L'OCCITANE INTERNATIONAL S.A.

49, Boulevard Prince Henri L-1724 Luxembourg
R.C.S. Luxembourg: B80359
(Incorporated under the laws of Luxembourg with limited liability)
(Stock code: 973)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

HIGHLIGHTS

- The Group's net sales were €1,644.1 million, recording growth of 12.8% at constant exchange rates and 15.2% at reported exchange rates.
- Operating profit grew by 24.2%. Despite the impact of COVID-19 towards the end of the financial year, operating margin improved by 0.8 points to 11.4%.
- Net profit was €115.2 million, a decrease of 2.0% as compared to last year, due mainly to notional financial expenses under IFRS 16 lease accounting and one-off tax effects. Excluding the impact of IFRS 16, net profit would increase by 2.8%.
- Free cash flow (excluding IFRS 16 impact) reached a record €168.2 million, as compared to €82.4 million last year.
- The Board proposes a final dividend of €0.02228 per share.

ANNUAL RESULTS

The board of directors (the "**Board**") of L'Occitane International S.A. (the "**Company**" or "**L'Occitane**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2020 ("**FY2020**") together with comparative figures for the year ended 31 March 2019 ("**FY2019**"). The following financial information, including the comparative figures, has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board as adopted by the European Union.

CONSOLIDATED STATEMENTS OF INCOME

For the year ended 31 March	Notes	2020 € '000	2019 € '000	% Change
Net Sales	2	**1,644,083**	**1,426,874**	**15.2**
Cost of sales		(302,852)	(239,901)	26.2
Gross profit		**1,341,231**	**1,186,973**	**13.0**
% of net sales		*81.6%*	*83.2%*	
Distribution expenses		(765,569)	(700,374)	9.3
Marketing expenses		(206,622)	(186,042)	11.1
Research and development expenses		(21,306)	(17,879)	19.2
General and administrative expenses		(159,968)	(132,542)	20.7
Other (losses)/gains, net	3	(503)	611	-182.4
Operating profit	4	**187,263**	**150,747**	**24.2**
Finance costs, net	5	(22,167)	(3,596)	516.4
Foreign currency gains/(losses)		(4,556)	1,073	-524.6
Profit before income tax		**160,540**	**148,224**	**8.3**
Income tax expense	6	(45,300)	(30,655)	47.8
Profit for the period		**115,240**	**117,569**	**-2.0**
Attributable to:				
Equity owners of the Company		116,288	118,186	-1.6
Non-controlling interests		(1,048)	(617)	69.9
Total		**115,240**	**117,569**	**-2.0**
Effective tax rate		28.2%	20.7%	
Earnings per share for profit attributable to equity owners of the Company during the year *(expressed in Euros per share)*				
Basic		0.080	0.081	-1.2
Diluted		0.079	0.081	-2.5
Number of shares used in earnings per share calculation				
Basic	7	1,461,732,521	1,461,052,171	0.0
Diluted	7	1,464,509,877	1,465,920,934	-0.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Notes	31 March 2020 € '000	31 March 2019 € '000 (Note)
ASSETS			
Property, plant and equipment, net		180,505	198,662
Right-of-use assets		429,451	–
Goodwill		761,926	750,671
Intangible assets, net		341,577	366,535
Deferred income tax assets		76,521	74,620
Other non-current receivables		65,331	57,581
Non-current assets		**1,855,311**	**1,448,069**
Inventories, net	9	203,966	202,827
Trade receivables, net	10	131,571	143,392
Other current assets		50,565	66,307
Derivatives financial instruments		604	50
Cash and cash equivalents		166,342	144,442
Current assets		**553,048**	**557,018**
TOTAL ASSETS		**2,408,359**	**2,005,087**
EQUITY AND LIABILITIES			
Share capital		44,309	44,309
Additional paid-in capital		342,851	342,851
Other reserves		(86,918)	(81,530)
Retained earnings		798,238	724,132
Capital and reserves attributable to the equity owners		**1,098,480**	**1,029,762**
Non-controlling interests		76,855	67,461
Total equity		**1,175,335**	**1,097,223**
Borrowings		361,493	569,378
Lease liabilities		322,426	–
Other financial liabilities		17,978	14,011
Other non-current liabilities		22,929	34,448
Deferred income tax liabilities		42,021	32,135
Non-current liabilities		**766,847**	**649,972**
Trade payables	11	145,994	141,247
Salaries, wages, related social items and other tax liabilities		72,809	70,078
Current income tax liabilities		12,270	10,731
Borrowings		113,556	8,562
Lease liabilities IFRS 16		99,206	–
Derivatives financial instruments		208	849
Provisions		1,525	7,124
Other current liabilities		20,609	19,301
Current liabilities		**466,177**	**257,892**
TOTAL EQUITY AND LIABILITIES		**2,408,359**	**2,005,087**
NET CURRENT ASSETS		**86,871**	**299,126**
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,942,182**	**1,747,195**

Note: After the fair valuation of the acquisition of ELEMIS had been finalised in FY2020, the ELEMIS goodwill, together with certain assets, reserves and liabilities of FY2019, was then restated.

NOTES

1. Basis of preparation

The consolidated financial statements of the Group and the Company-alone balance sheet have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative financial instruments) at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below:

The Group has applied the following new and amended standards that are effective for the first time for the Group for the financial period beginning 1 April 2019:

A number of new or amended standards became applicable for the current reporting period. The Group also had to change its accounting policies and make adjustments as a result of the first-time application of IFRS 16 Leases.

The impact of applying this standard and the related new accounting policies are disclosed below. The other amended standards did not have an impact on the Group's accounting policies and did not require retrospective adjustments.

IFRS 16 Leases — Impact of the first-time application

The Group adopted IFRS 16 retrospectively from 1 April 2019 but has not restated comparatives for the prior year reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules have therefore been recognised in the opening balance sheet on 1 April 2019.

As a lessee, the Group now recognises:

- A right-of-use asset in the consolidated balance sheet, representing its right to use the underlying asset, and a lease liability representing its obligation to make future lease payments;
- Depreciation of the right-of-use asset and interest on the related lease liability in place of the operating lease expenses previously incurred.

Adjustments recognised on the first-time application of IFRS 16

The Group has recognised lease liabilities in relation to leases that had previously been classified as operating leases under IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 April 2019.

The associated right-of-use assets have been measured at an amount equal to the lease liability, adjusted for any prepaid or accrued payments related to the lease and for the onerous lease contracts recognised in the Group's consolidated financial statements as at 1 April 2019.

For leases previously classified as finance leases, the entity recognised the carrying amount of the lease asset and the lease liability immediately before the transition as the carrying amount of the right-of-use asset, and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

Practical expedients

At the transition date, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments on whether leases are onerous;

- Operating leases with a remaining lease term of less than 12 months as at 1 April 2019 accounted for as short term leases;

- The inclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made when applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

Accounting impacts of the first-time application of IFRS 16

The following table presents the impacts in the consolidated balance sheet as at 1 April 2019:

ASSETS *In thousands of euros*	**31 March 2019***	**Adjustment for IFRS 16**	**1 April 2019**
Non-current assets			
Property, plant and equipment[(a)]	198,662	(9,585)	189,077
Intangible assets[(b)]	366,535	(30,782)	335,753
Right-of-use assets[(c)]	–	485,125	485,125
Other non-current assets[(d)]	57,581	(1,906)	55,675
Current assets			
Other current assets[(d)]	64,758	(5,483)	59,275
TOTAL IMPACT ON ASSETS	**687,536**	**437,369**	**1,124,905**

EQUITY AND LIABILITIES *In thousands of euros*	**31 March 2019**	**Adjustment for IFRS 16**	**1 April 2019**
Non-current liabilities			
Borrowings[(g)]	569,378	(4,669)	564,709
Lease liabilities[(c)]	–	359,654	359,654
Other non-current liabilities[(e)]	34,448	(15,772)	18,676
Current liabilities			
Borrowings[(g)]	8,562	(2,277)	6,285
Lease liabilities[(c)]	–	106,765	106,765
Provisions[(f)]	7,124	(4,489)	2,635
Other current liabilities[(e)]	19,301	(1,843)	17,458
TOTAL IMPACT ON EQUITY AND LIABILITIES	**638,813**	**437,369**	**1,076,182**

* Including retrospective adjustment on ELEMIS goodwill due to the final fair value of the acquisition.

(a) Reclassification of finance lease assets previously classified in property, plant and equipment as an increase to right-of-use assets.

(b) Reclassification of key money paid to a former lessee previously classified in intangible assets as an increase to right-of-use assets.

(c) Following the adoption of IFRS 16, right-of-use assets have been recognised for an amount of €476,094,000, and lease liabilities (current and non-current) have been recognised for an amount of €458,519,000.

(d) Reclassification of key money paid to a lessor recognised as prepaid expenses and previously classified in other current assets and in other non-current assets as an increase to right-of-use assets.

(e) Reclassification of liabilities related to operating leases previously classified in other current and non-current liabilities as a reduction in right-of-use assets.

(f) Reclassification of the provision for onerous lease contracts as a reduction in right-of-use assets.

(g) Reclassification of current and non-current finance lease liabilities as an increase to lease liabilities.

2. Net Sales and 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 performance of the operating segments, has been identified as the Chairman & Chief Executive Officer (CEO) and the Managing Director that make strategic decisions.

Over the past fiscal 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, however the distribution channels were the operating segments reported in the consolidated financial statements:

- Sell-out comprise the sales of the products directly to the final customers. These sales are mainly done in the Group's stores and/or through the Group's website;

- Sell-in comprise the sales of the products to an intermediate. These intermediates are mainly distributors, wholesalers, TV show channels and travel retailers. This segment also comprises sales of products to corporate customers which will give them out as presents, for example to their customers or employees.

Due to recent business combinations with ELEMIS and LimeLife, the Group has modified the structure of its internal organisation. The Chairman & CEO and the Managing Director now primarily examine the Group's internal reporting in order to assess performance and allocate resources from a brand perspective. As a consequence, segment reporting information for the previous fiscal year was restated to appropriately reflect this change in the segment reporting information. Four operating segments are identified:

- L'Occitane en Provence — comprises sales of fragrances, skincare, haircare and body and bath ranges from L'Occitane en Provence brand.

- ELEMIS — comprises sales of skincare products from ELEMIS, a brand for distribution and innovation in the fields of beauty and skincare. Sales are mainly driven by the Sell-in channels through wholesales, e-commerce, department stores, QVC, professional spa and maritime.

- LimeLife — comprises sales of makeup products from LimeLife, a US-based natural skincare and personalised make-up brand. Sales are driven by the Sell-out channels through beauty guides and online presence.

- Other brands — comprises sales of skincare, makeup, floral waters, beauty oils and other products from Erborian, L'Occitane au Brésil and Melvita brands. Those brands have a majority of same economic characteristics, notably similar type of products, type of customers, distribution channels (Sell-in and Sell-out), and financial performance, and does not individually and in aggregate exceed the quantitative criteria of IFRS 8.

2.1. Performance by brand

FY2020

In thousands of Euros	**L'Occitane en Provence**	**ELEMIS**	**LimeLife**	**Other brands**	**Total**
Net Sales	1,295,199	165,809	84,790	98,285	1,644,083
In % of total	*78.8%*	*10.1%*	*5.2%*	*6.0%*	*100.0%*
Gross profit	1,092,026	110,945	65,494	72,766	1,341,231
% of net sales	*84.3%*	*66.9%*	*77.2%*	*74.0%*	*81.6%*
Distribution expenses	(616,647)	(41,090)	(57,331)	(50,501)	(765,569)
Marketing expenses	(156,636)	(20,083)	(5,393)	(24,510)	(206,622)
Research & development expenses	(15,660)	(2,451)	–	(3,195)	(21,306)
General and administrative expenses	(121,886)	(18,240)	(11,516)	(8,326)	(159,968)
Other (losses)-net	(355)	–	–	(148)	(503)
Operating profit/(loss)	**180,842**	**29,081***	**(8,746)**	**(13,914)**	**187,263**
% of net sales	*14.0%*	*17.5%*	*(10.3%)*	*(14.2%)*	*11.4%*

* The operating expenses of ELEMIS include acquisition costs for €5,294,000 and amortisation of contractual customer relationships for €3,568,000. Excluding these two items, the operating profit of ELEMIS would be €37,944,000, representing 22.9% of net sales.

FY2019

In thousands of Euros	**L'Occitane en Provence**	**ELEMIS**	**LimeLife**	**Other brands**	**Total**
Net Sales	1,247,153	–	83,780	95,941	1,426,874
In % of total	*87.4%*	–	*5.9%*	*6.7%*	*100.0%*
Gross profit	1,052,051	–	65,065	69,857	1,186,973
% of net sales	*84.4%*	–	*77.7%*	*72.8%*	*83.2%*
Distribution expenses	(602,251)	–	(53,673)	(44,450)	(700,374)
Marketing expenses	(159,344)	–	(2,735)	(23,963)	(186,042)
Research & development expenses	(14,892)	–	(35)	(2,952)	(17,879)
General and administrative expenses	(111,478)	–	(13,566)	(7,498)	(132,542)
Other (losses)/gains-net	576	–	–	35	611
Operating profit/(loss)	**164,662**	**–**	**(4,944)**	**(8,971)**	**150,747**
% of net sales	*13.2%*	–	*(5.9%)*	*(9.4%)*	*10.6%*

2.2. Performance by geographic area

From a geographical perspective, the management assesses the performance of different geographic areas. Net sales are allocated based on the geographic area of the invoicing subsidiary.

	FY2020		FY2019	
In thousands of Euros	**Total**	***In % of total***	**Total**	***In % of total***
United States	295,786	18.0%	232,404	16.3%
Japan	231,870	14.1%	222,119	15.6%
China	197,159	12.0%	178,072	12.5%
United Kingdom	160,835	9.8%	60,659	4.3%
Hong Kong [(1)]	124,822	7.6%	136,973	9.6%
France	104,148	6.3%	102,952	7.2%
Luxembourg [(2)]	70,702	4.3%	65,495	4.6%
Russia	58,642	3.6%	51,247	3.6%
Brazil	57,591	3.5%	57,589	4.0%
Taiwan	41,074	2.5%	38,186	2.7%
Other geographic areas	301,454	18.3%	281,178	19.7%
Net sales	**1,644,083**	**100.0%**	**1,426,874**	**100%**

(1) Includes sales in Macau and to distributors and travel retail customers in Asia.

(2) Sales invoiced by the Company to distributors and travel retail customers in Europe, Middle-East and Americas.

3. Other (losses)/gains, net

	FY2020	**FY2019**
	€ '000	*€ '000*
(Loss) on sale of assets	(1,464)	(781)
Government grants	1,252	1,392
Other items	(291)	–
Other (losses)/gains, net	(503)	611

4. Operating profit

Operating profit is arrived at after charging the following:

	FY2020	**FY2019**
	€ '000	*€ '000*
Employee benefit expenses	445,466	402,464
Rent and occupancy	116,119	242,359
Raw materials and consumables used	194,219	145,414
Change in inventories of finished goods and work in progress	10,987	(28,762)
Advertising costs	167,399	148,390
Auditor's remuneration	1,389	1,695
Professional fees*	155,811	131,295
Depreciation, amortisation and impairment**	200,810	65,660
Transportation expenses	68,232	61,686
Other expenses	95,886	106,537
Total cost of sales, distribution expenses, marketing expenses, research and development expenses and general and administrative expenses	1,456,318	1,276,738

* included acquisition costs of ELEMIS in FY2020

** included amortisation of right-of-use assets under IFRS 16 in FY2020 and depreciation of ELEMIS contractual customer relationships

5. Finance costs, net

	FY2020 *€ '000*	FY2019 *€ '000*
Interest on cash and cash equivalents	2,614	479
Finance income	2,614	479
Interest expense on borrowings	(8,774)	(3,726)
Notional interest and finance expenses for lease liabilities	(14,032)	–
Unwinding of discount on financial liabilities	(120)	(349)
Impairment of financial assets	(1,855)	–
Finance costs	(24,781)	(4,075)
Finance costs, net	(22,167)	(3,596)

6. Taxation

The components of income tax expense are as follows:

	FY2020 *€ '000*	FY2019 *€ '000*
Current income tax	(37,943)	(26,722)
Deferred income tax	(7,357)	(3,933)
Total income tax expense	**(45,300)**	**(30,655)**

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

Profit before income tax	160,540	148,224
Income tax calculated at corporate tax rate *(Luxembourg tax rate of 24.94% as at 31 March 2020 and 26.01% as at 31 March 2019)*	(40,039)	(38,553)
Effect of different tax rates in foreign countries	9,965	14,156
Changes in tax rates	(518)	569
Effect of unrecognised tax assets	(6,428)	(7,200)
Expenses not deductible for taxation purposes	(6,389)	649
Provision for tax risks	(274)	(250)
Effect of unremitted tax earnings	(1,520)	(842)
Recognition of previously unrecognised tax assets	–	1,049
Minimum tax payments	(97)	(233)
Income tax expense	**(45,300)**	**(30,655)**

In FY2020, the net effect of changes in tax rate mainly concerned Switzerland.

7. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to equity owners of the Company of €116.3 million for FY2020 (€118.2 million for FY2019) and the weighted average number of shares in issue of 1,461,732,521 (basic) and 1,464,509,877 (diluted) for the year ended 31 March 2020 and 1,461,052,171 (basic) and 1,465,920,934 (diluted) for the year ended 31 March 2019.

8. Dividends

At the Board meeting held on 29 June 2020, the Board recommended a distribution of gross final dividend of €0.02228 per share for a total amount of €32.6 million or 28.0% of the net profit attributable to the equity owners of the Company.

The amount of the proposed final dividend is based on 1,461,732,521 shares in issue excluding 15,232,370 treasury shares as at 29 June 2020.

9. Inventories, net

Inventories, net consist of the following items:

As at 31 March	**2020**	**2019**
	€ '000	*€ '000*
Raw materials and supplies	28,692	28,390
Finished goods and work in progress	186,936	184,059
Inventories, gross	215,628	212,449
Less: allowance	(11,662)	(9,622)
Inventories, net	**203,966**	**202,827**

10. Trade receivables, net

Ageing analysis of trade receivables from due date at the respective balance sheet date is as follows:

As at 31 March	**2020**	**2019**
	€ '000	*€ '000*
Current and past due within 3 months	129,257	142,249
Past due from 3 to 6 months	2,020	1,098
Past due from 6 to 12 months	282	36
Past due over 12 months	12	9
Trade receivables, net	**131,571**	**143,392**

The Group's sales to end customers are retail sales and no credit terms are granted to the end customers. For customers in the Sell-in distribution channel, sales are made with credit terms generally from 60 to 90 days.

11. Trade payables

Ageing analysis of trade payables from due date at the respective balance sheet date is as follows:

As at 31 March	**2020**	**2019**
	€ '000	*€ '000*
Current and past due within 3 months	144,761	140,323
Past due from 3 to 6 months	733	388
Past due from 6 to 12 months	497	462
Past due over 12 months	3	74
Trade payables	**145,994**	**141,247**

MANAGEMENT DISCUSSION & ANALYSIS

Summary:

	FY2020	**FY2019**
	€ million or %	*€ million or %*
Net sales	1,644.1	1,426.9
Operating profit	187.3	150.7
Profit for the year	115.2	117.6
Gross profit margin	81.6%	83.2%
Operating profit margin	11.4%	10.6%
Net profit margin	7.0%	8.2%
Net cash inflow from operations [(1)]	369.5	168.7

[(1)] Including impact of IFRS 16 in FY2020

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, LimeLife and own e-commerce websites of ELEMIS.

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 include 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.

REVENUE ANALYSIS

The Group's net sales reached €1,644.1 million in FY2020, representing growth of 15.2% at reported rates and 12.8% at constant exchange rates. ELEMIS became a subsidiary of the Group in March 2019 and its sales are consolidated from April 2019 onwards.

After three strong quarters, sales momentum continued in January 2020. However, in the subsequent two months, the unprecedented COVID-19 crisis and the corresponding restrictive measures, such as travel bans, lockdowns, and shop closures in some of our key markets significantly affected our business operations. In the fourth quarter of FY2020 ("**FY2020 Q4**"), the impact was mostly felt in China, Hong Kong and Japan and thus slowed down the growth of the whole year.

Performance by Brand

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

	FY2020		FY2019		Growth at reported rates	Growth at constant rates
	€ '000	*%*	*€ '000*	*%*	*%*	*%*
L'Occitane en Provence	1,295,199	78.8	1,247,153	87.4	3.9	1.7
ELEMIS [(1)]	165,809	10.1	–	–	n/a	n/a
LimeLife	84,790	5.1	83,780	5.9	1.2	(2.7)
Others [(2)]	98,285	6.0	95,941	6.7	2.4	1.0
Total	**1,644,083**	**100.0**	**1,426,874**	**100.0**	**15.2**	**12.8**

(1) ELEMIS was acquired on 1 March 2019 but its sales and profits have not been consolidated by the Group until April 2019. ELEMIS's sales in March 2019 were then reported together in the first quarter ended 30 June 2019.

(2) Others include the brands Melvita, Erborian, and L'Occitane au Brésil.

L'Occitane en Provence accounted for 78.8% of the Group's total sales. Sales momentum of the brand was robust in the first three quarters of FY2020, with 6.0% growth at constant rates. However, after the outbreak of COVID-19 in FY2020 Q4, traffic dropped significantly, seriously affecting the retail business in China, Hong Kong and Japan as well as the travel retail business in the regions. Store closures started in China in late January 2020, after which widespread store closures were seen across Europe and the Americas since mid-March 2020. The loss of sales in brick and mortar was partly recovered by a sales boom in E-commerce and marketplaces. Sales decreased by 12.1% in FY2020 Q4 and ended the year with a decent growth of 1.7% at constant rates.

ELEMIS recorded €165.8 million in sales and accounted for 10.1% of the Group's total sales. Both the UK and the US showed outstanding performance especially in E-commerce sales throughout the year, posting mid-double-digit and high double-digit growth respectively. However, the maritime business followed the sluggish trend in the first three quarters of FY2020, and was further impacted by the COVID-19 outbreak in FY2020 Q4 that resulted in the suspension of all cruise lines. ELEMIS ended the year with around 20% growth (unaudited).

LimeLife posted a sales decline of 2.7% at constant rates for FY2020, mainly affected by the rebranding exercise last year, teething pains from new market expansion, as well as the COVID-19 outbreak in the US in FY2020 Q4, which paralysed sales activities and product delivery in the second half of March 2020. LimeLife accounted for 5.1% of the Group's total sales.

The other brands finished FY2020 with 1.0% growth at constant rates. Sales momentum was disrupted by the COVID-19 outbreak similar to the other brands of the Group in FY2020 Q4. Among the other brands, Erborian remained robust and posted double-digit growth for the year.

Performance by Distribution Channel

In FY2020, net sales in Sell-out and Sell-in distribution channels (representing 69.2% and 30.8% of total net sales respectively) increased by 3.4% and 41.6% respectively, at constant exchange rates. The Company increased the total number of retail locations from 3,420 as at 31 March 2019 to 3,486 as at 31 March 2020, an increase of 66 or 1.9%. The Company maintained its selective retail expansion strategy and increased the number of its own retail stores from 1,572 as at 31 March 2019 to 1,608 as at 31 March 2020, representing a net increase of 36 or 2.3%. The net own store openings included 25 openings in Asia Pacific, 5 openings in the Americas and 6 openings in EMEA (Europe, Middle East and Africa). In FY2020, the Group opened 30 L'Occitane en Provence, 4 L'Occitane au Brésil and 2 Erborian stores. At the end of March 2020, the breakdown of the 1,608 own stores by brand was as follows: L'Occitane en Provence (1,443), Melvita (60), L'Occitane au Brésil (90) and Erborian (15).

Sales from Comparable Stores, Non-comparable Stores & others and Sell-in distribution channels grew by -2.9%, 16.7% and 41.6% respectively at constant exchange rates. Geographically, the UK, the US, other geographic areas and China were the key contributing markets to Overall Growth.

The following table provides a breakdown of the net sales year-on-year growth (including and excluding foreign currency translation effects as indicated) by distribution channel for FY2020:

Year-on-year growth

	Growth	Growth at reported rates	Growth at constant rates	Contribution to Overall Growth
	€ '000	*%*	*%*	*%*
Sell-out	**62,341**	**5.8**	**3.4**	**19.9**
Comparable Stores	(5,332)	(0.7)	(2.9)	(11.6)
Non-comparable Stores & others [(1)]	67,673	19.7	16.7	31.5
Sell-in	**154,868**	**44.1**	**41.6**	**80.1**
Overall Growth	**217,209**	**15.2**	**12.8**	**100.0**

(1) Others include sales from marketplaces, spas, cafés, LimeLife and own e-commerce websites of ELEMIS.

Sell-out

The Sell-out distribution channel accounted for 69.2% of the Group's total sales and amounted to €1,137.9 million, an increase of 5.8% at reported rates and 3.4% at constant exchange rates as compared to FY2019. This growth was partly contributed by non-comparable stores sales, principally the E-commerce sales of ELEMIS and the new stores opened in these two years, as well as by other sales which were mainly driven by marketplace channels of L'Occitane en Provence in China and Korea. The 36 net store openings consisted of: 17 stores in Brazil (13 L'Occitane en Provence and 4 L'Occitane au Brésil), 13 stores in China (16 L'Occitane en Provence openings and 3 Melvita closings), 9 stores in Japan (10 L'Occitane en Provence openings and 1 Melvita closing), 5 stores in Russia (3 L'Occitane en Provence and 2 Erborian), 2 stores in Taiwan (L'Occitane en Provence), 1 store in France (Melvita) and 4 stores in other geographic areas (2 L'Occitane en Provence and 2 Melvita); and closings of 12 stores in the US, 2 in the UK and 1 in Hong Kong during FY2020.

As compared to last year, sales of the Group's Web Sell-out channels (including own E-commerce and marketplaces) grew 41.8% at constant exchange rates, equivalent to 19.0% of the total Sell-out sales. Key drivers of the growth were ELEMIS in the UK and the US, and marketplace channels in China and Korea. Excluding ELEMIS, the Web Sell-out growth was strong at 21.9%, accelerating from the previous year. Overall Same Store Sales Growth turned from growth of 0.8% for the nine months ended December 2019 to -2.9% for FY2020, due mainly to store closures and poor retail sentiment under the COVID-19 threat in FY2020 Q4. Major markets adversely affected were China, Hong Kong, the US and Europe. E-commerce however performed very well which recovered part of the decrease in sales of the comparable retail stores.

Sell-in

The Sell-in distribution channel accounted for 30.8% of the Group's total sales in FY2020 and amounted to €506.2 million, an increase of 44.1% at reported rates and 41.6% at constant exchange rates as compared to FY2019, contributing 80.1% to Overall Growth. The increase was primarily driven by ELEMIS in the UK and the US, web partners of L'Occitane en Provence and wholesale of Erborian.

Performance by Geographic Area

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

	FY2020		FY2019		Growth at reported rates	Growth at constant rates	Contribution to Overall Growth at constant rates
	€ '000	*%*	*€ '000*	*%*	*%*	*%*	*%*
Japan	231,870	14.1	222,119	15.6	4.4	(1.7)	(2.0)
Hong Kong [1]	124,822	7.6	136,973	9.6	(8.9)	(12.6)	(9.5)
China	197,159	11.9	178,072	12.5	10.7	10.5	10.2
Taiwan	41,074	2.5	38,186	2.7	7.6	3.6	0.8
France	104,148	6.3	102,952	7.2	1.2	1.2	0.7
United Kingdom [2]	160,835	9.8	60,659	4.3	165.1	163.0	54.2
United States	295,786	18.0	232,404	16.3	27.3	22.3	28.4
Brazil	57,591	3.5	57,589	4.0	0.0	3.3	1.0
Russia	58,642	3.6	51,247	3.6	14.4	9.5	2.7
Other geographic areas [3]	372,156	22.7	346,673	24.2	7.4	7.1	13.5
Total	**1,644,083**	**100.0**	**1,426,874**	**100.0**	**15.2**	**12.8**	**100.0**

(1) Includes sales in Macau and to distributors and travel retail customers in Asia.

(2) Growth in the United Kingdom and the United States included contribution from ELEMIS.

(3) Includes sales from Luxembourg.

The following table provides a breakdown, by geographic area, of the number of own retail stores, their contribution percentage to Overall Growth and Same Store Sales Growth for FY2020 compared to the same period last year:

	Own Retail Stores				% contribution to Overall Growth [1] [2]			
	31 March 2020	Net openings YTD 31 March 2020	31 March 2019	Net openings YTD 31 March 2019	Non-comparable Stores	Comparable Stores	Total Stores	Same Store Sales Growth % [2]
Japan [3]	163	9	154	10	1.0	(3.7)	(2.7)	(4.5)
Hong Kong [4]	35	(1)	36	2	(3.6)	(4.0)	(7.6)	(32.3)
China [5]	203	13	190	(7)	0.4	(2.0)	(1.5)	(3.3)
Taiwan	55	2	53	1	0.6	0.3	0.9	2.9
France [6]	87	1	86	4	0.5	(0.6)	(0.1)	(2.1)
United Kingdom	72	(2)	74	–	8.6	(0.1)	8.6	(0.3)
United States	172	(12)	184	(12)	5.6	(3.2)	2.4	(5.7)
Brazil [7]	199	17	182	16	2.2	(0.7)	1.6	(3.2)
Russia [8]	112	5	107	4	0.6	0.3	0.8	1.5
Other geographic areas [9]	510	4	506	(1)	1.7	2.0	3.7	2.1
Total [10]	**1,608**	**36**	**1,572**	**17**	**17.7**	**(11.6)**	**6.1**	**(2.9)**

(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 36 and 35 Melvita stores as at 31 March 2019 and 31 March 2020 respectively.

(4) Includes 3 L'Occitane stores in Macau and 9 Melvita stores in Hong Kong as at 31 March 2019 and 3 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 31 March 2020.

(5) Includes 3 Melvita stores as at 31 March 2019.

(6) Includes 6 Melvita and 2 Erborian stores as at 31 March 2019 and 7 Melvita and 2 Erborian stores as at 31 March 2020.

(7) Includes 86 and 90 L'Occitane au Brésil stores as at 31 March 2019 and 31 March 2020 respectively.

(8) Includes 9 and 11 Erborian stores as at 31 March 2019 and 31 March 2020 respectively.

(9) Include 6 Melvita and 2 Erborian stores as at 31 March 2019 and 8 Melvita and 2 Erborian stores as at 31 March 2020.

(10) Include 60 Melvita, 86 L'Occitane au Brésil and 13 Erborian stores as at 31 March 2019 and 60 Melvita, 90 L'Occitane au Brésil and 15 Erborian stores as at 31 March 2020.

Japan

Japan's net sales for FY2020 were €231.9 million, an increase of 4.4% as compared to FY2019. In local currency, the growth was -1.7%. Retail sentiment was sluggish in particular after the sales tax hike in the third quarter of FY2020 and further deteriorated after the hit of COVID-19 on retail traffic and operations in FY2020 Q4. E-commerce, however, remained strong.

Hong Kong

Hong Kong's net sales for FY2020 were €124.8 million, a decrease of 8.9% as compared to FY2019. At constant exchange rates, the decline was 12.6%. The social unrest seriously affected retail traffic and consumption since the second quarter of FY2020. In FY2020 Q4, the restrictive measures that were implemented as a result of COVID-19 further hampered local and tourist purchases. Travel retail business was also deeply affected by travel halts and a drastic drop in air traffic.

China

China's net sales for FY2020 were €197.2 million, an increase of 10.7% as compared to FY2019. At constant exchange rates, the growth was 10.5%, contributing 10.2% to Overall Growth. Sales momentum in China was strong in the first three quarters of FY2020, thanks to the various campaigns with celebrities and a strong focus on web channels. Business with T-mall, JD.com and WeChat mini programmes was particularly dynamic. However, sales declined sharply following the outbreak of COVID-19 in January 2020. Retail sales only started to pick up in March 2020 as the lockdown measures in some provinces were uplifted gradually. Web-based channels, however, rebounded quickly. FY2020 Q4 ended with an overall decline of 18.1%; yet strong growth was recorded in web partners, own E-commerce and marketplace.

Taiwan

Taiwan's net sales for FY2020 were €41.1 million, an increase of 7.6% at reported rates or 3.6% at constant exchange rates as compared to FY2019. Same Store Sales Growth was 2.9%. Taiwan was one of the most resilient markets, with sales growth throughout the year, thanks to the effective marketing campaigns on face and hand care items.

France

France's net sales for FY2020 were €104.1 million, an increase of 1.2% as compared to FY2019. Sales momentum started well in the first half of FY2020. E-commerce and retail were particularly dynamic. Yet strikes, social unrest and the subsequent COVID-19 outbreak seriously affected retail sentiment in the second half of FY2020. The growth in France was mainly contributed by E-commerce as well as wholesale of Erborian and L'Occitane en Provence.

United Kingdom

United Kingdom's net sales for FY2020 were €160.8 million, an increase of 165.1% as compared to FY2019. At constant exchange rates, the growth was 163.0%, contributing 54.2% to Overall Growth. The fantastic growth was mainly attributed to ELEMIS. Excluding ELEMIS, sales growth was 1.5%, thanks to the strong first half of FY2020. For ELEMIS in the UK, sales growth was double-digit, thanks to its E-commerce, TV channels and spa wholesale channels that held up strongly throughout the year.

United States

United States' net sales for FY2020 were €295.8 million, an increase of 27.3% as compared to FY2019. At constant exchange rates, the growth was 22.3%. The growth was mainly contributed by ELEMIS. ELEMIS continued to grow rapidly, with main focus on E-commerce, TV channels and web partners. Development of new wholesale clients also drove the growth. However, the maritime business was affected by the de-stocking of a key client. Towards the end of the year, further adverse effects of the COVID-19 threat in the cruise business started to kick in. Excluding ELEMIS, sales in the US decreased by 5.5%, due mainly to trading with 12 stores fewer than in last year and the impact of COVID-19 on retail operations.

Brazil

Brazil's net sales for FY2020 were €57.6 million, flat as compared to FY2019. At constant exchange rates, the growth was 3.3%. The growth was mainly driven by the new stores opened in these two years. Both L'Occitane en Provence and L'Occitane au Brésil brands were impacted by the COVID-19 outbreak in FY2020 Q4.

Russia

Russia's net sales for FY2020 were €58.6 million, an increase of 14.4% as compared to FY2019. At constant exchange rates, the growth was 9.5%. Russia delivered healthy growth for the year, thanks to the dynamic growth of Erborian as well as L'Occitane en Provence. The growth in wholesale, distribution and web partners was particularly strong. Erborian continued its outstanding performance and ended the year with mid-double digit growth.

Other geographic areas

Other geographic areas' net sales for FY2020 were €372.2 million, an increase of 7.1% at constant exchange rates, contributing 13.5% to Overall Growth. All brands and channels posted healthy growth. L'Occitane en Provence contributed most to Overall Growth with encouraging results in South Korea, Australia, Malaysia and Germany.

PROFITABILITY ANALYSIS

COST OF SALES AND GROSS PROFIT

Cost of sales increased by 26.2%, or €63.0 million, to €302.9 million in FY2020. The gross profit margin remained high at 81.6%, yet decreased by 1.6 points as compared to FY2019 due to the following factors:

- brand mix effect for 1.6 points, mainly from inclusion of ELEMIS, which runs a mostly wholesale business model, has a lower gross margin than the Group's;
- product mix for 0.2 points, as novelties and relaunches during the year have slightly lower gross margin;
- increase in production, freight and duties for 0.1 points; and
- obsolescence for 0.1 points.

The decrease in gross profit margin was partly offset by:

- favourable foreign exchange ("**FX**") impact for 0.3 points; and
- price increase for 0.1 points.

DISTRIBUTION EXPENSES

Distribution expenses increased by 9.3%, or €65.2 million, to €765.6 million in FY2020. As a percentage to net sales, distribution expenses decreased by 2.5 points to 46.6%. This improvement is attributable to a combination of:

- favourable brand mix, mainly from ELEMIS, for 2.7 points;
- favourable channel mix from existing brands, due to the strong performance of online channels, for 0.8 points; and
- favourable impact of IFRS 16 for 0.5 points.

This improvement was partly offset by:

- lower leverage in retail personnel costs and rents for 1.2 points;
- investment in warehousing and logistics network of LimeLife for 0.2 points; and
- rounding and others for 0.1 points.

MARKETING EXPENSES

Marketing expenses increased by 11.1%, or €20.6 million, to €206.6 million in FY2020. As a percentage of net sales, marketing expenses decreased by 0.4 points to 12.6%. This improvement was attributable to:

- reduction in advertising, billboards and PR events for 0.4 points, partly netted off by the increase in web-related advertising;
- reduction in promotional tools and sampling costs for 0.2 points; and
- rounding and others for 0.1 points.

This improvement was partly offset by:

- unfavourable channel mix for 0.2 points, mainly from accelerated growth of marketplace; and
- reclassification of customer care division from distribution expenses to marketing expenses, as well as further investment in LimeLife's marketing team for a total of 0.1 points.

RESEARCH & DEVELOPMENT EXPENSES

Research and development ("**R&D**") expenses increased by 19.2%, or €3.4 million, to €21.3 million in FY2020, due mainly to inclusion of ELEMIS, and L'Occitane's investments in DuoLab, an innovation laboratory and a program for sustainability improvements. As a percentage of net sales, R&D expenses remained stable at 1.3%.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by 20.7%, or €27.4 million, to €160.0 million in FY2020. As a percentage of net sales, general and administrative expenses increased by 0.4 points to 9.7%. The increase in percentage to sales was attributable to the following factors:

- investment in information technologies and human resources for a total of 0.5 points; and
- costs incurred from the acquisition of ELEMIS for 0.3 points.

The increase was partly offset by:

- favourable brand mix for 0.2 points;
- favourable foreign exchange impact for 0.1 points; and
- IFRS 16 impact for another 0.1 points.

OTHER GAINS AND LOSSES

Net other losses were €0.5 million in FY2020, being capital losses partly offset by tax credits on research expenditures. In FY2019, there were net other gains of €0.6 million.

OPERATING PROFIT

Operating profit increased by 24.2%, or €36.5 million, to €187.3 million. The operating margin improved by 0.8 points of net sales to 11.4%. The improvement is explained by the factors below:

- brand mix, with contribution mainly from ELEMIS for 1.3 points;
- favourable channel mix for 0.7 points, as marketplace, web partner and own e-commerce channels, which have higher profitability, increased in sales mix;
- targeted marketing investments, including shifting investments from public relations, marketing events and advertising, to placing greater focus on online channels for 0.6 points;
- IFRS 16 for 0.5 points; and
- favourable FX for 0.4 points.

The improvement was partly offset by the following:

- lower leverage and efficiency on rental and retail personnel costs and others, partly from the impact of COVID-19 for 1.5 points;
- investments in LimeLife, R&D, human resources and information technology for 0.9 points; and
- one-off ELEMIS acquisition costs for 0.3 points.

FINANCE COSTS, NET

Net finance costs were €22.2 million in FY2020, which consisted of interest incomes on cash and cash equivalents of €2.6 million and the following expense items:

- IFRS 16 lease liabilities related interest and finance expenses of €14.0 million;
- interest expenses related to bank borrowing, overdrafts and current account with non-controlling interests and related parties of €8.8 million;
- financial assets impairment of €1.9 million; and
- unwinding of discount on other financial assets of €0.1 million.

The increase in interest expenses was mainly explained by the interests and costs related to loans and credit facilities drawn for acquisition of ELEMIS.

For FY2019, the net finance costs were €3.6 million, consisted of €3.7 million interest expenses on borrowings, netting off €0.5 million interest income on bank balances, as well as €0.4 million non-cash accrual. Note that the Company adopted IFRS 16 Lease accounting from FY2020 onward without restating last year's figures, therefore there were no comparative figures in FY2019 in this regard.

FOREIGN CURRENCY GAINS/LOSSES

Net foreign currency losses amounted to €4.6 million in FY2020 (FY2019: net gains of €1.1 million) and were comprised €1.0 million realised gains and €5.6 million unrealised losses.

The realised gains were the net result of some gains from intercompany financing at group level, netting off losses at the subsidiary level generated from the intercompany trade and current accounts settlements during the year, mainly denominated in United States dollar.

The unrealised losses were the net result of year-end conversion of outstanding foreign currency based amounts into euro, mostly from bank balances, loans and revolving facilities, intercompany trade and financing balances, as well as the IFRS 16 related right-of-use and lease liabilities balances. The unrealised losses were largely related to Brazilian real, US dollar, Swiss franc, Russian ruble and Australian dollar, being partly netted off by unrealised gains in Japanese yen.

INCOME TAX EXPENSE

The effective tax rate increased from 20.7% in FY2019 to 28.2% in FY2020, an increase of 7.5 points, due primarily to one-time effects for a total of 4.0 points.

The one-time effects comprised of the following:

- approximately two-thirds, or 2.6 points, were due to a change in treatment of the amortisation of LimeLife's goodwill which has no cash effect (a deferred tax liability is recorded and offsets the tax depreciation of the goodwill in the US — see below); and

- approximately one-third, or 1.4 points, were explained by the net effect of a favourable impact from the recognition of deferred tax assets previously not recognised on the tax losses carried forward to FY2019 and some other unfavourable prior years adjustments.

Excluding the one-time effects, the effective tax rate in FY2020 would have been 24.2%.

Other effects of 3.5 points included:

- the consequences of an increase in tax rate, mainly in Switzerland, for 1.4 points;

- unfavourable exchange rate effects for 0.7 points; and

- sundries effects for 1.4 points.

Note that the goodwills and trademarks of LimeLife and ELEMIS in the United States are amortised in the accounting books of the local entities over a period of 15 years. As the amortisation is tax deductible, the local tax saving was valued at €6.7 million in FY2020, or 4.0% of the Group's pre-tax income. However, at the Group's consolidated account in IFRS, goodwills are not amortised. Such saving is thus reversed by a corresponding non-cash provision for deferred tax liability.

PROFIT FOR THE YEAR

For the aforementioned reasons, net profit for FY2020 was €115.2 million, decreased by 2.0% or €2.3 million as compared to FY2019. Basic and diluted earnings per share in FY2020 were €0.080 and €0.079 respectively (FY2019: basic €0.081 and diluted €0.081), and decreased by 1.2% and 2.5% respectively. The numbers of basic and diluted shares used in the calculations of earnings per share in FY2020 were 1,461,732,521 and 1,464,509,877 respectively (FY2019: basic 1,461,052,171 and diluted 1,465,920,934).

The Group adopted IFRS 16 retrospectively from 1 April 2019 but did not restate comparatives for the prior year's reporting period, as permitted under the specific transitional provisions in the standard. If the impacts of IFRS 16 were excluded, the net profit for FY2020 would increase by 2.8% or €3.3 million to €120.8 million as compared to FY2019. See details in the following table:

For the year ended 31 March	FY2019 reported *€ '000*	FY2020 reported *€ '000*	IFRS 16 impacts *€ '000*	FY2020 excluding IFRS 16 impacts *€ '000*	Growth % reported	Growth % excluding IFRS 16 impact
Net Sales	**1,426,874**	**1,644,083**		**1,644,083**	**15.2%**	**15.2%**
Cost of sales	(239,901)	(302,852)		(302,852)		
Gross profit	**1,186,973**	**1,341,231**		**1,341,231**	**13.0%**	**13.0%**
Distribution expenses	(700,374)	(765,569)	6,175	(771,744)		
Marketing expenses	(186,042)	(206,622)		(206,622)		
Research and development expenses	(17,879)	(21,306)		(21,306)		
General and administrative expenses	(132,542)	(159,968)	1,373	(161,341)		
Other gains, net	611	(503)	78	(581)		
Operating profit	**150,747**	**187,263**	**7,626**	**179,637**	**24.2%**	**19.2%**
Finance costs, net	(3,596)	(22,167)	(14,032)	(8,135)		
Foreign currency gains/(losses)	1,073	(4,556)	(1,408)	(3,148)		
Profit before income tax	**148,224**	**160,540**	(7,814)	**168,354**	**8.3%**	**13.6%**
Income tax expense	(30,655)	(45,300)	2,205	(47,505)*	47.8%	55.0%
Net profit	**117,569**	**115,241**	(5,609)	**120,850**	**–2.0%**	**2.8%**

* Assuming the same effective tax rate as in the reported profit for FY2020.

IMPACT OF COVID-19

The COVID-19 crisis and the corresponding restrictive measures, such as travel bans, lockdowns, and shop closures in some of our key markets significantly affected our business operation. In FY2020 Q4, the impact was mostly in Asia up until mid-March 2020, after which widespread store closures were seen across Japan, Europe and the Americas.

Based on the sales momentum and trends before the pandemic, internal forecasts, the number of closed stores, reduction in store opening hours, as well as the orders halted by Sell-in customers, the Company estimates that the total loss of sales attributed to COVID-19 was approximately €56 million, or approximately 18% of the total sales in FY2020 Q4 or 3.4% of the total sales in FY2020. The corresponding loss in operating profit would be approximately €34 million based on internal estimation, or around 18% of the reported operating profit for FY2020.

Given the unpredictability of the future development of COVID-19, the impact to the Group in FY2020 is not indicative of the impact for the financial year ending 31 March 2021 ("**FY2021**"). The Company will continue to closely monitor the situation. The estimated financial effects, if any, will be reflected in the Group's future financial statements.

BALANCE SHEET AND CASH-FLOW REVIEW

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2020, the Group had cash and cash equivalents of €166.3 million as compared to €144.4 million as at 31 March 2019. The increase was mainly explained by increase in net cash inflow from operating activities. As at 31 March 2020, total borrowings, including term loans, revolving facilities, bank borrowings, finance lease liabilities, and current accounts with minority shareholders and related parties, amounted to €475.0 million. As at 31 March 2020, the aggregate amount of undrawn borrowing facilities was €230.7 million.

SUMMARISED CASH-FLOW STATEMENT

For the year ended 31 March	**2020**	**Excluding IFRS 16 2020**	**2019**
	€ '000	*€ '000*	*€ '000*
Profit before tax, adjusted for non-cash items	385,810	255,170	219,786
Changes in working capital	18,013	14,154	(33,859)
Income tax paid	(34,347)	(34,347)	(17,240)
Net cash inflow from operating activities	369,476	234,977	168,687
Net cash outflow for capital expenditures	(66,783)	(66,783)	(86,302)
Free cash flow	**302,693**	**168,193**	**82,385**
Net cash (outflow) from investment in new ventures and financial assets	(4,803)	(4,803)	(814,216)
Net cash (outflow)/inflow from financing activities	(275,399)	(141,793)	501,451
Effect of exchange rate changes	(591)	303	(10,890)
Net increase/(decrease) in cash, cash equivalents and bank balances	**21,900**	**21,900**	**(241,270)**

Free cash flow generated for FY2020 was €302.7 million (€168.2 million excluding IFRS 16 impact), as compared to €82.4 million in FY2019. The sharp increase was partly due to lease amortisation of €130.2 million under IFRS 16 which was adopted by the Group from this year without restating FY2019. Improvement in working capital and lower capital expenditure also contributed to the higher free cash flow.

In FY2020, net cash outflow from financing activities amounted to €275.4 million, as compared to a net cash inflow of €501.5 million in FY2019. The net outflow this year was mainly affected by the principal components of lease payments of €133.6 million under IFRS 16 and a net repayment of borrowing for €96.2 million.

CAPITAL EXPENDITURES

Net cash used in capital expenditures was €66.8 million in FY2020, as compared to €86.3 million in FY2019, representing a decrease of €19.5 million. The capital expenditures for FY2020 are primarily related to:

- additions of leasehold improvements and other tangible assets, related to new stores and store renovation for €25.7 million;
- additions of land, building, machinery and equipment for the new factory in Brazil, enhancing production lines, R&D and fire safety standard of the factory and warehousing facilities in Manosque, and improvements in warehouses and offices at subsidiaries for a total of €23.2 million; and

- additions of hardware, software and development costs for €15.1 million, including various enhancement projects on e-commerce, CRM and omni-channel platforms as well as WeChat mini programme development.

INVESTMENT IN NEW VENTURES AND FINANCIAL ASSETS

Net cash outflow from investment in new ventures and financial assets was €4.8 million, as compared to €814.2 million in last year. The outflow in last year was mainly for the acquisition of ELEMIS.

FINANCING ACTIVITIES

Financing activities in FY2020 ended with a net cash outflow of €275.4 million (FY2019: inflow of €501.5 million). Net cash outflow during the year mainly reflected the following:

- principal components of lease payments of €135.1 million under IFRS 16;
- payment of dividend for €43.6 million;
- net payout transactions with non-controlling interests for €1.2 million; and
- net repayment of borrowing for €96.2 million.

This was partly offset by the inflow from transfer out of treasury shares to the employees under the share option plan for €0.7 million.

INVENTORIES

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

	FY2020	**FY2019**
Average inventory turnover days[1]	245	273

[1] Average inventory turnover days equals to average inventory divided by cost of sales and multiplied by 365. Average inventory equals to the average of net inventory at the beginning and end of a given period.

Inventory value increased by 0.6%, or €1.1 million, to €204.0 million as at 31 March 2020. Average inventory turnover decreased by 28 days due mainly to ELEMIS having much lower inventory turnover days than the Group's and reducing the average inventory turnover days by 39 days. The improvement was partly offset by the existing brands for an increase of 9 days as well as an unfavourable FX impact for 2 days.

TRADE RECEIVABLES

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

	FY2020	**FY2019**
Turnover days of trade receivables[1]	31	32

[1] Turnover days of trade receivables equals to average trade receivables divided by net sales and multiplied by 365. Average trade receivables equals to the average of net trade receivables at the beginning and end of a given period.

Turnover days of trade receivables decreased by 1 day to 31 days for FY2020 as compared to FY2019. The decrease was due mainly to lower average trade receivables of the existing brands, partly offset by higher average trade receivables of ELEMIS as well as FX impact.

TRADE PAYABLES

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

	FY2020	FY2019
Turnover days of trade payables[1]	173	203

[1] Turnover days of trade payables equals to the average trade payables divided by cost of sales and multiplied by 365. Average trade payables equals to the average of trade payables at the beginning and end of a given period.

The decrease in turnover days of trade payables of 30 days was due mainly to reduction in related purchases of the existing brands and the factories especially towards the end of the financial year for a total of 41 days. FX impact also reduced the turnover days by 5 days. ELEMIS on the other hand had accelerated its related purchases for the dynamic business activities and then increased the turnover days by 16 days.

BALANCE SHEET RATIOS

Return on capital employed in FY2020 was 6.9%, decreased by 4.7 points as compared to FY2019, as a result of an increase in net operating profit after tax by 8.9% accompanied by a sharp increase of 83.7% in capital employed. Note that the acquisition of ELEMIS was completed in March 2019, and its balance sheet items were consolidated in FY2019; however, its profit and loss items were only consolidated in FY2020 onwards. Hence the return on capital employed ratio in FY2019 excluded the goodwill on ELEMIS to avoid distortion. In addition, the Group adopted IFRS 16 retrospectively from 1 April 2019 but has not restated comparatives for the prior year reporting period as permitted under the specific transitional provisions in the standard. If the impacts of IFRS 16 were excluded, the return on capital employed in FY2020 would be 8.5%.

The capital and reserves attributable to the equity owners increased by €68.7 million for FY2020, due mainly to the profits retained for the year and a put option relating to ELEMIS. Return on equity ratio in FY2020 was 10.6% (excluding IFRS 16 impact: 11.0%), compared to 11.5% in FY2019.

The Group's gearing ratio was also impacted by the newly adopted IFRS 16, increased from 28.8% in FY2019 to 37.2% in FY2020. If the impacts of IFRS 16 were excluded, gearing ratio in FY2020 would decrease to 23.8%.

	Reported FY2020	Excluding IFRS 16 FY2020	Restated[9] FY2019
Profitability			
EBITDA	383,517	252,877	217,480
Net operating profit after tax (NOPAT)[1]	131,153	126,689	120,421
Capital employed[2]	1,905,674	1,496,509	1,037,221
Return on capital employed (ROCE)[3]	6.9%	8.5%	11.6%
Return on equity (ROE)[4]	10.6%	11.0%	11.5%
Liquidity			
Current ratio (times)[5]	1.2	1.5	2.2
Quick ratio (times)[6]	0.7	0.9	1.4
Capital adequacy			
Gearing ratio[7]	37.2%	23.8%	28.8%
Debt to equity ratio[8]	62.1%	26.6%	39.5%

[1] (Operating profit + foreign currency net gains or losses) x (1 - effective tax rate)

[2] Non-current assets* - (deferred tax liabilities + other non-current liabilities) + working capital**

* excluded goodwill on ELEMIS in FY2019

** excluded current financial liabilities to show only working capital relating to operations

(3) NOPAT/capital employed

(4) Net profit attributable to equity owners of the Company/shareholders' equity at year end excluding minority interest

(5) Current assets/current liabilities

(6) (Current assets – inventories)/current liabilities

(7) Total debt/total assets

(8) Net debt/(total assets – total liabilities)

(9) After the fair valuation of the acquisition of ELEMIS had been finalised in FY2020, the ELEMIS goodwill, together with certain assets, reserves and liabilities of FY2019, was then restated.

FOREIGN EXCHANGE RISK MANAGEMENT

The Company enters into forward exchange contracts and currency options to hedge anticipated transactions, as well as receivables and payables not denominated in its presentation currency, the Euro, for periods consistent with its identified exposures. As at 31 March 2020, the Company had foreign exchange derivatives net liabilities of €0.2 million in the form of forward exchange contracts (in accordance with fair market valuation requirements under IFRS). The notional principal amounts of outstanding forward exchange derivatives as at 31 March 2020 were primarily sale of Chinese yuan for an equivalent amount of €27.6 million, Japanese yen for €16.6 million, Hong Kong dollar for €4.6 million, Brazilian real for €3.2 million, Russian ruble for €2.4 million, Great British pound for €2.3 million, Thai baht for €2.3 million and Mexican peso for €2.0 million.

DIVIDENDS

At the Board meeting held on 17 June 2019, the Board recommended a gross dividend distribution of €0.0297 per share for a total amount of €43.4 million or 36.7% of the net profit attributable to the equity owners of the Company. The amount of the final dividend was based on 1,461,052,171 shares in issue as at 17 June 2019 excluding 15,912,720 treasury shares. The shareholders of the Company (the "**Shareholders**") approved this dividend at a meeting held on 25 September 2019. The dividend was duly paid on 18 October 2019.

Despite the impact of COVID-19 on business operation, the Group remained solid in generating operating cashflow. In order to maintain a healthy cash position as well as to share the earnings with the Shareholders, the Board is pleased to recommend a final dividend of €0.02228 per share (the "**Final Dividend**"), approximately 75% of the dividend in FY2019. The total amount of the Final Dividend is €32.6 million.

The Final Dividend is based on 1,461,732,521 shares in issue as at 29 June 2020 excluding 15,232,370 treasury shares.

EVENTS SUBSEQUENT TO THE END OF FINANCIAL YEAR

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 that would be held 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 joint venture agreement requires unanimous consent from all parties for the main relevant activities. The Group has therefore determined that it has a joint control over this entity, even though it holds 51% of the voting rights.

COVID-19 pandemic liquidity arrangements

As at 31 March 2020, and in addition to the €100 million cash and cash equivalents, the Group had an undrawn amount of €230 million under its revolving credit facility.

As a precaution, and to face COVID-19 crisis impact on its operations, the Group drew €100 million on its existing revolving credit facility (FY2015 Revolving Facility) in April 2020.

In addition, in May 2020, the Group has successfully secured €253 million new financing commitments to ensure liquidity during the current crisis and swiftly prepare operations restart: €203 million new revolving credit facility on L'Occitane International S.A. and €50 million new term loan on Laboratoires M&L, 90% guaranteed by the French State ("Prêt Garanti par l'Etat", PGE).

STRATEGIC REVIEW

In FY2020, the Group's 'Pulse' strategy to build trust, pursue sustainable growth and drive profitability continued to bear fruit. The Group registered three strong quarters, with the core brand, L'OCCITANE en Provence, logging mid-single-digit growth, and ELEMIS proving to be a strong growth and profitability driver.

However, starting in the last quarter of FY2020, the world was hit with an unprecedented crisis. The COVID-19 pandemic resulted in drastic restrictive measures globally, such as travel bans, lockdowns and shop closures. The Group's sales performance in February and March 2020 was seriously interrupted, with the retail, travel retail and B2B channels being the most affected. On the other hand, e-commerce, marketplace, web partners and TV channels all posted significant growth and compensated for some of the declines in brick and mortar channels. Within FY2020, the disruption was mostly in China, Hong Kong and Japan.

Under this transformed landscape, the Group was quick to adapt to new consumer demands and how it stayed connected to its customers. The five pillars under its 'Pulse' strategy remained highly relevant: empowering teams; executing fundamentals especially in a retail context; adopting an omni-channel, mobile and digital approach; engaging customers; and strengthening brand commitments. Despite the setback in the last quarter of the year, the Group recorded net sales growth of 15.2% at reported rates, and improved its operating margin by 0.8 points to 11.4%.

Product strategy balances hero skincare and iconic body care

L'OCCITANE en Provence delivered decent growth of 3.9% at reported rates during FY2020, thanks in part to its attractive online and offline product offerings, particularly during the festive season. A major contributor was its hero product strategy that focused on skincare — the highly popular *Immortelle Reset* serum was reinvigorated with the release of a 50ml version that offered a strong value proposition for repeat customers. In FY2020, the Group met its target of selling over 1 million units of the *Immortelle Reset* serum. The success of this hero product range is expected to continue with the recent release of its *Immortelle Reset* eye serum.

Meanwhile, the COVID-19 pandemic has shed new light on the importance of hygiene and self-care. Given L'OCCITANE en Provence's iconic status in premium body and hand care, the Group saw an increase in sales mix in those segments. The Group also acted swiftly and took the opportunity to complement its existing product portfolio by launching a hand purifying gel in key markets.

The Group will continue to pursue a product strategy that balances its hero skincare to boost its face care image, its evergreen body and hand care to maintain loyalty, as well as attractive seasonal offerings to drive recruitment and excitement.

Focus on multi-brand strategy further diversifies sales

The Group's namesake brand, L'OCCITANE en Provence accounted for around 79% of the Group's sales in FY2020, down from around 87% in FY2019. This diversification is expected to continue as each brand continues to build on their unique identities.

ELEMIS was the biggest growth driver in FY2020, and is the Group's second-largest brand accounting for 10% of its overall sales. Despite COVID-19 severely impacting its maritime channel, the brand maintained positive sales growth even during the final quarter of FY2020, thanks to the strong performances on its e-commerce and TV channels. This robust performance demonstrated the effectiveness of the Group's skincare-focused investments, a segment of the beauty market that has proved relatively resilient throughout COVID-19 lockdowns.

In addition to its strong top-line performance, ELEMIS' lean and efficient structure helped secure its impressive profitability despite the impact of COVID-19 in March, reaching an operating margin of 17.5%. Excluding the acquisition costs and depreciation of goodwill elements, the operating margin would be 22.9%. ELEMIS is also materialising synergies with L'OCCITANE en Provence's existing distribution in a disciplined manner, notably in Asia and Russia as first steps. In line with its successful digital-first strategy, ELEMIS opened its online store on TMall Global in FY2020 (with plans to launch domestically in China later in 2020) and plans to launch in several other markets in Asia in the near future.

LimeLife's performance was impeded by the rebranding exercise last year, teething pains related to its growth and expansion into new markets, as well as by COVID-19 towards the end of FY2020. Despite the short-term challenges, the Group remains convinced of the potential of LimeLife's social media-based business model, which is perhaps more relevant than ever under the current circumstances. The influence of a powerful and relatable role model was demonstrated by the successful launch of "Fierce by Aly", a make-up collection launched in collaboration with Olympic gold medal-winning gymnast Aly Raisman during the festive season that broadened the Group's appeal to younger consumers.

Meanwhile, the Group's emerging brands, Melvita, L'OCCITANE au Brésil and Erborian collectively delivered positive sales growth during FY2020, yet showed diverging results and recorded a material operating loss of €13.9 million. Melvita's top-line performance was hampered by macroeconomic challenges in each of its key markets in FY2020. However, under the refined strategy of its new management, Melvita regained some traction in France and Japan, and will continue a disciplined expansion in Asia. Separately, L'OCCITANE au Brésil helped drive overall sales growth for the Group in Brazil, but its distribution, marketing and industrial investments meant that its operating loss widened in FY2020. Restructuring measures for L'OCCITANE au Brésil have already started in April 2020 to improve the efficiency of such investments, such as by closing unprofitable distribution points. On the other hand, Erborian benefited from its successful distribution strategy that had a strong country prioritisation — it built a solid wholesale business in Western Europe and retail footprint in Russia, achieving double-digit sales growth in FY2020 and maintaining its profitability.

Rethinking customer engagement and omni-channel experiences

One of the Group's missions is to provide a seamless omni-channel experience for customers to discover the Group's products and brands, making the path-to-purchase fun, memorable and convenient.

Prior to the outbreak of COVID-19, the Group had become selective with physical store openings while continuing to create exciting retail experiences in key global shopping locations, such as Tokyo's Omotesando, London's Regent Street and New York's Fifth Avenue. It complemented its wide brick-and-mortar distribution with its own e-commerce website, third-party marketplaces, as well as social media and messaging apps. Online channels have become increasingly important, growing along with the shift in consumer behaviour. In FY2020, Web Sell-out channels grew by 41.8% at constant rates, equivalent to 19.0% of the total Sell-out sales.

As COVID-19 became a global threat, as much as 75% of the Group's store footprint had closed. The Group had to rethink how to stay connected with customers while still maintaining a human approach to beauty. Although e-commerce showed impressive growth in the final quarter of FY2020, it was not sufficient to compensate for the loss of sales from store closures. Staying true to its entrepreneurial drive, the Group has encouraged a myriad of local initiatives to drive social or digital selling. These include empowering the stores' beauty associates to maintain customer relationships digitally via video consultations and livestreaming, offering concierge personal shopping service, and maximising our exposure on popular social apps with the use of celebrities and KOLs. While some markets have begun to reopen, digital selling will continue to be a mainstay.

At the same time, as the Group gradually reopens its physical stores, it is putting in place stringent safety measures, focusing on a 100% contactless customer journey to maintain the highest possible levels of safety for its staff and customers, while continuing to provide fresh and memorable shopping experiences.

Actively supporting the global fight against COVID-19

Faced with this global crisis, the Group was compelled to meaningfully support the work of healthcare authorities and healthcare workers in the global fight against COVID-19. It reassigned some of its manufacturing facilities in Manosque to produce hand sanitiser, donating 300,000 bottles to health authorities in several European countries and 700,000 hand hygiene products to authorities in China, Japan, Brazil, Russia and the United States.

The Group also supported the producers of the natural ingredients used in its products, continuing its long-term contracts and pre-financing of 50–80% of costs before harvest, which is more valuable to its producers than ever. In Burkina Faso, where pandemic-related government restrictions disrupted the end of the shea harvest, the Group also postponed some delivery dates to ensure the safety of the communities of women producers while maintaining their cash flow. In Provence, the Group's staff volunteered to assist with the orange blossom harvest after producers struggled to recruit workers because of COVID-19.

The Group has always strived to lead with conscience and adhere to its commitments, not only during times of crises. As a group that draws on the inspiration and resources from nature, it was imperative for the Group to contribute in social responsibility and environmental sustainability. More information on the Group's efforts is covered in its annual 'Environmental, Social and Governance' report.

OUTLOOK

Given the uncertain economic environment, the Group will implement several initiatives to achieve cost savings and increase its financial flexibility. This includes reducing the base compensation of Directors and Senior management and lowering the dividend; and controlling costs by renegotiating commercial rents, reducing staff costs through temporary unpaid leave or furlough and short-term working schemes, optimising or postponing its marketing and promotions, and reducing capital expenditures such as store openings and renovations.

The Group will continue to implement differentiated strategies for each of its brands, encouraging them to stay agile and autonomous, while still capitalising on synergies. It is equally important to continue making targeted investments to support major campaigns, products and markets, in line with the Pulse strategy to pursue sustainable growth and profitability.

While consumer sentiment will be impacted by COVID-19 for some time, the Group is confident about its resilience backed by the inherent strength of its brands, products and effective web-based activities, as well as its careful management and passion. As it navigates through the crisis, the Group will continue to prioritise its multi-brand strategy and omni-channel approach to improve its medium-to-long-term fundamentals, safeguard its future profitability and deliver value to its shareholders.

AUDIT COMMITTEE

As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Company has an Audit Committee comprising of three non-executive Directors, two of whom are independent non-executive Directors. The Audit Committee together with external auditor has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls and financial reporting matters including the review of the consolidated results and the consolidated financial statements of the Group for FY2020. This annual results announcement is based on the Group's audited consolidated financial statements for the year ended 31 March 2020 which have been agreed with the auditor of the Company.

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 fulfil 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' return.

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 FY2020 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 ("**CEO**") of the Group has been assumed by Mr. Reinold Geiger ("**Mr. Geiger**"), the Chairman of the Board. This deviation is deemed appropriate as it is considered to be more efficient to have one single person to be the Chairman of the Company as well as to discharge the executive functions of a CEO and it provides the Group with strong and consistent leadership. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are four independent non-executive Directors in the Board. All of them possess adequate independence and therefore the Board considers the Company has achieved balance and provided sufficient protection of its interests. Moreover, Mr. Geiger is not a member of any of the committees (Audit Committee, Nomination Committee, and Remuneration Committee) and each committee is composed of a majority of independent non-executive Directors. Nevertheless, the Board will regularly review the management structure to ensure that it meets the business development requirements of the Group.

Furthermore, Mr. Geiger is supported by the Group Managing Director, Mr. Silvain Desjonquères ("**Mr. Desjonquères**"), appointed on 25 April 2018. Mr. Geiger is responsible to the Board and focuses on Group strategies and Board issues, ensuring a cohesive working relationship between members of the Board and management. Mr. André Hoffmann ("**Mr. Hoffmann**"), Vice-Chairman of the Board, works closely with Mr. Geiger on all important Board issues. Mr. Hoffmann and Mr. Desjonquères have full executive responsibilities in the business directions and operational efficiency of the business units under their respective responsibilities and are accountable to Mr. Geiger.

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 both 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as the code of conduct for dealing in the Securities of the Company by the Directors of the Company. Having made specific enquiry of all Directors, they have confirmed that they have complied with the Model Code during FY2020.

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

During FY2020, the Company transferred out of treasury a total of 680,350 Shares held in treasury pursuant to the employees' free share plan and share option plan of the Company. The Company held 15,232,370 shares in treasury on 31 March 2020. Save as disclosed above, neither the Company nor its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during FY2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 25 September 2020 to Wednesday, 30 September 2020, both days inclusive, during which period no share transfers can be registered. The record date to determine which Shareholders will be eligible to attend and vote at the forthcoming annual general meeting of the Company (the "**AGM**") will be Wednesday, 30 September 2020 (the "**AGM Record Date**"). All transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 24 September 2020.

Subject to the Shareholders approving the recommended Final Dividend, if any, at the AGM, such Final Dividend will be payable on Friday, 23 October 2020 to Shareholders whose names appear on the register of members on Tuesday, 13 October 2020 (the "**Dividend Record Date**"). To determine eligibility for the Final Dividend, the register of members of the Company will be closed from Thursday, 8 October 2020 to Tuesday, 13 October 2020, both days inclusive, during which period no shares can be registered. In order to be entitled to receive the Final

Dividend, all transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 7 October 2020.

PUBLICATION OF FINAL RESULTS AND FY2020 ANNUAL REPORT

The final results announcement of the Company is published on the websites of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (www.hkexnews.hk) and the Company (group.loccitane.com). The annual report will be dispatched to the Shareholders and will be available on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (group.loccitane.com) in due course.

ANNUAL GENERAL MEETING

The AGM will be held on 30 September 2020. A notice convening the AGM will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (group.loccitane.com) and will be dispatched to the Shareholders.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors of the Company are:

Executive Directors
Reinold Geiger *(Chairman and Chief Executive Officer)*
André Hoffmann *(Vice Chairman)*
Silvain Desjonquères *(Group Managing Director)*
Thomas Levilion *(Group Deputy General Manager, Finance and Administration)*
Karl Guénard *(Company Secretary)*

Non-executive Director
Martial Lopez

Independent Non-executive Directors
Valérie Bernis
Charles Mark Broadley
Pierre Milet
Jackson Chik Sum Ng

By Order of the Board
L'Occitane International S.A.
Reinold Geiger
Chairman

Luxembourg, 29 June 2020

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.