarchy *(continued)*

Fair value measurements using significant unobservable inputs (level 3) *(continued)*

The put options granted by the Group to non-controlling interests:

- Put on Elemis non-controlling interests for €14,941,000;
- Put on L'Occitane GmbH non-controlling interests for €4,703,000.

Fair value of other financial instruments (unrecognised)

The Group also has a number of financial instruments (bank borrowings) that are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short term in nature.

5. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Chairman & Chief Executive Officer (CEO) and the Managing Director, who make strategy decisions.

In previous financial years, the Chairman & CEO and the Managing Director considered the business from both a distribution channel and a geographic perspective by country. Financial information was available for both, but the distribution channels were the operating segments reported in the consolidated financial statements:

- the Sell-out segment consists in the sale of products directly to end customers. These sales mainly take place in the Group's stores and/or through its website;
- the Sell-in segment consists in the sale of products to an intermediary, mainly distributors, wholesalers, television channels and travel retailers. It also includes sales of products to corporate customers, to be given as presents to their customers or employees, for example.

Due to the recent business combinations with ELEMIS and LimeLife, the Group has modified the structure of its internal organisation in FY20. The Chairman & CEO and the Managing Director primarily review the Group's internal reporting in order to assess performance and allocate resources from a brand perspective. Four operating segments were identified:

- **L'OCCITANE en Provence** — the sale of fragrances, skincare, haircare and body and bath ranges from the L'OCCITANE en Provence brand.
- **ELEMIS** — the sale of skincare products by ELEMIS, a brand for distribution and innovation in the beauty and skincare sectors. Sales are mainly driven by the Sell-in channel through wholesale, e-commerce, department stores, QVC, professional spas and maritime sales.
- **LimeLife** — the sale of makeup products by LimeLife, a US-based natural skincare and personalised make-up brand. Sales are driven by the Sell-out channel through beauty guides and online presence.
- **Other brands** — the sale of Erborian, L'OCCITANE au Brésil and Melvita skincare, makeup, floral water, beauty oils and other products. These brands mostly have the same economic characteristics, primarily in terms of type of product, of customer, distribution channel (Sell-in and Sell-out), and financial performance, and they do not individually and cumulatively exceed the quantitative criteria defined in IFRS 8.

5. SEGMENT INFORMATION *(continued)*

Management uses a measure of revenue and operating profit/(loss) to assess the performance of the operating segments. Other information, including assets and liabilities per segment, are not regularly provided to the chief operating decision-maker.

5.1 Operating segments

The measure of profit or loss for each operating segment is its operating profit. Operating segment information is as follows:

In thousands of euros	30 September 2021 L'Occitane en Provence	ELEMIS	LimeLife	Other brands	Total
Net sales	**529,807**	**86,805**	**37,259**	**42,564**	**696,435**
In % of total	*76.1%*	*12.5%*	*5.3%*	*6.1%*	*100.0%*
Gross profit	**431,420**	**64,058**	**27,977**	**31,429**	**554,884**
% of net sales	*81.4%*	*73.8%*	*75.1%*	*73.8%*	*79.7%*
Distribution expenses	(227,234)	(19,060)	(24,832)	(17,232)	(288,358)
Marketing expenses	(79,444)	(19,869)	(1,483)	(10,676)	(111,472)
Research & development expenses	(6,586)	(759)	(186)	(908)	(8,439)
General and administrative expenses	(55,141)	(9,376)	(3,532)	(3,539)	(71,588)
Share of profit / (losses) from joint operations	(9,377)	–	–	–	(9,377)
Reconsolidation of L'Occitane, Inc.	12,783	–	–	–	12,783
Restructuring expenses	(113)	–	–	–	(113)
Other gains/(losses), net	550	–	–	–	550
Operating profit/(loss)	**66,858**	**14,994**	**(2,056)**	**(926)**	**78,870**
% of net sales	*12.6%*	*17.3%*	*(5.5%)*	*(2.2%)*	*11.3%*

In thousands of euros	30 September 2020 *Restated** L'Occitane en Provence	ELEMIS	LimeLife	Other brands	Total
Net sales	**462,367**	**64,698**	**54,318**	**35,254**	**616,637**
In % of total	*75.0%*	*10.5%*	*8.8%*	*5.7%*	*100.0%*
Gross profit	**390,038**	**49,655**	**41,619**	**24,922**	**506,234**
% of net sales	*84.4%*	*76.7%*	*76.6%*	*70.7%*	*82.1%*
Distribution expenses	(244,939)	(12,466)	(33,425)	(19,428)	(310,258)
Marketing expenses	(68,461)	(8,774)	(1,607)	(9,663)	(88,505)
Research & development expenses	(5,880)	(727)	–	(1,236)	(7,843)
General and administrative expenses	(53,284)	(7,627)	(4,384)	(3,831)	(69,126)
Share of profit/(losses) from joint operations	814	–	–	–	814
Other gains/(losses), net	1,386	(348)	–	(5)	1,033
Operating profit/(loss)	**19,674**	**19,713**	**2,203**	**(9,241)**	**32,349**
% of net sales	*4.3%*	*30.5%*	*4.1%*	*(26.2%)*	*5.2%*

* *See note 2.3.2 for details regarding the restatement as a result of an error.*

Notes to the Interim Condensed Consolidated Financial Information

5. SEGMENT INFORMATION *(continued)*

5.2 Geographic areas

Net sales allocated based on the geographic areas of the invoicing subsidiary are as follows:

	Period ended 30 September			
	2021		2020	
In thousands of euros	**Total**	***In %***	**Total**	**In %**
China	124,115	*17.8%*	97,445	*15.8%*
Japan	88,962	*12.8%*	88,308	*14.3%*
United Kingdom	78,015	*11.2%*	65,545	*10.6%*
United States	72,147	*10.4%*	113,924	*18.5%*
Hong Kong	51,401	*7.4%*	32,345	*5.2%*
Luxembourg — Swiss branch	44,110	*6.3%*	18,739	*3.0%*
France	40,746	*5.9%*	37,538	*6.1%*
Russia	23,645	*3.4%*	17,106	*2.8%*
Brazil	19,661	*2.8%*	10,997	*1.8%*
Taiwan	16,700	*2.4%*	17,936	*2.9%*
Other geographic areas	136,933	*19.7%*	116,754	*18.9%*
Net sales	**696,435**	***100%***	**616,637**	***100%***

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE

6.1 For the period ended 30 September 2021

6.1.1 L'Occitane, Inc. Chapter 11 proceedings

Context

On 14 January 2021, the Board of Directors approved the decision to file Chapter 11 proceeding with respect to L'Occitane, Inc. The case was filed on 26 January 2021 before the bankruptcy court of New Jersey (the "court"). The aim of proceedings was to facilitate the negotiation of lease arrangements with lessors. The goal was to reach a consensual plan under which general unsecured creditors (mainly lessors) would agree to accept payment of less than the full amount of the liabilities. There was no plan to liquidate the subsidiary.

The Group owned 100% of L'Occitane, Inc. However, based on the legal restrictions applicable to Chapter 11 proceedings, the operational activities of L'Occitane, Inc. were managed through motions that must be validated by the Court. Motions granted by the Court to L'Occitane, Inc. to operate the business could have been overturned by the same Court. The Group no longer controlled the relevant activities. Consequently, the exclusive control of L'Occitane, Inc. was lost as soon as bankruptcy proceedings were filed. L'Occitane, Inc. has been deconsolidated at the date of filing of the proceedings with the Court (26 January 2021). Subsequently to the derecognition of the assets and liabilities of L'Occitane, Inc. the Group's investment in L'Occitane, Inc. was recorded using the equity method.

As of 31 August 2021, the proceedings for Chapter 11 was closed by the Court and this date was considered as the effective date for the reconsolidation of L'Occitane, Inc. since the Court does not have any control on L'Occitane, Inc. Therefore, at this date, the Group L'Occitane gained back the exclusive control of the subsidiary, which has been consolidated in the interim condensed consolidated financial information of the Group.

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE *(continued)*

6.1 For the period ended 30 September 2021 *(continued)*

6.1.1 L'Occitane, Inc. Chapter 11 proceedings (continued)

Context *(continued)*

In the interim condensed consolidated financial information, the impact of the operations of L'Occitane, Inc. is presented as follows:

- As an investment accounted for using the equity method from 1 April 2021 to 31 August 2021. The net loss in the interim consolidated statement of income amounts to €8.9m and is presented within "Share of profit/(loss) from associates and joint ventures under equity method" (note 12);

- As a subsidiary consolidated through full integration method for the month of September 2021. The net profit for the month of September amounts to €751,000.

Fair value of the Group's investment in L'Occitane, Inc.

As at 31 August 2021, the Group remeasured the fair value of L'Occitane, Inc. for an amount of €0 million which includes a creditor current account with the Group for €19,942,000 considered as part of the net debt.

The key underlying hypothesis for the estimation of the nil fair value of L'Occitane, Inc. are as follows:

- The enterprise value was estimated in a range of $40.0 million–$44.9 million based on the discounted cash flow (DCF) method (weight of 50%) and the public companies multiples method (weight of 50%).

- For the DCF method, the annual growth rate (CAGR) and the EBIT margin were estimated at 2% and 2.5%. The WACC used was 9.5 %. The terminal value takes into account a long-term growth of 2% in line with the inflation forecast data for the United States.

- For the public companies multiples method, the revenue multiple applicable is estimated in a range of 0.23x–0.27x and the EBIT multiple applicable is estimated in a range of 10.6x–11.6x.

- Net debt was decreased from the enterprise value for an amount of $42.3 million to take into account the intercompany loan, cash, the normalization of the net working capital and the cash-outs related to the finalization of Chapter 11 proceedings (accounts payable to landlords, rejected part of accounts payable to landlords and professional fees).

Notes to the Interim Condensed Consolidated Financial Information

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE *(continued)*

6.1 For the period ended 30 September 2021 *(continued)*

6.1.1 L'Occitane, Inc. Chapter 11 proceedings (continued)

Reconsolidation of the assets acquired and liabilities assumed of L'Occitane, Inc.

The fair value of the investment in L'Occitane, Inc. amounting to € 0 million is considered as the acquisition price.

As at 31 August 2021, the following assets and liabilities of L'Occitane, Inc. were recognized as a result of the reconsolidation as follows:

ASSETS *In thousands of Euros*	**Carrying amount — 31 August 2021**	**Fair value adjustment**	**Provisional fair value**
Property, plant and equipment, net	12.3	–	12.3
Intangible assets, net	0.3	–	0.3
Right-of-use assets	55.3	–	55.3
Deferred income tax assets	14.1	–	14.1
Other non-current receivable	0.6	–	0.6
Non-current assets	**82.5**	**–**	**82.5**
Inventories	16.1	–	16.1
Trade receivable	5.9	–	5.9
Current income taxes	0.9	–	0.9
Other current assets	3.8	–	3.8
Cash and cash equivalents	20.9	–	20.9
Current assets	**47.5**	**–**	**47.5**
Total assets	**130.1**	**–**	**130.1**

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE *(continued)*

6.1 For the period ended 30 September 2021 *(continued)*

6.1.1 L'Occitane, Inc. Chapter 11 proceedings (continued)

Reconsolidation of the assets acquired and liabilities assumed of L'Occitane, Inc. *(continued)*

LIABILITIES *In thousands of Euros*	**Carrying amount — 31 August 2021**	**Fair value adjustment**	**Provisional fair value**
Borrowings	–	–	–
Lease liabilities	45.0	–	45.0
Other non-current liabilities	0.3	–	0.3
Non-current liabilities	**45.3**	**–**	**45.3**
Trade payables	50.3	–	50.3
Social and tax liabilities	3.4	–	3.4
Borrowings	19.9	–	19.9
Lease liabilities	12.6	–	12.6
Other current liabilities	3.7	–	3.7
Provisions	0.1	–	0.1
Current liabilities	**90.1**	**–**	**90.1**
Total liabilities	**135.4**	**–**	**135.4**
Net acquired	**(5.3)**	**–**	**(5.3)**
Minority shareholders	1.3	–	1.3
Fair value of L'Occitane	–	–	–
Goodwill	**6.6**	**–**	**6.6**

Notes to the Interim Condensed Consolidated Financial Information

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE *(continued)*

6.1 For the period ended 30 September 2021 *(continued)*

6.1.1 L'Occitane, Inc. Chapter 11 proceedings *(continued)*

Purchase price allocation and fair value adjustments

When recognised the above assets and liabilities, a purchase price allocation was performed where identifiable assets and liabilities of L'Occitane, Inc. were measured at fair value as at 31 August 2021.

The fair value adjustments are as follows:

- L'Occitane, Inc. does not own any trademarks;
- Customer relationships (Sell-In distribution channel): given that there are no long-term exclusive distribution agreements, the fair value is deemed to be insignificant;
- Right-of-use assets were measured at an amount equal to the recognised liability. Due to the renegotiation of the lease terms with the landlords during the Chapter 11 proceedings, the new terms reflect the market terms and no fair value adjustment was necessary;
- The deferred taxes assets were recognised based on the tax planning taking into account the Group's transfer pricing policy;
- The lease liability is measured according to IFRS 16 and recognised as if lease contracts were new leases as at 31 August 2021.

The goodwill resulting from this business combination is attributable to future synergies, mainly thanks to the acquisition of a reorganised stores network with renegotiated leases arrangements.

There was no deductible goodwill for tax purposes.

6.1.2 Investment in Carbios

On 10 May 2021, the Group acquired shares in Carbios S.A. which is specialised in recycling plastic and packaging products for a net amount of €10,000,000 (less than 3% of the total shares).

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE *(continued)*

6.2 For the year ended 31 March 2021

6.2.1 L'Occitane, Inc. Chapter 11 filing

Change in the control of L'Occitane, Inc.

On 14 January 2021, the Board of Directors approved the decision to file Chapter 11 proceeding with respect to L'Occitane, Inc. The Group owned 100% of L'Occitane, Inc. However, based on the legal restrictions applicable to Chapter 11 proceedings, the operational activities of L'Occitane, Inc. were managed through motions that must be validated by the Court. Consequently, the Group no longer controlled the relevant activities. The exclusive control of L'Occitane, Inc. was lost as soon as bankruptcy proceedings were filed. L'Occitane, Inc. had been therefore deconsolidated at the date of filing of the proceedings with the court.

The Group had been still involved in the management of L'Occitane, Inc. and maintained significant influence over the subsidiary:

- The Group was the sole shareholder of L'Occitane, Inc.;
- The marketing strategy was defined at Group level;
- The Group was the owner of the trademark and the exclusive supplier of goods;
- The financing of L'Occitane, Inc.'s operations was ensured by the Group;
- L'Occitane, Inc. still run the business, albeit under the Court's supervision.

Subsequently to the derecognition of the assets and liabilities of L'Occitane, Inc. the Group's investment in L'Occitane, Inc. was recorded using the equity method.

Notes to the Interim Condensed Consolidated Financial Information

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE *(continued)*

6.2 For the year ended 31 March 2021 *(continued)*

6.2.1 L'Occitane, Inc. Chapter 11 filing (continued)

Derecognition of the assets and liabilities of L'Occitane, Inc.

As at 31 January 2021 (the five days between the date of the filing and the end of month were assessed by management as not significant), the following assets (including goodwill) and liabilities of L'Occitane, Inc. had been derecognized:

ASSETS *In thousands of Euros*	**31 January 2021**
Property, plant and equipment	16.4
Right-of-use assets	71.4
Goodwill	5.8
Intangible assets	0.2
Deferred income tax assets	13.3
Other non-current assets	0.6
Non-current assets	**107.7**
Inventories	13.7
Trade receivables	6.5
Other current assets	1.1
Cash and cash equivalents	7.7
Current assets	**29.0**
Total assets	**136.7**
Borrowings	–
Lease liabilities	66.5
Other non-current liabilities	0.3
Non-current liabilities	**66.8**
Trade payables	22.5
Salaries and tax liabilities	4.5
Current income tax liabilities	–
Borrowings	19.9
Lease liabilities	17.9
Provisions	–
Other current liabilities	4.0
Current liabilities	**68.8**
Total liabilities	**135.6**
Non controlling interests AVL	1.3
Net assets	**2.4**

Prior to the deconsolidation of the subsidiary, no impairment test or review of the amortization schedule and the residual value of the non-current assets of L'Occitane, Inc. had been required.

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE *(continued)*

6.2 For the year ended 31 March 2021 *(continued)*

6.2.1 L'Occitane, Inc. Chapter 11 filing (continued)

Fair value of the Group's investment in L'Occitane, Inc.

As at 31 January 2021, the Group determined the fair value of L'Occitane, Inc. for a nil amount with the assistance of an external advisor. The key underlying hypotheses for the estimation of the fair value of L'Occitane, Inc. were as follows:

- The enterprise value was estimated in a range of \$43.3 million–\$48.1 million based on the discounted cash flow (DCF) method (weight of 50%) and the public companies multiples method (weight of 50%).
- For the DCF method, the annual growth rate (CAGR) and the EBIT margin were estimated at 5.6% and 2.5%. The WACC used was 9.5%. The terminal value took into account a long term growth of 2% in line with the inflation forecast data for the United States.
- For the public companies multiples method, the revenue multiple applicable was estimated in a range of 0.27x–0.32x and the EBIT multiple applicable was estimated in a range of 10.6x–12.8x.
- Net debt was decreased from the enterprise value for an amount of \$45.8 million to take into account the intercompany loan, cash, the normalization of the net working capital and the cash-outs related to the Chapter 11 proceedings (accounts payable to landlords, rejected part of accounts payable to landlords, closing stores termination fees, professional fees).

Gain resulting from the loss of control of L'Occitane, Inc.

The gain recorded in the line "Deconsolidation of L'Occitane, Inc." in the consolidated statement of income had been analysed as follows:

In thousands of euros

Derecognition of the assets and liabilities of L'Occitane, Inc. at their carrying amounts	2,727
Recognition of the investment retained in L'Occitane, Inc. at its fair value	–
Reclassification to statement of income of the amounts previously recognised in other comprehensive income (currency translation differences)	3,029
Net gain from the deconsolidation of L'Occitane, Inc.	**5,756**

The derecognition of the assets and liabilities of L'Occitane, Inc. at their carrying amounts also included consolidation entries accounting for a gain of € 3,704,000 (mainly the elimination of intercompany margin).

The loss from L'Occitane, Inc. from 1 February 2021 to 31 March 2021 had been presented within "Share of profit/(losses) from associates and joint ventures accounted for using the equity method" in the consolidated statement of income (see Note 11).

The other impacts of the Chapter 11 filing, including the restructuring costs, were presented within "Restructuring expenses" in the consolidated statement of income (Note 26).

External fees (lawyers, real estate broker, financial advisors) corresponding to the services rendered before the Chapter 11 filing were expensed for an amount of € 2,336,000 within "Restructuring expenses" in the consolidated statement of income" (Note 26). External fees corresponding to services rendered after 31 January 2021 were recorded for an amount of € 1,025,000 in the share of profit/(loss) from L'Occitane, Inc. (Note 12).

Notes to the Interim Condensed Consolidated Financial Information

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE *(continued)*

6.2 For the year ended 31 March 2021 *(continued)*

6.2.1 L'Occitane, Inc. Chapter 11 filing (continued)

Notional purchase price allocation

A notional purchase price allocation was performed where identifiable assets and liabilities of L'Occitane, Inc. were measured at fair value as at 31 January 2021.

A purchase price allocation was performed to estimate the fair value of the shares hold by L'Occitane International S.A.. The fair value amounted to a nil amount.

The fair value adjustments were as follows:

- The existing goodwill was not considered as an identifiable asset but directly included as the residual value between the fair value of the Group's investment in L'Occitane, Inc. and the fair value of the net assets acquired of L'Occitane, Inc.;
- L'Occitane, Inc. did not own any trademarks;
- Customer relationships (Sell-In distribution channel): given that there were no long term exclusive distribution agreements, the fair value was deemed to be insignificant;
- For 25 stores closed when L'Occitane, Inc. entered Chapter 11, no right-of-use assets were attached to the related leases;
- Right-of-use assets were measured at an amount equal to the recognised liability and adjusted to reflect any unfavourable terms of the lease relative to market terms. This led to reducing the amount of the right-of-use asset compared to the lease liability for an amount of €10,599,000. This analysis was performed notably based on a range of market rental expenses proposed by a real estate broker;
- The deferred taxes assets were recognised based on the tax planning taking into account the current reorganisation and restructuring of L'Occitane, Inc. and based on the Group's transfer pricing policy;
- The lease liability was measured according to IFRS 16 and recognised as if lease contracts were new leases as at 31 January 2021.

6. INFORMATION RELATING TO CHANGES IN THE GROUP STRUCTURE *(continued)*

6.2 For the year ended 31 March 2021 *(continued)*

6.2.2 Creation of a joint venture in the Middle East region

On 17 October 2019, the Group signed a letter of intent with the current distributor for the Middle East region to create a new company "L'Occitane Middle East" that is owned by L'Occitane International S.A. for 51% and by the distributor for 49%. The shareholder and distribution agreements were signed on 3 June 2020. The consideration paid for the 51% amounts to €10,103,000 and the acquisition costs were nil.

The joint venture agreement required unanimous consent from all parties for the main relevant activities. The Group therefore determined that it had a joint control over this entity which requires the equity method for the measurement of the shares.

As at 31 March 2021, the Group share in L'Occitane Middle East's loss was recognised in the consolidated statement of income within "Share of profit/(losses) from joint ventures accounted for using the equity method" for an amount of €100,000.

6.2.3 Transaction with 86 Café Retail

As at 1 August 2020, the Group acquired 95% of 86 Café Retail from L'Occitane Groupe S.A. (parent company of L'Occitane International) for a total acquisition costs of €10,000, accounted for under IFRS 3. This subsidiary operated the café in the flagship store on the Champs Elysées in Paris.

In millions of euros	**Value as at 1 August 2020**	**Fair value adjustment**	**Provisional fair value**
Net equity acquired	(1.4)	–	(1.4)
Borrowings with L'Occitane International	2.5	–	2.5
Net identifiable assets acquired	1.1	–	1.1
Acquisition price	0.6	–	0.6
Excess of the fair value of acquired net assets over the cost of an acquisition *(Note 23)*	0.6	–	0.6

A pre-existing relationship via a current account between L'Occitane International and 86 Café Retail for a net amount of €645,000 was taken into account in the acquisition price.

The above badwill had been recognised within "Other (losses)/gains, net" (Note 24) in the consolidated statements of income. The new subsidiary generated a loss for the period in an amount of €664,000.

6.2.4 Investment in Capsum

As at 12 January 2021, the Group acquired 27.73% of Capsum for a total acquisition cost of €27,946,593. This entity is specialised in encapsulation in the cosmetic sector and co-develops and manufactures products with tailor-made formulas for established cosmetic brands.

As the Group has a significant influence in Capsum the investment was accounted for using the equity method (Note 12).

6.2.5 Transaction with South Africa minority shareholder

As at 8 December 2020, the Group acquired 25% of the interest hold by the minority shareholder in L'Occitane South Africa for a purchase price of €200.000. The Group now owns 100% of the interests in the subsidiary.

Notes to the Interim Condensed Consolidated Financial Information

7. OTHER FINANCIAL LIABILITIES

The Group has granted the following put options to non-controlling interests:

In thousands of euros	31 March 2021	Increase	Payments relating to the excessive exercise of put options	Change in estimates in the valuation of the exercise price	Unwinding of discount *(Note 24)*	30 September 2021
Put on L'Occitane GmbH non-controlling interests	4,528	–	–	–	175	4,703
Put on Elemis non-controlling interests	14,143	–	–	–	798	14,941
Total other financial liabilities	**18,671**	**–**	**–**	**–**	**973**	**19,644**

The minority interest of the Austrian subsidiary owns 30% of the subsidiary.

Non-controlling interests of ELEMIS (four individuals) acquired 1.38% of ELEMIS shares on 20 March 2020. The estimated fair value of the related put option is €14,941,000.

The following table summarises the quantitative information about the significant unobservable inputs used in the measurement of the present value of the redemption amount:

in thousands of euros	Present value of the redemption amount 30 September 2021	31 March 2021	Unobservable inputs	Range of inputs 30 September 2021	31 March 2021	Relationship of unobservable inputs to value
Other financial liabilities — Put on L'Occitane GmbH non-controlling interests	4,703	4,528	Discount rate	8%	8%	Increasing the discount rate by 100 basis points and decreasing the annual EBITDA growth rate by 100 basis points would decrease the fair value by €192,000.
			Annual EBITDA growth rate	2%–4%	2%–4%	Decreasing the discount rate by 100 basis points and increasing the annual EBITDA growth rate by 100 basis points would increase the fair value by €201,000.
Other financial liabilities — Put on Elemis non-controlling interests	14,941	14,143	Discount rate	10.7%	11.5%	Increasing the post-tax discount rate by 100 basis points and decreasing the EBITDA by 100 basis points would decrease the fair value by €232,000.
			Annual EBITDA growth rate	Same unobservable inputs as the ones used in the Elemis business plan and disclosed in note 4.1.		Decreasing the post-tax discount rate by 100 basis points and increasing the EBITDA by 100 basis points would increase the fair value by €335,000.

Assumptions	**Approach used to determine values**
Discount rate	Reflect current market assessments of the time value and the risk specific to the liabilities.
Time periods	Management assumed exercise of the put option as from the beginning of the exercisable period.
Annual EBITDA growth factor	Estimated based on plan for the company without the effects of IFRS 16

8. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment can be analysed as follows:

In thousands of euros

Net book value as at 31 March 2021	**130,347**
Additions	11,334
Disposals	(216)
Reconsolidation of L'Occitane, Inc. *(Note 6.1)*	12,316
Depreciation *(Note 23.3)*	(24,971)
Impairment loss *(Note 23.3)*	–
Reversal of impairment loss *(Note 23.3)*	9
Other movements	(517)
Exchange differences	945
Net book value as at 30 September 2021	**129,247**

The additions of the period ended 30 September 2021 mainly relate to 38 store openings and refurbishments for €6,100,000 and to acquisition for IT equipment for €3,700,000.

The disposals of the period ended 30 September 2021 mainly relate to 60 store closings.

9. LEASES

9.1 Right-of-use assets

Changes in right-of-use assets can be analysed as follows:

In thousands of euros	**Stores**	**Offices**	**Other**	**Total**
Net book value as at 31 March 2021	**243,271**	**47,815**	**10,185**	**301,271**
Additions	42,914	5,316	10,731	58,961
Disposals	(11,849)	(888)	(232)	(12,969)
Reconsolidation of L'Occitane, Inc. *(Note 6.1)*	44,875	8,399	2,004	55,278
Depreciation *(Note 23.3)*	(38,694)	(6,858)	(2,775)	(48,327)
Impairment loss net of reversals *(Note 24)*	718	–	–	718
Exchange differences	1,270	412	96	1,778
Net book value as at 30 September 2021	**282,505**	**54,196**	**20,009**	**356,710**

During the period ended 30 September 2021, the additions mainly related to the new stores, the renegotiation of lease agreements and renewal options.

Notes to the Interim Condensed Consolidated Financial Information

9. LEASES *(continued)*

9.2 Lease liabilities

Maturities of lease liabilities can be analysed as follows:

In thousands of euros	30 September 2021	31 March 2021
Within 1 year	91,660	78,538
Between 1 and 2 years	69,443	58,599
Between 2 and 5 years	104,554	80,034
Over 5 years	86,257	77,556
Total	**351,914**	**294,727**

10. GOODWILL

10.1 Changes in goodwill

Change in goodwill can be analysed as follows:

In thousands of euros	31 March 2021	Additions	Exchange differences	30 September 2021
L'OCCITANE en Provence	79,835	6,620	1,306	87,761
ELEMIS	524,301	–	(491)	523,810
LimeLife	113,392	–	1,427	114,819
Melvita	35,931	–	–	35,931
Erborian	2,384	–	–	2,384
Total cost	**755,843**	**6,620**	**2,242**	**764,705**
Accumulated impairment loss	(1,000)	–	–	(1,000)
Total cost, net	**754,843**	**6,620**	**2,242**	**763,705**

Initial goodwills for L'OCCITANE en Provence are related to past acquisitions of exclusive distributors in specific countries.

The addition is explained by the goodwill from the reconsolidation of L'Occitane, Inc. as of 31 August 2021 (note 6).

10. GOODWILL *(continued)*

10.2 Goodwill impairment testing

Goodwill and trademarks are allocated to group of the cash-generating units (CGU) by operating segment defined as one or several brands under the responsibility of a dedicated management team.

CGUs to which goodwill and trademarks have been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, an impairment loss is recognised.

The Covid-19 pandemic disrupted production and commercial operations, leading to a decrease in the Group's revenue and profit from recurring operations in the period. Nevertheless, although the effects of the decrease in levels of business travel and tourism will still be felt for some time, the Group believes that its activities will not be significantly affected over the long term.

For ELEMIS and L'OCCITANE en Provence, as there were no indicators for impairment of any of the CGUs, management has not updated any of the impairment calculations of the financial year ended 31 March 2021. Management notably considered the actual performance over the half-year period ended 30 September 2021 and prior year estimated value in use that significantly exceeded the carrying amount of goodwill.

Melvita impairment testing

For Melvita, considering the prior year limited headroom between the recoverable value and the carrying amount of all the assets used by the Group to operate the trademark, management recalculated the recoverable amount of the CGU. The recoverable amount of the CGU was determined based on value-in-use calculations, consistently with the methods used as at 31 March 2021. For details see note 4.1 of our Annual Report.

The following table sets out the key assumptions for the CGU Melvita where the impairment calculation was updated as at 30 September 2021. The 5-year plan drawn up previously has been adjusted to take into account the reduced business activity observed in the period.

	30 September 2021	**31 March 2021**
Business plan time frame	5 years	5 years
Net sales annual growth rate over the plan	18.9%	18.1%
Budgeted EBITDA over the plan	12.6%	12.9%
Long term growth rate	1.4%	1.4%
Post-tax discount rate *(%)*	7.6%	7.8%
Carrying amounts of assets — mainly including		
Goodwill	36	36
Trademark	14	14
Other items	9	11
Recoverable value	77	79
Headroom available	17	17

The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

The recoverable amount of the Melvita CGU exceeds the carrying amount of the CGU assets. No impairment was therefore required for this CGU.

Notes to the Interim Condensed Consolidated Financial Information

10. GOODWILL *(continued)*

10.2 Goodwill impairment testing *(continued)*

Sensitivity analysis

The recoverable amount of the Melvita CGU would equal its carrying amount if the key assumptions were to change individually as follows:

	30 September 2021	**31 March 2021**
CAGR on net sales	7.4%	16.9%
% of EBITDA for each of the financial year decreased by	3.98 points	2.0 points
WACC	9.3%	9.7%
Long term growth rate	–0.8%	–1.0%

LimeLife impairment testing

For LimeLife, considering the decrease in net sales, management recalculated the recoverable amount of the CGU. The recoverable amount of the CGU was determined based on value-in-use calculations, consistently with the methods used as at 31 March 2021. For details see note 4.1 of our Annual Report.

The following table sets out the key assumptions for the CGU LimeLife where the impairment calculation was updated as at 30 September 2021. The 4-year plan drawn up previously has been adjusted to take into account the reduced business activity observed in the period.

	30 September 2021	**31 March 2021**
Business plan time frame	4 years	4 years
Net sales annual growth rate over the plan	28.7%	25.2%
Budgeted EBITDA over the plan	10.1%	11.4%
Long term growth rate	2.0%	2.0%
Post-tax discount rate (%)	8.2%	8.2%
Carrying amounts of assets — mainly including		
Goodwill	113	113
Trademark	–	–
Other items	13	15
Recoverable value	307	376
Headroom available	180	248

The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

The recoverable amount of the LimeLife CGU exceeds the carrying amount of the CGU assets. No impairment was therefore required for this CGU.

10. GOODWILL *(continued)*

10.2 Goodwill impairment testing *(continued)*

Sensitivity analysis

The recoverable amount of the LimeLife CGU would equal its carrying amount if the key assumptions were to change individually as follows:

	30 September 2021	31 March 2021
CAGR on net sales	13.02%	16.4%
% of EBITDA for each of the financial year decreased by	6.5 points	8.1 points
WACC	16.1%	19.0%
Long term growth rate	–9.2%	–14.7%

11. INTANGIBLE ASSETS

Intangible assets include:

- Acquired trademarks with indefinite useful lives;
- Internally used software, including enterprise resource planning (ERP) systems, point-of-sales systems, etc.

Changes in intangible assets can be analysed as follows:

In thousands of euros

Net book value as at 31 March 2021	**315,949**
Additions	3,831
Disposals	(170)
Reconsolidation of L'Occitane, Inc. *(Note 6.2.1)*	295
Amortisation *(Note 23.3)*	(7,957)
Other movements	309
Exchange differences	3,380
Net book value as at 30 September 2021	**315,637**

Additions mainly concern software for an amount of €2,050,000.

Notes to the Interim Condensed Consolidated Financial Information

12. JOINT VENTURES AND ASSOCIATES

The amounts disclosed for interests in associates and joint ventures are as follows:

In thousands of euros Name of entity	Place of business	% of ownership interest	Nature of relationship	Measurement method	Share of profit/(loss) September FY22	Carrying amount
L'Occitane Middle East	Middle East	51%	Joint Venture	Equity method	769	10,536
My Glamm	India	19%	Associate	Equity method	(790)	9,727
CAPSUM	Europe/USA	28%	Associate	Equity method	(436)	27,655
L'Occitane, Inc. *(Note 6.1)*	USA	100%	Associate	Equity method	(8,920)	–
Total Investments in associates and joint ventures					**(9,377)**	**47,918**

The carrying amount of equity-accounted investments has changed as follows:

	L'Occitane Middle East	Capsum	My Glamm *Restated**	L'Occitane, Inc.
31 March 2021 *Restated**	**9,624**	**28,091**	**8,539**	**15,921**
Additions	–	–	1,978	–
Profit/(loss) for the period	769	(436)	(790)	(8,920)
Currency translation effects	143	–	–	68
Reconsolidation *(Note 6.1)*	–	–	–	(7,069)
Dividends paid	–	–	–	–
30 September 2021	**10,536**	**27,655**	**9,727**	**–**

* *See note 2.3.2 for details regarding the restatement as a result of an error.*

In the €15,921,000, the loans granted by the Group to L'Occitane, Inc. are considered to be part of the Group's net investment in that subsidiary.

13. OTHER NON-CURRENT ASSETS

Other non-current assets can be analysed as follows:

In thousands of euros	30 September 2021	31 March 2021 *Restated**
Deposits	24,961	24,763
Equity investments at fair value through other comprehensive income (FVOCI) *(note 4)*	31,567	17,503
Tax receivables	5,660	6,848
Financial assets	146	156
Other	2,364	1,546
Other non-current assets	**64,698**	**50,816**

* *See note 2.3.2 for details regarding the restatement as a result of an error.*

14. INVENTORIES

Inventories can be analysed as follows:

In thousands of euros	**30 September 2021**	**31 March 2021**
Raw materials and supplies	23,604	25,037
Finished goods and work in progress	236,039	189,815
Inventories, gross	**259,643**	**214,852**
(Deduct) allowance	(20,425)	(15,992)
Inventories	**239,218**	**198,860**

The impact of the reconsolidation of L'Occitane, Inc. in the variation is €16,136,000.

15. TRADE RECEIVABLES

The trade receivables ageing analysis report is as follows:

In thousands of euros	**30 September 2021**	**31 March 2021**
Current and past due within 3 months	183,043	133,162
Past due 3 to 6 months	3,780	2,321
Past due 6 to 12 months	1,030	1,746
Past due over 12 months	2,212	2,092
Allowance for doubtful accounts	(4,906)	(3,983)
Trade receivables	**185,159**	**135,338**

The carrying amounts of the Group's trade receivables approximate their fair value. At the balance sheet date, there is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, dispersed internationally. The maximum exposure to credit risk at each balance sheet date is the fair value of receivables set out above. The Group does not hold any collateral as security.

Notes to the Interim Condensed Consolidated Financial Information

16. OTHER CURRENT ASSETS

The following table presents details of other current assets:

In thousands of euros	30 September 2021	31 March 2021
Value added tax receivable and other taxes and payroll items receivable	18,272	16,836
Prepaid expenses	23,703	18,907
Income tax receivable (a)	1,449	3,894
Advance payments to suppliers	11,104	10,331
Loan to L'Occitane Middle East joint venture	3,239	1,660
Other current assets	5,302	1,170
Total other current assets	**63,069**	**52,798**

(a) The income tax receivable relates to down payments of income tax that are higher than the final income tax expense expected to be paid for the period.

17. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Analysis of derivative financial instruments

Derivative financial instruments can be analysed as follows:

In thousands of euros	30 September 2021		31 March 2021	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange derivatives at fair value through profit and loss	283	2,425	72	657
Sub-total derivative financial instruments at fair value through profit and loss	**283**	**2,425**	**72**	**657**
Interest rate derivatives at fair value through other comprehensive income	–	–	–	56
Sub-total derivative financial instruments designated as hedging instruments	**–**	**–**	**–**	**56**
Current portion of derivative financial instruments	**283**	**2,425**	**72**	**713**

The change in the fair value of derivatives at fair value through profit and loss is recognised in the statement of income within "Finance income"/"Finance costs" for interest derivatives and within "Foreign currency gains/(losses)" for currency derivatives.

17. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

(b) Notional amounts of derivative financial instruments

The notional principal amounts of the outstanding forward foreign exchange derivatives are as follows (in thousands of euros):

Currencies	**30 September 2021**	**31 March 2021**
Sale of currencies		
CNY	69,101	23,371
JPY	15,525	2,819
GBP	6,420	2,799
USD	4,535	10,376
AUD	4,501	470
HKD	3,413	7,147
RUB	3,066	3,249
THB	2,896	2,681
NOK	2,504	268
CZK	499	77
PLN	426	174
HUF	308	60
ZAR	287	69
SEK	285	–
BRL	201	–

18. CAPITAL AND RESERVES

L'Occitane International S.A. is a *société anonyme* incorporated in the Grand Duchy of Luxembourg. The Company's authorised capital is €1,500,000,000 of which €44,309,000 was issued as at 30 September 2021. At the same date, 72.28% of the Company's share capital was held by L'Occitane Groupe S.A. ("LOG" or the "parent company"). As at 31 March 2021, LOG owned 72.28% of the Company's share capital.

All of the Company's issued shares are fully paid up and bear the same rights and obligations.

18.1 Share capital and additional paid-in capital

Changes in the number of shares, share capital and additional paid-in capital are as follows (in thousands of euros, except for the number of shares):

	Number of shares	**Share capital**	**Additional paid-in capital**
At 31 March 2021	**1,476,964,891**	**44,309**	**342,851**
At 30 September 2021	**1,476,964,891**	**44,309**	**342,851**

Notes to the Interim Condensed Consolidated Financial Information

18. CAPITAL AND RESERVES *(continued)*

18.2 Treasury shares

As at 31 March 2021, the Company held 10,286,970 shares in treasury and the aggregate price of the purchased shares was deducted from equity as "Treasury shares reserve" for an amount of €16,381,000.

As at 30 September 2021, the Company held 8,527,120 shares in treasury and the aggregate price of the purchased shares is deducted from equity as "Treasury shares reserve" for an amount of €16,479,000.

18.3 Share-based payments

The Company grants three types of share-based payment: (i) share-based payments related to LOI equity instruments, (ii) share-based payments related to LimeLife equity instruments and (iii) share-based payments related to LOG equity instruments.

(i) ***Main characteristics and details of the plans with LOI equity instruments***

The stock option plans can be summarised as follows:

	30 September 2021		31 March 2021	
	Average exercise price in HKD per stock option	**Number of options**	**Average exercise price in HKD per stock option**	**Number of options**
At the beginning of the period	15.94	12,512,350	15.94	19,535,672
Exercised during the period	15.78	(4,405,850)	15.61	(4,945,400)
Cancelled/lapsed during the period	15.71	(141,700)	21.73	(2,077,922)
At the end of the period	**15.94**	**7,964,800**	**15.94**	**12,512,350**

The cancelled stock options relate to employees who left the Company before the end of the vesting period.

Stock options outstanding at the end of the period have the following expiry date and exercise price:

			Number of share options	
Grant date	**Vesting date**	**Exercise price**	**30 September 2021**	**31 March 2021**
4 December 2013	4 December 2017	HKD17.62	205,500	1,254,250
23 February 2015	23 February 2019	HKD19.22	–	238,000
21 March 2016	21 March 2020	HKD14.36	877,450	1,711,250
02 February 2017	02 February 2021	HKD15.16	1,996,750	4,337,050
29 March 2018	29 March 2022	HKD14.50	4,885,100	4,971,800
Total			**7,964,800**	**12,512,350**

18. CAPITAL AND RESERVES *(continued)*

18.3 Share-based payments *(continued)*

(i) ***Main characteristics and details of the plans with LOI equity instruments*** *(continued)*

The free share plans can be summarised as follows:

	30 September 2021		31 March 2021	
	Average exercise price in HKD per free share	**Number of free shares**	**Average exercise price in HKD per free share**	**Number of free shares**
As at 1 April	14.50	3,360,300	14.50	3,371,400
Forfeited during the year	14.50	(9,000)	14.50	(11,100)
At the end of the period	**14.50**	**3,351,300**	**14.50**	**3,360,300**

Free shares outstanding at the end of the periods have the following expiry dates and exercise prices:

			Number of free shares	
Grant date	**Expiry date**	**Exercise price**	**30 September 2021**	**31 March 2021**
29 March 2018	29 March 2022	–	3,351,300	3,360,300
Total			**3,351,300**	**3,360,300**

(ii) ***Main characteristics and detail of the plans with LimeLife equity instruments***

L'Occitane International S.A. granted rights to LimeLife equity instruments to LimeLife's minority shareholders. This free share plan is based on a presence condition for a four-year period, starting from 12 December 2017. There are no performance criteria.

This plan can be summarised as follows:

	30 September 2021		31 March 2021	
	Average fair value in EUR per free shares	**Number of free shares**	**Average fair value in EUR per free shares**	**Number of free shares**
As at 1 April	6.4	844,594	6.4	844,594
Vested during the year	6.4	422,297	6.4	422,297
As at 31 March	**6.4**	**1,266,891**	**6.4**	**844,594**

Notes to the Interim Condensed Consolidated Financial Information

18. CAPITAL AND RESERVES *(continued)*

18.3 Share-based payments *(continued)*

(ii) ***Main characteristics and detail of the plans with LimeLife equity instruments** (continued)*

		Number of free shares	
Grant date	**Vesting date**	**30 September 2021**	**31 March 2021**
12 December 2017	12 December 2018	422,297	422,297
12 December 2017	12 December 2019	422,297	422,297
12 December 2017	12 December 2020	422,297	422,297
12 December 2017	12 December 2021	422,297	422,297
Total		**1,689,188**	**1,689,188**

The shares will vest gradually in four instalments of 25% over a four-year period (graded vesting period).

The assessed fair value at the grant date of the shares was determined based on the enterprise value of LimeLife (through discounted future cash flows) as at 12 December 2017.

(iii) ***Main characteristics and details of the plans with LOG equity instruments***

LOG, the parent company of L'Occitane International S.A., granted rights to its own equity instruments to L'Occitane International S.A. and to its subsidiaries' employees.

(iv) ***Total share-based compensation expense***

During the periods ended 30 September 2021 and 30 September 2020, the share-based compensation expense recognised within employee benefits was as follows:

	Period ended 30 September	
In thousands of euros	**2021**	**2020**
LOI equity instruments	2,316	1,432
LOG equity instruments	3,246	1,323
LimeLife equity instruments	234	603
Social charges	711	355
Total	**6,507**	**3,713**

As at 30 September 2021, an amount of €97,000 had been recorded as share-based payments for the minority shareholders of LimeLife.

18. CAPITAL AND RESERVES *(continued)*

18.4 Distributable reserves

As at 30 September 2021, the distributable reserves of L'Occitane International S.A. amounted to €812,374,043.

18.5 Dividend per share

On 28 June 2021, the Annual Shareholder's Meeting approved the distribution of €54,189,000, namely €0.03687 per share (excluding 9,576,670 treasury shares), which was paid on 22 October 2021.

18.6 Currency translation differences

Over the period ended 30 September 2021, currency translation differences are mainly composed of currency translation differences from subsidiaries with a functional currency in USD, RUB and BRL, mainly on goodwill and some non-current assets.

19. BORROWINGS

Borrowings include the following items:

In thousands of euros	**30 September 2021**	**31 March 2021**
FY 2022 Bilateral Cash Pooling Facility	20,844	–
FY 2021 Revolving facility (COVID-19)	36,063	36,814
FY 2021 PGE Bank borrowing (COVID)	–	50,203
FY 2021 Affiliates borrowing (COVID)	462	996
FY 2020 NEU CP facility	246,300	135,000
FY 2019 Term loan	–	275,007
FY 2019 Long-term loan	16,602	17,598
FY 2012 bank borrowing	4,286	4,286
Other bank borrowings	6,971	2,197
Bank overdraft	2	13
Total	**331,530**	**522,114**
(Deduct) current portion:		
— FY 2022 Bilateral Cash Pooling Facility	(20,844)	–
— FY 2021 Revolving Facility (COVID)	–	(36,814)
— FY 2021 PGE Bank borrowing (COVID)	–	(50,203)
— FY 2021 Affiliates borrowing (COVID)	–	(544)
— FY 2020 NEU CP facility	(246,300)	(135,000)
— FY 2019 Term loan	–	(275,007)
— FY 2019 Long-term loan	(2,009)	(1,999)
— FY 2012 bank borrowing	(714)	(715)
— Other bank borrowings	(6,971)	(2,197)
— Bank overdraft	(2)	(13)
Total current portion	**(276,840)**	**(502,492)**
Total non-current portion	**54,690**	**19,622**

Notes to the Interim Condensed Consolidated Financial Information

19. BORROWINGS *(continued)*

19.1 Maturity of non-current borrowings

For the period ended 30 September 2021 and for the year ended 31 March 2021, maturity of non-current borrowings, excluding the current portion, can be broken down as follows:

In thousands of euros	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
FY 2021 Revolving facility	–	36,063	–	36,063
FY 2021 Affiliates borrowings (COVID)	–	–	462	462
FY 2019 Long-term loan	2,025	6,193	6,375	14,593
FY 2012 bank borrowing	714	2,144	714	3,572
Maturity at 30 September 2021	**2,739**	**44,400**	**7,551**	**54,690**
FY 2019 Term loan	–	452	–	452
FY 2019 Long-term loan	2,015	6,163	7,421	15,599
FY 2012 bank borrowing	714	2,143	714	3,571
Maturity at 31 March 2021	**2,729**	**8,758**	**8,135**	**19,622**

19.2 Credit facility agreements

FY2022 Bilateral Cash Pooling Facility

On 30 June 2021, the Company signed an unsecured bilateral cash pooling facility in US Dollars (USD) for an amount up to USD 50 million with a one-year maturity and an option for an automatic extension on an annual basis. An amount of €20,844,251 equivalent was drawn as at 30 September 2021.

The FY2022 Bilateral Cash Pooling Facility includes a repricing option.

The interest rates depend on the below-described leverage ratio calculated annually after the consolidated financial statements of the Group are issued. The interest rate is repriced in line with the change in the ratio, as follows:

Leverage ratio	**Repricing**
Ratio higher than 2.5	Euribor/Libor + Margin
Ratio between 2.0 and 2.5	Euribor/Libor + Margin – 0.25
Ratio between 1.5 and 2.0	Euribor/Libor + Margin – 0.45
Ratio between 1.0 and 1.5	Euribor/Libor + Margin – 0.55
Ratio between 0.5 and 1.0	Euribor/Libor + Margin – 0.65
Ratio lower than 0.5	Euribor/Libor + Margin – 0.75

As at 30 September 2021, the interest rate was based on Euribor/Libor + Margin – 0.75.

The margin is always increased by 15 bps if the FY2022 Bilateral Cash Pooling Facility is drawn in USD.

19. BORROWINGS *(continued)*

19.2 Credit facility agreements *(continued)*

FY2022 Bilateral Cash Pooling Facility *(continued)*

The FY2022 Bilateral Cash Pooling Facility is subject to a financial covenant: if the Company fails to maintain its leverage ratio below a given level, this will trigger a default event and the early repayment of the loan. The leverage ratio, which is based on the Group's annual consolidated financial statements, is calculated by dividing consolidated net debt by EBITDA. For the measurement of this ratio, the following definitions are used:

Consolidated net debt	Current and non-current borrowings (including finance leases and other commitments but excluding lease commitments within the scope of IFRS 16, long-term employee benefits, raw materials commitments and grants to a foundation) — cash and cash equivalents
EBITDA	Operating profit before depreciation, amortisation and impairment and before net movements in provisions (excluding the impact of IFRS 16)

The leverage ratio must be lower than 2.5 (and can be temporarily extended to 3.0 twice in the event of a business combination). The covenant is calculated on an annual basis.

FY2021 Revolving Facility (COVID-19)

On 31 March 2021, the Company signed an unsecured multi-currency revolving facility agreement for an amount of €600 million with a five-year maturity and an option to extend for two additional years. An amount of €36,059,478 had been drawn as at 30 September 2021.

The FY2021 Revolving Credit Facility includes a repricing option.

The interest rates depend on the below-described leverage ratio calculated annually after the consolidated financial statements of the Group are issued. The interest rate is repriced in line with the change in the ratio, as follows:

Leverage ratio	**Repricing**
Ratio higher than 2.5	Euribor/Libor + Margin
Ratio between 2.0 and 2.5	Euribor/Libor + Margin – 0.25
Ratio between 1.5 and 2.0	Euribor/Libor + Margin – 0.45
Ratio between 1.0 and 1.5	Euribor/Libor + Margin – 0.55
Ratio between 0.5 and 1.0	Euribor/Libor + Margin – 0.65
Ratio lower than 0.5	Euribor/Libor + Margin – 0.75

As at 30 September 2021, the interest rate was based on Euribor/Libor + Margin – 0.75.

The margin is increased by 15 bps if the Revolving Credit Facility is drawn in USD.

Notes to the Interim Condensed Consolidated Financial Information

19. BORROWINGS *(continued)*

19.2 Credit facility agreements *(continued)*

FY2021 Revolving Facility (COVID-19) *(continued)*

A bonus of 1 bp can be obtained for each of 4 CSR (corporate social responsibility) KPIs:

- Traceability of plants used in the products;
- Use of renewable electricity;
- Direct Suppliers CSR rating;
- B-Corp certification.

The FY2021 Revolving Credit Facility is subject to a financial covenant: if the Company fails to maintain its leverage ratio below a given level, this will trigger a default event and the early repayment of the loan. The leverage ratio, which is based on the Group's annual consolidated financial statements, is calculated by dividing consolidated net debt by EBITDA. For the measurement of this ratio, the following definitions are used:

Consolidated net debt	Current and non-current borrowings (including finance leases and other commitments but excluding lease commitments within the scope of IFRS 16, long-term employee benefits, raw materials commitments and grants to a foundation) — cash and cash equivalents
EBITDA	Operating profit before depreciation, amortisation and impairment and before net movements in provisions (excluding the impact of IFRS 16)

The leverage ratio must be lower than 2.5 (and can be temporarily extended to 3.0 twice in the event of a business combination). The covenant is calculated on an annual basis. As at 31 March 2021, the ratio was respected.

The directly attributable transaction costs related to the issuance of this FY2021 Revolving Credit Facility Agreement amounted to €2,548,561. As this financing is a term loan, the fees were capitalised as a deferred charge and amortised over the term of the loan.

FY2021 PGE Bank borrowing (COVID-19)

To face COVID crisis impact on its operations, on 12 June 2020, Laboratoires M&L signed a new term loan, 90% guaranteed by the French State ("Prêt Garanti par l'Etat", PGE), for an amount of €50 million with a one-year initial maturity, and up to a five years extension option (June 2026).

The FY2021 PGE Bank borrowing was not subject to any financial covenant.

As at 30 September 2021, the PGE was fully reimbursed.

19. BORROWINGS *(continued)*

19.2 Credit facility agreements *(continued)*

FY2020 NEU CP facility

On 17 October 2019, the Group signed a programme to issue of short-term marketable debt instrument ("NEU CP") on a commercial paper market in the eurozone governed by the Banque de France. The total amount available is equal to €300,000,000.

Multiple short-term marketable debt instruments were drawn during the first semester of year ended 31 March 2022 for a total amount of €431,800,000, over which €320,500,000 were reimbursed during the year.

As at 30 September 2021, the balance amounts to €246,300,000 for a weighted average rate of 0,19% for initial maturities comprising between 7 and 327 days.

FY2019 Term Loan

On 31 January 2019, the Company signed a Term Loan Agreement for an amount of €300,000,000 with a three-year maturity related to the ELEMIS acquisition. The full amount of €300,000,000 was drawn as at 31 March 2019. An amount of €25,000,000 was reimbursed during the year ended 31 March 2021.

On July 2021, the FY2019 Term Loan was fully reimbursed for a total outstanding amount of €275,000,000.

FY2019 Long-Term Loan

On 4 September 2018, the Group signed a long-term loan agreement for an amount of €22.5 million with an 11-year maturity and that can be drawn by M&L Distribution France. As at 31 October 2018, the bank borrowing was fully drawn. This loan is amortised quarterly, and two repayments were made in June 2021, and in September 2021, for amounts of €497,082, and €498,287 respectively. As at 30 September 2021, the outstanding amount is €16,599,475.

The interest rate of the Long-Term Loan is 0.97% (fixed rate).

The FY2019 Long-Term Loan is secured by a pledge on business assets related to the 86 Champs-Elysées flagship Store in Paris.

FY2012 bank borrowing

On 20 June 2011, the Group signed a bank borrowing agreement for an amount of €10.0 million with a 15-year maturity. The borrowing can only be drawn by Laboratoires M&L (formerly known as L'Occitane S.A.).

The interest rate of the bank borrowing is based on Euribor 3M + margin.

The FY2012 bank borrowing is secured by a pledge on the land and building acquired by Laboratoires M&L to build the new logistics platform in Manosque, France.

Notes to the Interim Condensed Consolidated Financial Information

20. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities include the following:

In thousands of euros	**30 September 2021**	**31 March 2021**
Retirement indemnities	13,709	13,146
Provisions for dismantling and restoring	8,184	7,746
Long-term employment benefits	1,038	976
Grants to a foundation	–	75
Other	1,029	1,313
Total non-current liabilities	**23,960**	**23,256**
Dividends payable to equity owners of the Company (note 18.5)	54,189	–
Deferred revenue (a)	19,926	17,083
Provisions for dismantling and restoring	1,582	1,749
Grants to a foundation	209	166
Right to returned goods	2,139	1,359
Total current liabilities	**78,045**	**20,357**

(a) Deferred revenue related to (i) sales for which the transfer of control and related risks has not occurred at the period-end; and (ii) the fair value of the consideration received allocated to the award credits granted for any loyalty programmes.

21. TRADE PAYABLES

The credit terms granted by the suppliers to the production subsidiaries and to the distribution subsidiaries were generally between 80 and 110 days and between 30 and 60 days, respectively.

The ageing analysis of trade payables by due date at the respective balance sheet date is as follows:

In thousands of euros	**30 September 2021**	**31 March 2021**
Current and past due within 3 months	175,883	156,259
Past due from 3 to 6 months	2,492	1,639
Past due from 6 to 12 months	7,761	2,555
Past due over 12 months	5,597	1,205
Trade payables	**191,733**	**161,658**

22. PROVISIONS

Provisions can be analysed as follows:

		Charged/(credited) to the statement of income						
In thousands of euros	31 March 2021	Additional provisions	Unused amounts reversed	Used amounts reversed	Reclassification	Reconsolidation of L'Occitane, Inc.	Exchange differences	30 September 2021
Social litigations (a)	962	124	(44)	(260)	–	95	32	909
Commercial claims (b)	471	5	–	(130)	26	–	(17)	355
Tax risks	244	8	–	(4)	–	–	17	265
Total	**1,677**	**137**	**(44)**	**(394)**	**26**	**95**	**32**	**1,529**

(a) *Employee-related disputes relate mainly to disputes with employees with respect to employee benefits or potential claims from social security authorities.*

(b) *Commercial claims relate mainly to claims from distributors.*

In management's opinion, after taking appropriate legal advice, these legal claims will not give rise to any significant loss beyond the amounts provisioned at each balance sheet date.

No reimbursement is expected in connection with these provisions and accordingly no corresponding asset was recognised.

The provisions reversed unused are mainly due to certain risks reaching the end of the applicable limitation period.

23. EXPENSES BY NATURE

23.1 Breakdown of expenses by nature

Expenses by nature include the following amounts:

	Period ended 30 September	
In thousands of euros	**2021**	**2020**
Employee benefits expenses *(a)*	184,410	173,484
Rent and occupancy *(b)*	43,205	35,808
Raw materials and consumables used	112,357	91,005
Change in inventories of finished goods and work in progress	(28,921)	(24,841)
Advertising costs *(c)*	88,516	65,298
Professional fees *(d)*	72,420	72,622
Depreciation, amortisation and impairment (23.3) *(b)*	80,528	100,843
Transport expenses	42,666	32,908
Other expenses *(e)*	26,227	39,008
Total cost of sales, distribution expenses, marketing expenses, research and development expenses, general and administrative expenses *(f)*	**621,408**	**586,135**

Notes to the Interim Condensed Consolidated Financial Information

23. EXPENSES BY NATURE *(continued)*

23.1 Breakdown of expenses by nature *(continued)*

(a) Employee benefits include wages, salaries, bonuses, share-based compensation, social security, post-employment benefits and temporary staff expenses. Due to Covid-19 crisis, several subsidiaries received grants or subsidies from local governments for a total amount of €2,509,000 that was recorded as a decrease in employee benefit expenses.

(b) The rent and occupancy amount as at 30 September 2021 mainly includes variable lease payments based on sales for €26,243,000, rent and occupancy costs relating to short-term leases for €6,545,000 and low-value leases for € 36,000. This amount also includes a €2,104,000 of rent concessions recorded as negative variable rents (note 2.2.1).

(c) Advertising costs also include all promotional goods gifted to customers with no obligation to purchase products.

(d) Professional fees include mainly payments made to warehouse management companies, marketing agencies, lawyers and beauty guides commissions for LimeLife.

(e) Other expenses notably include travel out-of-pocket expenses, IT services, telephone and postage. The decrease is mainly explained by travel expenses due to COVID-19 and IT services.

(f) The total impact of L'Occitane, Inc. for the period ended 30 September 2020 in the total of expenses was €61,284,000.

23.2 Workforce

In thousands of euros	Period ended 30 September 2021	2020
Workforce (full-time equivalent)	**8,872**	**8,801**

The Group's workforce is expressed as the number of employees at the end of the period.

23.3 Breakdown of depreciation, amortisation and impairment

Depreciation, amortisation and impairment include the following:

In thousands of euros	Period ended 30 September 2021	2020
Depreciation of property, plant and equipment *(Note 8)*	24,971	26,412
Impairment on property, plant and equipment *(Note 8)*	(9)	248
Depreciation of right-of-use assets *(Note 9)*	48,327	62,231
Impairment loss net of reversals of right-of-use assets *(Note 9)*	(718)	3,661
Amortisation of intangible assets *(Note 11)*	7,957	8,291
Depreciation, amortisation and impairment	**80,528**	**100,843**

The variation is mainly explained by the impact of the deconsolidation of L'Occitane, Inc. The total of depreciation, amortisation and impairment for L'Occitane, Inc. was €18,718,000 as at September 2020.

24. OTHER GAINS/(LOSSES), NET

Other gains/(losses), net in the interim consolidated statement of income break down as follows:

In thousands of euros	Period ended 30 September 2021	2020
Net profit/(loss) on sale of assets	28	(68)
Government grants for research and development costs	522	665
Excess of the fair value of acquired net assets over the cost of an acquisition *(a)*	–	494
Other items	–	(58)
Other gains/(losses), net	**550**	**1,033**

(a) This was related in FY21 to 86 Café Retail acquisition during the year.

25. FINANCE INCOME AND FINANCE COSTS

Finance income and finance costs break down as follows:

In thousands of euros	Period ended 30 September 2021	2020
Interest on cash and cash equivalents	1,022	829
Finance income	**1,022**	**829**
Interest expense	(2,779)	(3,850)
Interest and finance expenses paid/payable for lease liabilities *(Note 9)*	(3,953)	(6,384)
Unwinding of discount on other financial liabilities *(Note 7)*	(973)	(988)
Finance costs	**(7,705)**	**(11,222)**
Finance costs, net	**(6,683)**	**(10,393)**

Interest expense relate to bank borrowings, current accounts with non-controlling interests and related parties (excluding financing from parent) and bank overdrafts.

Notes to the Interim Condensed Consolidated Financial Information

26. FOREIGN CURRENCY GAINS/(LOSSES)

Foreign currency gains/(losses) break down as follows:

In thousands of euros	**Period ended September** **2021**	**2020**
Foreign exchange differences	849	(3,260)
Fair value gains/(losses) on derivatives	(1,557)	(565)
Foreign currency gains/(losses)	**(708)**	**(3,825)**

Foreign exchange differences mainly correspond to:

- Unrealised net foreign exchange loss: €1.7 million (net gains amounting to €0.6 million for the period ended 30 September 2020);
- Realised net foreign exchange gain: €1.0 million (net losses amounting to €4.4 million for the period ended 30 September 2020).

27. INCOME TAX

27.1 Income tax expense

Taxes on income in interim periods are calculated using the estimated tax rate for the full year.

Reconciliation between the reported income tax expense and the theoretical amount arising using a standard tax rate is as follows:

In thousands of euros	**Period ended 30 September** **2021**	**2020**
Profit before income tax excluding profit/(loss) from joint ventures	80,856	17,317
Income tax calculated at corporate tax rate *(Luxembourg tax rate of 24.94% as at 30 September 2021 and 2020)*	(20,165)	(4,319)
Effect of different tax rates in foreign countries	13,368	8,553
Effect of unrecognised tax assets	(2,128)	(3,478)
Expenses not deductible for tax purposes	(1,976)	(2,002)
Effect of unremitted tax earnings	34	(167)
Income tax (expense)/credit	**(10,867)**	**(1,413)**

27.2 Deferred income tax assets and liabilities

The increase in deferred income tax assets mainly corresponds to the losses generated in a tax jurisdiction over the period ended 30 September 2021. The variation is also explained by €14,100,000 from the reconsolidation of L'Occitane, Inc. during the period.

28. EARNINGS PER SHARE

28.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity owners of the Company by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares purchased by the Group and held as treasury shares (note 18.2).

	Period ended 30 September	
	2021	**2020**
		*Restated**
Profit for the period attributable to equity owners of the Company ***(in thousands of euros)***	**59,888**	**15,063**
Weighted average number of ordinary shares outstanding	1,468,437,771	1,461,732,521
Basic earnings per share (in € per share)	**0.041**	**0.010**

* See note 2.3.2 for details regarding the restatement as a result of an error.

28.2 Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding with the assumption that all convertible securities have been converted to ordinary shares.

	Period ended 30 September	
	2021	**2020**
		*Restated**
Profit for the period attributable to equity owners of the Company ***(in thousands of euros)***	**59,888**	**15,063**
Weighted average number of ordinary shares outstanding	1,468,437,771	1,461,732,521
Adjustment for share options	3,637,136	–
Adjustment for free shares	3,201,306	2,514,730
Weighted average number of ordinary shares for diluted earnings per share	1,475,276,213	1,464,247,251
Diluted earnings per share ***(in € per share)***	**0.041**	**0.010**

* See note 2.3.2 for details regarding the restatement as a result of an error.

Notes to the Interim Condensed Consolidated Financial Information

29. CONTINGENCIES

29.1 Legal proceedings

The Group is subject to legal proceedings, claims and litigation arising in the ordinary course of business. The Group's management does not expect that the ultimate costs required to resolve these other matters will have a material adverse effect on its consolidated financial position, statement of income or cash flows.

29.2 Other contingent liabilities

The Group has contingent liabilities in respect of bank, other guarantees and other matters arising in the ordinary course of business. The Group's management does not anticipate that any material liabilities will arise from these contingent liabilities. All guarantees given by the Group are described in note 30.

30. COMMITMENTS

30.1 Capital and other expenditure commitments

Capital and other expenditure contracted at the balance sheet date but not yet incurred is as follows:

In thousands of euros	**30 September 2021**	**31 March 2021**
Property, plant and equipment	875	1,241
Intangible assets	75	83
Raw materials	1,916	2,299
Total	**2,866**	**3,623**

The amounts as at 30 September 2021 and 31 March 2021 mainly related to the plants in France.

30.2 Other commitments

In thousands of euros	**30 September 2021**	**31 March 2021**
Pledge over property (land and buildings)	20,885	21,884
Total	**20,885**	**21,884**

The Group, through its incubator L'Occitane Innovation Lab, has committed to invest up to €20,000,000 in an investment fund named Truffle Capital (maturity of 5 years with renewal option of 2 years).

31. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are described below.

31.1 Key management compensation

Key management is composed of the directors (executive and non-executive Board members of the Company) and senior management.

Compensation paid to key management can be analysed as follows:

	Period ended 30 September	
In thousands of euros	**2021**	**2020**
Executive directors	2,355	1,879
Non-executive directors	77	76
Senior management	2,942	2,909
Total key management compensation	**5,374**	**4,864**

During the periods ended 30 September 2021 and 30 September 2020, no stock options were granted to the directors.

As at 30 September 2021, the number of executive directors was 6 as compared to 6 as at 30 September 2020.

31.2 Other transactions with related parties

Sales of goods and services

	30 September	
In thousands of euros	**2021**	**2020**
Sales of goods and services		
— Sales of L'Occitane products to Les Minimes (a)	–	31
— Sales of L'Occitane products to L'Occitane Middle East	5,481	–
— Sales of Erborian products to L'Occitane Middle East	95	–
— Sales of L'Occitane products to L'Occitane, Inc.	13,334	
— Management fees to parent (b)	116	116
— Sales of services to LOG Investments	170	168
— Sales of services to Pierre Hermé SAS (c)	–	653
Total Sales of products	**19,196**	**968**

Receivable to related parties in connection with the above sales of products	**September 2021**	**March 2021**
— Receivables from LOG Investments	116	36
— Receivables from Pierre Hermé SAS (c)	–	–
— Receivables from L'Occitane Middle East	3,716	3,283
— Receivables from L'Occitane, Inc. *(note 6.2.1)*	–	2,966
— Receivables from LOG	–	271
Total receivables	**3,832**	**6,556**

(a) In the normal course of business, the Group sold L'OCCITANE products to Les Minimes SAS, which is owned by the parent company as to 74.3%, by Mr. Reinold Geiger as to 25.7%.

(b) Management fees invoiced by the Company to the parent company amounted to €116,000 (€116,000 for the financial year ended 30 September 2021).

(c) The Company sales Pierre Hermé products in two stores (in Paris and London). Pierre Hermé is an associate of L'Occitane Group S.A.

Notes to the Interim Condensed Consolidated Financial Information

31. TRANSACTIONS WITH RELATED PARTIES *(continued)*

31.2 Other transactions with related parties *(continued)*

Purchases of goods and services

In thousands of euros	30 September 2021	30 September 2020
Purchases		
— Services from Directors (a)	–	(4)
— Goods and services from Pierre Hermé (c)	(865)	(657)
— Goods from Capsum	(1,770)	–
Total purchases	**(2,635)**	**(661)**

Payables to related parties in connection with the above services	**September 2021**	**March 2021**
— Goods and services from Pierre Hermé (c)	282	156
— Goods from L'Occitane Middle East	–	7
— Goods from Capsum	288	435
— Goods from L'Occitane, Inc. *(Note 6.2.1)*	–	311
Total payables	**570**	**909**

(a) L'Occitane International has a contract for financial consulting services with the company Esprit-fi Eurl, wholly owned by Mr. Martial Lopez.

(b) The Company runs two stores (in Paris and London) with Pierre Hermé SAS, which is an associate of L'Occitane Group S.A. The Company buys to Pierre Hermé SAS pastries for take-away sales.

(c) The Company sales Pierre Hermé products in two stores (in Paris and London). Pierre Hermé is an associate of L'Occitane Group S.A.

32. POST-BALANCE SHEET EVENTS

On 1 October 2021, the Group invested an additional amount of €4,924,138 in L'Occitane Middle East to develop the activity in Dubai.

On 15 November 2021, the Group agreed to acquire an indirect equity interest of approximately 83% in Sol de Janeiro. The total cash consideration payable by the Company under the Merger Agreement is based on an equity value for 100% of the shares of common stock of Sol de Janeiro of US$450,000,000.

Disclaimer: some information presented in tables has been rounded to the nearest whole number or the nearest decimal. Consequently, the sum of the numbers presented in a given column may not correspond exactly to the total figure given for that column. In addition, some percentages presented in the tables reflect calculations based upon the underlying information prior to rounding and, accordingly, may not correspond exactly to the percentages that would be presented if the relevant calculations had been based upon the rounded numbers.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2021, the following directors (the "Directors") or chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provision of the SFO), (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or (iii) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"):

(a) Interests in the shares of the Company

Name of Director	*Capacity and Nature of Interest*	*Number of Shares/ Underlying Shares Held or Controlled*	*Approximate % of Shareholding* (Note 2)
Reinold Geiger (Note 1)	Interest in controlled corporation, beneficial interest and deemed interest	1,077,263,261 (long position)	72.94%
André Hoffmann	Beneficial interest	2,495,250 (long position)	0.17%
Thomas Levilion	Beneficial interest	413,000 (long position)	0.03%
Karl Guénard	Beneficial interest	263,900 (long position)	0.02%
Pierre Milet	Beneficial interest	150,000 (long position)	0.01%
Jackson Chik Sum Ng	Beneficial interest	30,000 (long position)	0.00%

Notes:

(1) Mr. Reinold Geiger is the ultimate beneficial owner of the entire issued share capital of CIME S.C.A. which in turn has 100% interest in Société d'Investissements CIME S.A. ("CIME"), which in turn has beneficial interest and deemed interest in approximately 78.02% of the entire issued share capital of LOG (being beneficial owner of 10,355,477 shares, having deemed interest in 1,614,046 treasury shares being held by LOG and directly in 253 shares). Mr. Reinold Geiger is therefore deemed under the SFO to be interested in all the shares registered in the name of LOG, which holds 1,067,587,391 shares and controls 8,527,120 treasury shares held by the Company. Mr. Geiger is also the beneficial owner of 1,148,750 shares.

(2) Based on guidance received from the Securities and Futures Commission (the "SFC"), the disclosure of interest calculations shown in the table above have been calculated on the basis of the Company's total issued share capital including 8,527,120 shares that are held in treasury and do not have voting rights whilst they are held in treasury.

(b) Interests in the shares of the associated corporations

Long Position in the shares of LOG

Name of Director	*Capacity and Nature of Interest*	*Number of Shares/ Underlying Shares Held or Controlled*	*Approximate % of Shareholding* (Note 2)
Reinold Geiger	Beneficial interest and deemed interest	11,969,776 (Note 1)	78.02%
André Hoffmann	Beneficial interest and deemed interest	2,558,823	16.68%
Yves Blouin	Beneficial interest	15,900	0.10%
Thomas Levilion	Beneficial interest	8,267	0.05%
Karl Guénard	Beneficial interest	6,387	0.04%
Séan Harrington	Beneficial interest	4,200	0.03%
Valérie Bernis	Beneficial interest	400	0.00%
Charles Mark Broadley	Beneficial interest	400	0.00%
Pierre Milet	Beneficial interest	400	0.00%
Jackson Chik Sum Ng	Beneficial interest	400	0.00%

Notes:

(1) Comprised of 253 shares held by Mr. Reinold Geiger, 10,355,477 shares held by CIME and 1,614,046 treasury shares held by LOG. Mr. Geiger is the ultimate beneficial owner of the entire issued share capital of CIME; Mr. Geiger is therefore deemed under the SFO to be interested in all the shares in LOG held by CIME. As ultimate controlling shareholder of LOG, Mr. Geiger is also deemed to be interested in the treasury shares being held by LOG.

(2) The approximate percentage shareholdings in the share capital of LOG are calculated on the basis of the total number of 15,341,954 shares issued, inclusive of 1,614,046 treasury shares held by LOG.

Long Position in the shares of LOI ELEMIS S.A.R.L.

Name of Director	*Capacity and Nature of Interest*	*Number of Shares/ Underlying Shares Held or Controlled*	*Approximate % of Shareholding*
Séan Harrington	Interest in Controlled Corporation	132	1.10%

Save as disclosed herein, as at 30 September 2021, none of the Directors and chief executive of the Company, or any of their spouses, or children under 18 years of age, had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations recorded in the register required to be kept by the Company under section 352 of the SFO or required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Other Information

INTERESTS IN THE SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2021, the register of substantial Shareholders maintained under section 336 of the SFO showed that the Company had been notified of the following substantial Shareholders' interests or short positions, other than a Director or chief executive of the Company, in the shares or underlying shares of the Company:

Name of Shareholder	*Capacity and Nature of Interest*	*Number of Shares/ Underlying Shares Held or Controlled*	*Approximate % of Shareholding* (Note 3)
Cime Management Sarl	Interest in controlled corporation and deemed interest	1,076,114,511 (long position) (Note 1)	72.86%
Cime S.C.A.	Interest in controlled corporation and deemed interest	1,076,114,511 (long position) (Note 1)	72.86%
Sociètè d'Investissements CIME S.A.	Interest in controlled corporation and deemed interest	1,076,114,511 (long position) (Note 1)	72.86%
LOG	Interest in controlled corporation and deemed interest	1,076,114,511 (long position) (Note 1)	72.86%
ACATIS Investment Kapitalverwaltungsgesellschaft mbH	Executor or administrator	103,373,750 (long position) (Note 2)	6.99%

Notes:

(1) Each of Cime Management Sarl (indirectly) and Cime S.C.A. (directly) has 100% interest in shareholding of CIME and CIME has an interest in approximately 78.02% of the total issued share capital of LOG (being beneficial owner of 10,355,477 shares and having deemed interest in 1,614,046 treasury shares being directly or indirectly held by LOG). Cime S.C.A. is the controlling corporation of CIME and CIME is the controlling corporation of LOG and Cime S.C.A. and CIME are therefore deemed under the SFO to be interested in all the 1,067,587,391 shares held by LOG. As suggested by SFC, being the controlling corporations of the Company, Cime Management Sarl, Cime S.C.A., CIME and LOG have deemed interest in the 8,527,120 treasury shares being held by the Company.

(2) The shares were first acquired by Universal-Investment-Gesellschaft mbH and then subsequently transferred to the new investment management company Acatis KVG.

(3) Based on guidance from the SFC, the disclosure of interest calculations shown in the table above have been calculated on the basis of the Company's total issued share capital including 8,527,120 shares that are held in treasury and do not have voting rights whilst they are held in treasury.

Save as disclosed herein, as at 30 September 2021, the Company had not been notified of any substantial Shareholder (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION PLANS

On 30 September 2010, a meeting of the Shareholders authorised the adoption of a share option plan (the "Share Option Plan 2010"), which expired and was terminated on 29 September 2013 and was replaced by another share option plan (the "Share Option Plan 2013") which was adopted on 25 September 2013. This Share Option Plan 2013 expired on 24 September 2016 and was replaced by another share option plan (the "Share Option Plan 2016") which was adopted on 28 September 2016. This Share Option Plan 2016 expired on 27 September 2019 and was replaced by another share option plan (the "Share Option Plan 2020") which was adopted on 30 September 2020.

The purpose of the Share Option Plan 2020 is to provide employees of the Group, all its Directors (including non-executive Directors) and Shareholders (together, the "Eligible Persons") with an opportunity to have a proprietary interest in the Company through being granted share options under the Share Option Plan 2020 rules (the "Options"), which will motivate the Eligible Persons to optimise their performance, effectiveness and efficiency for the benefit of the Group and attract and retain or otherwise maintain ongoing business relationships with those Eligible Persons whose contributions are or will be beneficial to the long-term growth of the Group. The maximum number of shares in respect of which Options may be granted under the Share Option Plan 2020 shall not exceed 21,925,987 shares, being 1.5% of the Company's issued share capital (excluding shares held in treasury) as at 30 September 2020. Particulars and movements of share options granted under the Share Option Plans 2010, 2013, 2016 and 2020 (the "2010, 2013, 2016 and 2020 Options") during the six months ended 30 September 2021 were as follows. No share options were granted under the Share Option Plan 2020 during this period.

Other Information

Name/Category of Participant	As of 01/04/2021	Granted during the period	Cancelled or forfeited during the period	Exercised during the period	As of 30/09/2021	Date of grant	Exercise period (Note 1)	Exercise price per share (HK$)	Price immediately preceding the date of grant (Note 2) (HK$)
	Number of share options								
Directors									
Thomas Levilion	91,000	–	–	(91,000)	–	24-Feb-15	24/02/2019–23/02/2023	19.22	19.22
	418,600	–	–	(418,600)	–	10-Feb-17	10/02/2021–10/02/2025	15.16	15.03
	413,000	–	–	–	413,000	29-Mar-18	29/03/2022–29/03/2026	14.50	14.50
Karl Guénard	90,500	–	–	(90,500)	–	4-Dec-13	04/12/2017–03/12/2021	17.62	17.62
	97,600	–	–	–	97,600	23-Mar-16	23/03/2020–22/03/2024	14.36	14.00
	83,700	–	–	–	83,700	10-Feb-17	10/02/2021–10/02/2025	15.16	15.03
	82,600	–	–	–	82,600	29-Mar-18	29/03/2022–29/03/2026	14.50	14.50
Sub-total (Note 3)	1,277,000	–	–	(600,100)	676,900				
Others									
Employees	1,163,750	–	(55,000)	(903,250)	205,500	4-Dec-13	04/12/2017–03/12/2021	17.62	17.62
	147,000	–	–	(147,000)	–	24-Feb-15	24/02/2019–23/02/2023	19.22	19.22
	1,613,650	–	–	(833,800)	779,850	23-Mar-16	23/03/2020–22/03/2024	14.36	14.00
	3,834,750	–	–	(1,921,700)	1,913,050	10-Feb-17	10/02/2021–10/02/2025	15.16	15.03
	4,476,200	–	(86,700)	–	4,389,500	29-Mar-18	29/03/2022–29/03/2026	14.50	14.50
Sub-total (Note 3)	11,235,350	–	(141,700)	(3,805,750)	7,287,900				
Total	12,512,350	–	(141,700)	(4,405,850)	7,964,800				

Notes:

(1) As a general rule, the vesting period of the 2010, 2013, 2016 and 2020 Options is set at four years and the exercise period is set at four years after the date of vesting. The Share Option Plan 2010 was terminated on 29 September 2013, the Share Option Plan 2013 was terminated on 24 September 2016 and the Share Option Plan 2016 was terminated on 27 September 2019. The Board was however entitled to grant Options to Eligible Persons under the Share Option Plan 2020 subject to such conditions as the Board may think fit, including in respect to the vesting and exercise of such 2020 Options.

(2) Being the higher of the closing price of the shares quoted on the Hong Kong Stock Exchange on the trading day immediately prior to the date of grant of the 2010, 2013, 2016 or 2020 Options; and the average closing price for the five business days immediately preceding the date of grant.

(3) The weighted average fair value of Options granted under the Share Option Plan 2010 on 4 April 2011, 26 October 2012, 28 November 2012, under the Share Option Plan 2013 on 4 December 2013, 24 February 2015 and 23 March 2016 and under the Share Option Plan 2016 on 10 February 2017 and 29 March 2018 were approximately €0.44, €0.45, €0.47, €0.31, €0.40, €0.31, €0.36 and €0.36 respectively. The following significant assumptions were used to derive the fair value, using the Black-Scholes option pricing model:

Date of grant	*Expected volatility (%)*	*Expected life*	*Risk-free interest rate (%)*	*Expected dividend yield (%)*
4 April 2011	25%	5 years	1.92%	20% of budgeted profit attributable to the equity holders
26 October 2012	25%	5 years	0.50%	30% of budgeted profit attributable to the equity holders
28 November 2012	25%	5 years	0.50%	30% of budgeted profit attributable to the equity holders
4 December 2013	25%	5 years	1.00%	35% of budgeted profit attributable to the equity holders
24 February 2015	25%	5 years	1.00%	35% of budgeted profit attributable to the equity holders
23 March 2016	25%	5 years	1.00%	35% of budgeted profit attributable to the equity holders
10 February 2017	22%	5 years	1.92%	35% of budgeted profit attributable to the equity holders
29 March 2018	22%	5 years	2.50%	35% of budgeted profit attributable to the equity holders

In total, share-based compensation expense of €2,316,000 was included in the interim consolidated statements of comprehensive income for the six months ended 30 September 2021 (six months ended 30 September 2020: €1,432,000). These expenses included the amortisation of the fair value of the share-based awards in the form of Options granted to the Directors and employees under our Share Option Plans 2013 and 2016.

FREE SHARE PLAN

On 30 September 2010, a meeting of the Shareholders authorised the adoption of a free share plan (the "Free Share Plan 2010"), which expired and was terminated on 29 September 2013 and replaced by another free share plan (the "Free Share Plan 2013") which was adopted on 25 September 2013. This Free Share Plan 2013 expired on 24 September 2016 and was replaced by another free share plan (the "Free Share Plan 2016") which was adopted on 28 September 2016. The Free Share Plan 2016 was replaced by another free share plan (the "Free Share Plan 2018) which was adopted on 26 September 2018. In view of the balance of free shares available under the Free Share Plan 2018, the Shareholders approved the adoption of a new free share plan (the "Free Share Plan 2021") at the annual general meeting of the Company on 29 September 2021. Upon the approval of the Free Share Plan 2021, no further free shares would be granted under the Free Share Plan 2018. The purpose of the Free Share Plan 2021 is to provide employees of the Group (the "Employees") with an opportunity to have a proprietary interest in the Company through being granted free shares under the rules of the Free Share Plan 2021 (the "Free Shares"), which will motivate the relevant Employees to optimise their performance, effectiveness and efficiency for the benefit of the Group and attract and retain or otherwise maintain ongoing business relationships with those Employees whose contributions are or will be beneficial to the long-term growth of the Group. The maximum number of Free Shares that may be granted under the Free Share Plan 2021 shall not exceed 7,343,852 shares, being 0.5% of the Company's issued share capital (excluding shares held in treasury) as at 29 September 2021.

On 4 December 2013, the Company granted 887,500 Free Shares pursuant to the Free Share Plan 2013 to certain eligible Employees (as defined in the rules of the Free Share Plan 2013). The Free Shares were vested on 4 December 2017.

On 24 February 2015, the Company granted 840,900 Free Shares pursuant to the Free Share Plan 2013 to certain eligible Employees (as defined in the rules of the Free Share Plan 2013). The Free Shares were vested on 24 February 2019.

On 23 March 2016, the Company granted 921,400 Free Shares pursuant to the Free Share Plan 2013 to certain eligible Employees (as defined in the rules of the Free Share Plan 2013). The Free Shares were vested on 24 March 2020.

On 29 March 2018, the Company granted 5,559,500 Free Shares pursuant to the Free Share Plan 2016 to certain eligible Employees (as defined in the rules of the Free Share Plan 2016). The Free Shares will vest on 29 March 2022.

None of the Free Shares had been granted under the Free Share Plan 2018 and the Free Share Plan 2021 as at 30 September 2021.

Other Information

TREASURY SHARES

On 4 October 2013, the Hong Kong Stock Exchange granted a conditional waiver (the "Waiver") to the Company in respect of Rule 10.06(5) of the Listing Rules to allow it, following any repurchase of shares, to elect to hold its own shares in treasury instead of automatically cancelling such shares. As a consequence of the Waiver, the Hong Kong Stock Exchange has agreed certain consequential modifications to other Listing Rules applicable to the Company.

Shares held in treasury may subsequently be sold for cash, transferred pursuant to an employees' share scheme or cancelled.

Full details of the Waiver and the conditions attached thereto are set out in the announcement issued by the Company on 4 November 2013 and can be found on the Company's website at group.loccitane.com and on the Hong Kong Stock Exchange's website at www.hkexnews.hk.

The Company confirmed that during the six months ended 30 September 2021, the Company was in compliance with the conditions of the Waiver.

During the six months ended 30 September 2021, 2,646,000 shares of the Company were repurchased and transferred to treasury and 4,405,850 shares were transferred out of treasury pursuant to exercises of share options granted under the Company's share option plans. The Company holds as at 30 September 2021, 8,527,120 ordinary shares as treasury shares, and the total number of ordinary shares in issue (excluding shares held as treasury shares) is 1,468,437,771.

HUMAN RESOURCES

As at 30 September 2021, the Group had 8,872 employees (30 September 2020: 8,801 employees).

The Group ensures that all levels of employees are paid competitively and are rewarded in accordance with the Group's salary, incentive and bonus schemes. Options and Free Shares may also be offered to eligible employees. Training schemes are available where appropriate.

AUDIT COMMITTEE

As required under the Listing Rules, the Company has an Audit Committee comprising of three non-executive Directors, all of whom are independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal control and financial reporting matters including the review of the consolidated interim results of the Group for the six months ended 30 September 2021.

CORPORATE GOVERNANCE

The Board reviews its corporate governance practices regularly in order to meet the rising expectations of Shareholders, to comply with increasingly stringent regulatory requirements and to fulfill its commitment to excellence in corporate governance. The Board is committed to maintaining a high standard of corporate governance practices and business ethics in the firm belief that they are essential for maintaining Shareholders' returns.

The Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2021 save as disclosed below:

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The role of the Chief Executive Officer (the "CEO") had been assumed by Mr. Reinold Geiger ("Mr. Geiger"), the Chairman of the Board. On 16 September 2021, Mr. Geiger stepped down from the position of CEO to focus on his other commitments while Mr. André Joseph Hoffmann ("Mr. Hoffmann), the vice-Chairman of the Group, was appointed as the CEO of the Group. Mr. Geiger continues to be the Chairman of the Board and an executive Director. After the appointment of Mr. Hoffmann as the new CEO, the Company complied with the code provision A.2.1 of the CG Code.

Code provision F.1.3 of the CG Code provides that the company secretary should report to the Chairman and CEO.

Mr. Karl Guénard ("Mr. Guénard"), company secretary of the Company, is based in Luxembourg and reports to Mr. Thomas Levilion ("Mr. Levilion"), an executive Director and the Group's Deputy General Manager whose primary responsibility is to oversee the Group's finance functions worldwide. The Company believes this is appropriate because Mr. Guénard and Mr. Levilion work closely together on a day-to-day basis including dealing with matters relating to corporate governance and other Board-related matters.

CHANGES IN DIRECTORS' INFORMATION

The following changes have occurred in Directors' information:

— Mr. Geiger resigned as the CEO of the Group with effect from 16 September 2021.

— Mr. Hoffman was appointed as the CEO of the Group with effect from 16 September 2021.

— Mr. Martial Lopez retired as a non-executive Director with effect from 29 September 2021.

— Mr. Pierre Milet resigned as an independent non-executive Director with effect from 9 November 2021.

Save as disclosed above, no other change has occurred in Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Other Information

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in the securities of the Company by the Directors. Having made specific enquiry of all Directors, they have confirmed that they have complied with the required standard of the Model Code during the six months ended 30 September 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2021, the Company repurchased a total of 2,646,000 shares on the Hong Kong Stock Exchange with an aggregate amount of HK$67,966,605.39, which were transferred to treasury on 30 September 2021.

Details of shares repurchased during the six months ended 30 September 2021 are set out as follow:

Month of repurchases	*Number of shares purchased*	*Price paid per share*		*Aggregate consideration paid (HK$)*
		Highest (HK$)	*Lowest (HK$)*	
September 2021	2,646,000	27.00	24.80	67,966,605.39

The Company held 8,527,120 shares in treasury on 30 September 2021. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2021.

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