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**Groupe**  
**L'OCCITANE**  
**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)

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

**HIGHLIGHTS**

- The Group's performance in FY2021 H1 continued to be affected by the restrictive measures of COVID-19. Yet, thanks to the Group's resilience, adaptability and online strength, net sales decline in FY2021 Q2 narrowed significantly to -4.5%, compared to -22.2% in FY2021 Q1. As a result, the Group's net sales dropped by 13.1% at constant rates to €616.6 million in FY2021 H1.
- Gross profit margin improved by 0.9% to 82.1%, due to a favourable channel mix with an increase in proportion of online channels.
- Despite the highly challenging operating conditions, operating profit remained positive and operating profit margin decreased only slightly by 0.4 points to 5.3% of net sales. This was attributed to the Group's strong performance in Asia, the solid profit contribution from ELEMIS and LimeLife, swift cost control measures, as well as a favourable channel mix with an increase in proportion of online channels.
- Net profit was €17.3 million, or 2.8% of net sales.
- The Group's financial position remains healthy. Free cash flow improved by €28.4 million to €107.6 million, while net debt decreased by €206.7 million to €698.7 million.

**KEY INTERIM FINANCIAL INFORMATION**

The board (the "**Board**") of directors (the "**Directors**") of L'Occitane International S.A. (the "**Company**") is pleased to announce the consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2020 ("**FY2021 H1**") together with comparative figures for the six months ended 30 September 2019 ("**FY2020 H1**"). 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.

## INTERIM CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 September

	Notes	2020 € '000	2019 € '000	% Change
<b>Net Sales</b>	2	<b>616,637</b>	<b>727,157</b>	<b>-15.2</b>
Cost of sales		(110,403)	(137,047)	-19.4
<b>Gross profit</b>		<b>506,234</b>	<b>590,110</b>	<b>-14.2</b>
<i>% of net sales</i>		<i>82.1%</i>	<i>81.2%</i>	
Distribution expenses		(310,258)	(366,245)	-15.3
Marketing expenses		(88,505)	(92,703)	-4.5
Research and development expenses		(7,843)	(10,312)	-23.9
General and administrative expenses		(69,126)	(79,335)	-12.9
Share of profit/(losses) from joint venture accounted for using the equity method		1,364	–	n/a
Other (losses)/gains, net	3	1,033	256	303.5
<b>Operating profit</b>	4	<b>32,899</b>	<b>41,771</b>	<b>-21.2</b>
Finance costs, net	5	(10,393)	(10,691)	-2.8
Foreign currency gains/(losses)		(3,825)	1,618	-336.4
<b>Profit before income tax</b>		<b>18,681</b>	<b>32,698</b>	<b>-42.9</b>
Income tax expense	6	(1,413)	(7,460)	-81.1
<b>Profit for the period</b>		<b>17,268</b>	<b>25,238</b>	<b>-31.6</b>
<b>Attributable to:</b>				
Equity owners of the Company		15,613	24,992	-37.5
Non-controlling interests		1,655	246	572.8
<b>Total</b>		<b>17,268</b>	<b>25,238</b>	<b>-31.6</b>
Effective tax rate		7.6%	22.8%	
Earnings per share for profit attributable to equity owners of the Company during the period (expressed in Euros per share)				
Basic		0.011	0.017	-35.3
Diluted		0.011	0.017	-35.3
Number of shares used in earnings per share calculation				
Basic	7	1,461,732,521	1,461,052,171	0.0
Diluted	7	1,464,247,251	1,465,920,083	-0.1

## CONSOLIDATED INTERIM BALANCE SHEET

As at	Notes	30 September 2020 € '000	31 March 2020 € '000
<b>ASSETS</b>			
Property, plant and equipment, net		157,870	180,505
Goodwill		729,571	761,926
Intangible assets, net		319,400	341,577
Right-of-use assets		392,347	429,451
Deferred income tax assets		87,972	76,521
Shares in associates		11,057	–
Other non-current receivables		68,387	65,331
<b>Non-current assets</b>		<b>1,766,604</b>	<b>1,855,311</b>
Inventories, net	9	215,126	203,966
Trade receivables, net	10	144,145	131,571
Other current assets		51,495	50,565
Derivatives financial instruments		969	604
Cash and cash equivalents		252,781	166,342
<b>Current assets</b>		<b>664,516</b>	<b>553,048</b>
<b>TOTAL ASSETS</b>		<b>2,431,120</b>	<b>2,408,359</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		44,309	44,309
Additional paid-in capital		342,851	342,851
Other reserves		(137,720)	(86,918)
Retained earnings		779,817	798,238
<b>Capital and reserves attributable to the equity owners</b>		<b>1,029,257</b>	<b>1,098,480</b>
Non-controlling interests		75,954	76,855
<b>Total equity</b>		<b>1,105,021</b>	<b>1,175,335</b>
Borrowings		296,348	361,493
Lease liabilities		295,362	322,426
Deferred income tax liabilities		39,380	42,021
Other financial liabilities		18,966	17,978
Other non-current liabilities		22,854	22,929
<b>Non-current liabilities</b>		<b>672,910</b>	<b>766,847</b>
Trade payables	11	154,591	145,994
Social and tax liabilities		96,262	72,809
Current income tax liabilities		15,466	12,270
Borrowings		229,382	113,556
Lease liabilities		97,803	99,206
Other current liabilities		56,436	20,609
Derivatives financial instruments		1,064	208
Provisions		1,995	1,525
<b>Current liabilities</b>		<b>652,999</b>	<b>466,177</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,431,120</b>	<b>2,408,359</b>
<b>NET CURRENT ASSETS</b>		<b>11,517</b>	<b>86,871</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,778,121</b>	<b>1,942,182</b>

## NOTES TO THE KEY INTERIM FINANCIAL STATEMENTS

### 1. Basis of preparation

This interim condensed consolidated financial information (the “**interim condensed consolidated financial information**”) for the six-month period ended 30 September 2020 (“**period ended 30 September 2020**”) has been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. The interim condensed consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended 31 March 2020, 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.

The accounting policies and methods used to prepare this interim condensed consolidated financial information are consistent with those used to prepare the consolidated annual financial statements for the year ended 31 March 2020, except as described below:

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

Interpretations and amendments to IFRSs effective for reporting periods beginning on or after 1 April 2020 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 adopted by the IASB (International Accounting Standards Board) on 28 May 2020 and by the European Union on 12 October 2020.

This amendment aims to simplify certain provisions of IFRS 16, enabling lessees to recognize 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.

### 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, who make strategic 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. The Chairman & CEO and the Managing Director now 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.

Management uses a measure of revenue and operating profit/(loss) to assess the performance of the operating segments.

## 2.1 Performance by operating segments

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

### 30 September 2020

<i>In thousands of euros</i>	<b>L'Occitane en Provence</b>	<b>ELEMIS</b>	<b>LimeLife</b>	<b>Other brands</b>	<b>Total</b>
<b>Net sales</b>	462,367	64,698	54,318	35,254	616,637
<i>In % of total</i>	75.0%	10.5%	8.8%	5.7%	100.0%
<b>Gross profit</b>	<b>390,038</b>	<b>49,655</b>	<b>41,619</b>	<b>24,922</b>	<b>506,234</b>
<i>% of net sales</i>	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	1,364	–	–	–	1,364
Other gains/(losses), net	1,386	(348)	–	(5)	1,033
<b>Operating profit/(loss)</b>	<b>20,224</b>	<b>19,713</b>	<b>2,203</b>	<b>(9,241)</b>	<b>32,899</b>
<i>% of net sales</i>	4.4%	30.5%	4.1%	(26.2%)	5.3%

### 30 September 2019\*

<i>In thousands of Euros</i>	<b>L'Occitane en Provence</b>	<b>ELEMIS</b>	<b>LimeLife</b>	<b>Other brands</b>	<b>Total</b>
<b>Net Sales</b>	554,889	84,207	40,702	47,359	727,157
<i>In %</i>	76.3%	11.6%	5.6%	6.5%	100.0%
<b>Gross profit</b>	<b>466,194</b>	<b>57,292</b>	<b>32,536</b>	<b>34,088</b>	<b>590,110</b>
<i>% of net sales</i>	84.0%	68.0%	79.9%	72.0%	81.2%
Distribution expenses	(292,516)	(21,063)	(28,409)	(24,257)	(366,245)
Marketing expenses	(69,771)	(8,587)	(2,724)	(11,621)	(92,703)
Research & development expenses	(7,500)	(1,341)	–	(1,471)	(10,312)
General and administrative expenses	(59,454)	(10,614)	(5,702)	(3,565)	(79,335)
Other (losses)/gains-net	237	–	–	19	256
<b>Operating profit</b>	<b>37,190</b>	<b>15,687</b>	<b>(4,299)</b>	<b>(6,807)</b>	<b>41,771</b>
<i>% of net sales</i>	6.7%	18.6%	–10.6%	–14.4%	5.7%

(\*) restated for comparison purposes due to the above changes described in the operating segments.

## 2.2 Performance by geographic area

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

<i>In thousands of euros</i>	Period ended 30 September			
	2020		2019	
	Total	In %	Total	In %
United States	113,924	18.5%	133,555	18.4%
China	97,445	15.8%	76,653	10.5%
Japan	88,308	14.3%	107,255	14.7%
United Kingdom	65,545	10.6%	76,810	10.6%
France	37,538	6.1%	48,657	6.7%
Hong Kong <sup>(1)</sup>	32,345	5.2%	58,298	8.0%
Luxembourg — Swiss branch <sup>(2)</sup>	18,739	3.0%	36,863	5.1%
Taiwan	17,936	2.9%	15,067	2.1%
Russia	17,106	2.8%	22,370	3.1%
Brazil	10,997	1.8%	26,457	3.6%
Other geographic areas	116,754	18.9%	125,172	17.2%
<b>Net sales</b>	<b>616,637</b>	<b>100.0%</b>	<b>727,157</b>	<b>100.0%</b>

<sup>(1)</sup> Includes sales in Macau and to distributors and travel retail customers in Asia.

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

## 3. Other gains, net

30 September	2020	2019
	€ '000	€ '000
Net (losses) on sale of assets	(68)	(447)
Government grants for research and development costs	665	703
Badwill on 86 Café Retail acquisition	494	–
Other items	(58)	–
<b>Total</b>	<b>1,033</b>	<b>256</b>

## 4. Depreciation, amortisation and impairment

Operating profit is arrived at after charging the following:

30 September	2020	2019
	€ '000	€ '000
Depreciation, amortisation and impairment	100,843	95,427

## 5. Finance costs, net

30 September	2020 € '000	2019 € '000
Interest on cash and cash equivalents	829	915
<b>Finance Income</b>	<b>829</b>	<b>915</b>
Interest expenses	(3,850)	(4,588)
Interest and finance expenses paid/payable for lease liabilities (IFRS 16)	(6,384)	(6,843)
Unwinding of discount and other financial liabilities	(988)	(175)
<b>Finance costs</b>	<b>(11,222)</b>	<b>(11,606)</b>
<b>Finance costs, net</b>	<b>(10,393)</b>	<b>(10,691)</b>

## 6. Taxation

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

Period ended 30 September	2020 € '000	2019 € '000
Profit before income tax excluding profit/(loss) from joint ventures	17,317	32,968
Income tax calculated at corporate tax rate ( <i>Luxembourg tax rate of 24.94% as at 30 September 2020 and 2019</i> )	(4,319)	(8,155)
Effect of different tax rates in foreign countries	8,553	7,479
Effect of unrecognised tax assets	(3,478)	(6,310)
Expenses not deductible for tax purposes	(2,002)	(572)
Effect of unremitted tax earnings	(167)	98
<b>Income tax (expense)/credit</b>	<b>(1,413)</b>	<b>(7,460)</b>

## 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 €15.6 million for the six months ended 30 September 2020 (as compared to €25.0 million for the six months ended 30 September 2019) and the weighted average number of shares in issue of 1,461,732,521 (basic) and 1,464,247,251 (diluted) for the period ended 30 September 2020 and 1,460,682,471 (basic) and 1,465,920,083 (diluted) for the period ended 30 September 2019.

## 8. Dividends

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 the six months ended 30 September 2020.

## 9. Inventories, net

Inventories, net consist of the following items:

	30 Sep 2020 € '000	31 Mar 2020 € '000	30 Sep 2019 € '000
Raw materials and supplies	26,322	28,692	28,415
Finished goods and work in progress	208,333	186,936	208,713
Inventories, gross	234,655	215,628	237,128
Less: allowance	(19,529)	(11,662)	(10,815)
<b>Inventories, net</b>	<b>215,126</b>	<b>203,966</b>	<b>226,313</b>

## 10. Trade receivables, net

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

	30 Sep 2020 € '000	31 Mar 2020 € '000	30 Sep 2019 € '000
Current and past due within 3 months	143,773	130,996	162,909
Past due from 3 to 6 months	2,000	2,327	376
Past due from 6 to 12 months	996	537	251
Past due over 12 months	–	385	337
Allowance for doubtful accounts	<u>(2,624)</u>	<u>(2,674)</u>	<u>(2,444)</u>
<b>Trade receivables, net</b>	<b><u>144,145</u></b>	<b><u>131,571</u></b>	<b><u>161,429</u></b>

The Group considers that there is no recoverability risk on the net receivables after allowance for doubtful accounts.

## 11. Trade payables

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

	30 Sep 2020 € '000	31 Mar 2020 € '000	30 Sep 2019 € '000
Current and past due within 3 months	145,566	144,761	157,555
Past due from 3 to 6 months	7,466	733	682
Past due from 6 to 12 months	1,474	497	59
Past due over 12 months	<u>85</u>	<u>3</u>	<u>336</u>
<b>Trade payables</b>	<b><u>154,591</u></b>	<b><u>145,994</u></b>	<b><u>158,632</u></b>



## MANAGEMENT DISCUSSION & ANALYSIS

### Summary:

For the six months ended 30 September	2020 (€ million or %)	2019 (€ million or %)
Net sales	616.6	727.2
Operating profit	32.9	41.8
Profit for the period	17.3	25.2
Gross profit margin (% to sales)	82.1%	81.2%
Operating profit margin (% to sales)	5.3%	5.7%
Net profit margin (% to sales)	2.8%	3.5%

### 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.

## SEASONALITY OF OPERATIONS

The Group is subject to seasonal variances in sales, which are typically higher in our 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 2019, the level of sales represented 44.2% of the annual level of sales in the year ended 31 March 2020 (“FY2020”) and the level of operating profit represented 22.3% of the annual operating profit in FY2020. Yet these ratios are not representative of the annual results for the year ending 31 March 2021 (“FY2021”).

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 FY2021 H1, the Group’s net sales decreased by 15.2% at reported rates and 13.1% at constant exchange rates. The decrease was due mainly to the store closures, restrictive measures and lower footfall under COVID-19. However, sales momentum in the second quarter of FY2021 (“FY2021 Q2”) saw significant improvement across all brands and all geographic areas. Online channels, including own e-commerce websites, digital direct selling, marketplace and webpartners performed strongly and posted encouraging growth of 80.8% in FY2021 H1.

The Group's total number of retail locations where its products are sold increased from 3,486 as at 31 March 2020 to 3,497 as at 30 September 2020, an increase of 11 locations or 0.3%.

In terms of geographic areas, despite the fact that most markets and the travel retail business were still facing the restrictive measures of the crisis, Asia posted fantastic results in FY2021 H1, in particular China, Taiwan and Korea. China, Taiwan and Korea ended the FY2021 H1 with impressive growth of 30.5%, 15.3% and 37.4% respectively.

## Performance by Brand

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

	FY2021 H1		FY2020 H1		Growth at reported rates	Growth at constant rates	Contribution to Overall Growth at constant rates
	€ '000	%	€ '000	%			
L'Occitane en Provence	462,367	75.0	554,889	76.3	(16.7)	(14.6)	(84.8)
ELEMIS <sup>(1)</sup>	64,698	10.5	84,207	11.6	(23.2)	(22.0)	(19.4)
LimeLife	54,318	8.8	40,702	5.6	33.5	34.9	14.9
Others <sup>(2)</sup>	35,255	5.7	47,359	6.5	(25.6)	(21.5)	(10.7)
<b>Total</b>	<b>616,638</b>	<b>100.0</b>	<b>727,157</b>	<b>100.0</b>	<b>(15.2)</b>	<b>(13.1)</b>	<b>(100.0)</b>

<sup>(1)</sup> ELEMIS's sales in FY2020 H1 included March 2019. Excluding this month, sales growth at constant rates would be -11.1% in FY2021 H1.

<sup>(2)</sup> Others include Melvita, Erborian and L'Occitane au Brésil.

L'Occitane en Provence was particularly resilient amidst the COVID-19 crisis. Sales decline at constant rates narrowed from -25.7% in FY2021 Q1 to -4.1% in FY2021 Q2, ending FY2021 H1 with -14.6% at constant rates. Although most brick and mortar stores reopened in FY2021 Q2, the online channels continued to show dynamic growth across all geographic areas, with 107.0% growth in FY2021 H1.

ELEMIS's sales decreased by 22.0% at constant rates in FY2021 H1. Half of the decrease was due to a non-comparable base last year which included March 2019. Excluding this month, sales decline at constant rates would be 11.1% in FY2021 H1. The other half of the decrease is explained by stagnant sales to spas and maritime channels that were heavily impacted by travel bans and restrictive measures in the UK and the US. However, ELEMIS's online channels remained in high growth and the brand successfully launched into China and Russia during the period.

LimeLife continued to grow as planned with encouraging growth of 34.9% at constant rates for FY2021 H1. The growth was driven mainly by new product launches, a successful flash sale promotion as well as the launch of a brand new mobile app for beauty guides.

The other brands together recorded a decline of 21.5% at constant rates in FY2021 H1, a notable improvement from a decline of 35.3% in FY2021 Q1. All other brands suffered from the impact of the crisis to various degrees, yet Erborian remained resilient and grew mid-single-digit in FY2021 H1.

## Performance by Geographic Area

The following table presents the net sales growth for FY2021 H1 and contribution to net sales growth (including and excluding foreign currency translation effects as indicated) by geographic area:

	FY2021 H1		FY2020 H1		Growth at reported rates	Growth at constant rates	Contribution to Overall Growth at constant rates
	€ '000	%	€ '000	%	%	%	%
Japan	88,308	14.3	107,255	14.7	(17.7)	(17.4)	(19.6)
Hong Kong <sup>(1)</sup>	32,345	5.2	58,298	8.0	(44.5)	(43.2)	(26.4)
China	97,445	15.8	76,653	10.5	27.1	30.5	24.6
Taiwan	17,936	2.9	15,067	2.1	19.0	15.3	2.4
France	37,538	6.1	48,657	6.7	(22.9)	(22.9)	(11.7)
United Kingdom	65,545	10.6	76,810	10.6	(14.7)	(14.3)	(11.5)
United States	113,924	18.5	133,555	18.4	(14.7)	(13.4)	(18.8)
Brazil	10,997	1.8	26,457	3.6	(58.4)	(41.8)	(11.6)
Russia	17,106	2.8	22,370	3.1	(23.5)	(11.3)	(2.7)
Other geographic areas <sup>(2)</sup>	135,494	22.0	162,036	22.3	(16.4)	(14.5)	(24.7)
<b>Total</b>	<b>616,638</b>	<b>100.0</b>	<b>727,157</b>	<b>100.0</b>	<b>(15.2)</b>	<b>(13.1)</b>	<b>(100.0)</b>

<sup>(1)</sup> Includes sales in Macau and to distributors and travel retail customers in Asia.

<sup>(2)</sup> Includes sales from Luxembourg.

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 FY2021 H1 compared to FY2020 H1:

	Own Retail Stores				% contribution to Overall Growth <sup>(1)(2)</sup>			
	Net openings YTD		Net openings YTD		Non-comparable Stores	Comparable Stores	Total Stores	Same Store Sales Growth % <sup>(2)</sup>
30 Sep 2020	30 Sep 2020	30 Sep 2019	30 Sep 2019					
Japan <sup>(3)</sup>	157	(6)	161	7	(5.4)	(12.6)	(17.9)	(14.3)
Hong Kong <sup>(4)</sup>	36	1	36	-	(2.2)	(3.0)	(5.2)	(30.1)
China	204	1	194	4	3.9	5.3	9.2	11.3
Taiwan	54	(1)	52	(1)	1.5	1.7	3.2	17.1
France <sup>(5)</sup>	87	-	87	1	(2.4)	(4.5)	(6.9)	(19.6)
United Kingdom	71	(1)	72	(2)	(0.4)	3.3	2.9	13.0
United States	174	2	178	(6)	(5.4)	(12.8)	(18.2)	(23.3)
Brazil <sup>(6)</sup>	168	(31)	186	4	(2.5)	(5.9)	(8.4)	(31.8)
Russia <sup>(7)</sup>	113	1	110	3	(0.4)	(2.1)	(2.5)	(14.0)
Other geographic areas <sup>(8)</sup>	505	(5)	517	11	(3.5)	(8.4)	(11.9)	(10.0)
<b>Total <sup>(9)</sup></b>	<b>1,569</b>	<b>(39)</b>	<b>1,593</b>	<b>21</b>	<b>(16.8)</b>	<b>(38.9)</b>	<b>(55.7)</b>	<b>(10.4)</b>

<sup>(1)</sup> Represents percentage of overall net sales growth attributable to Non-comparable Stores, Comparable Stores and Total Stores for the geographic area and period indicated.

<sup>(2)</sup> Excludes foreign currency translation effects.

<sup>(3)</sup> Includes 35 and 31 Melvita stores as at 30 September 2019 and 30 September 2020 respectively.

- (4) Includes 3 L'Occitane stores in Macau and 10 Melvita stores in Hong Kong as at 30 September 2019 and 2 L'Occitane stores in Macau, 11 Melvita stores and 3 ELEMIS stores in Hong Kong as at 30 September 2020.
- (5) Includes 7 Melvita and 2 Erborian stores as at 30 September 2019 and 30 September 2020.
- (6) Includes 84 and 60 L'Occitane au Brésil stores as at 30 September 2019 and 30 September 2020 respectively.
- (7) Includes 11 Erborian stores as at 30 September 2019 and 30 September 2020.
- (8) Include 9 Melvita and 2 Erborian stores as at 30 September 2019 and 8 Melvita, 2 Erborian stores and 2 ELEMIS stores as at 30 September 2020.
- (9) Include 61 Melvita, 84 L'Occitane au Brésil and 15 Erborian stores as at 30 September 2019 and 57 Melvita, 60 L'Occitane au Brésil, 15 Erborian and 5 ELEMIS stores as at 30 September 2020.

### ***Japan***

Japan's net sales for FY2021 H1 were €88.3 million, a decrease of 17.4% at constant exchange rates as compared to the same period last year. Sales decline narrowed from -27.6% in FY2021 Q1 to -6.9% in FY2021 Q2 as retail stores reopened and e-commerce channels recorded strong growth. Japan ended FY2021 H1 with -17.4% at constant rates, due partly to trading with four fewer stores and a high base last year with the VAT hike expectation.

### ***Hong Kong***

Hong Kong's net sales for FY2021 H1 were €32.3 million, a decrease of 43.2% at constant exchange rates as compared to the same period last year. The continued restrictive measures and travel bans hampered local business as well as the travel retail business in the region. FY2021 Q2 saw some recovery in travel retail in China, mainly benefiting from the travel boom in Hainan province. Sales to Korea duty free operators also improved in FY2021 Q2 with the help of online collaborations.

### ***China***

China's net sales for FY2021 H1 were €97.4 million, an increase of 30.5% at constant exchange rates as compared to the same period last year. Sales growth accelerated in FY2021 Q2 with fantastic growth in all channels, thanks to a successful hair care launch and Chinese Valentine's Day campaign. Traffic increased in both brick and mortar as well as online business. Tmall continued to outperform with mid-double-digit growth, while JD.com grew more than 100%. During the period, ELEMIS launched in China with 125 Sephora shops.

### ***Taiwan***

Taiwan's net sales for FY2021 H1 were €17.9 million, an increase of 15.3% at constant exchange rates as compared to the same period last year. Same Store Sales Growth was 17.1%, thanks to the successful promotional campaigns of *Immortelle Reset* and *Immortelle Divine* as well as hand care items in FY2021 Q2.

### ***France***

France's net sales for FY2021 H1 were €37.5 million, a decrease of 22.9% at constant exchange rates as compared to the same period last year. Retail sales in FY2021 Q2 improved significantly over FY2021 Q1 after stores reopened. Yet stores in touristic areas were still heavily impacted by much lower footfall. E-commerce remained dynamic. Meanwhile, Erborian performed well and sales growth turned positive in FY2021 Q2.

### ***United Kingdom***

The United Kingdom's net sales for FY2021 H1 were €65.5 million, a decrease of 14.3% at constant exchange rates as compared to the same period last year. L'Occitane en Provence was resilient with mid-single-digit decline in sales for FY2021 H1, thanks to the strong growth in own e-commerce and TV channels which compensated for some of the loss in retail sales. ELEMIS's performance was partly impacted by the closure of spas under lockdown and a high base last year with March 2019 included.

### ***United States***

The United States' net sales for FY2021 H1 were €113.9 million, a decrease of 13.4% at constant exchange rates as compared to the same period last year. Even though online channels were strong, the impact of lockdowns and travel bans seriously impacted the retail sales of L'Occitane en Provence and the maritime channel of ELEMIS. LimeLife, on the other hand, posted encouraging growth in FY2021 H1, thanks to its resilient digital direct selling business model.

### ***Brazil***

Brazil's net sales for FY2021 H1 were €11.0 million, a decrease of 41.8% at constant exchange rates as compared to the same period last year. Both L'Occitane en Provence and L'Occitane au Brésil brands were strongly hit by the restrictive measures in the country. In addition, L'Occitane au Brésil was also affected by trading with 24 fewer shops than in same period last year.

### ***Russia***

Russia's net sales for FY2021 H1 were €17.1 million, a decrease of 11.3% at constant exchange rates as compared to the same period last year. At present, the Group operates three brands in Russia, namely L'Occitane en Provence, Erborian and ELEMIS. After a weak FY2021 Q1 under lockdown measures, sales growth in FY2021 Q2 turned positive at 11.9%, contributed mainly by the launch of ELEMIS as well as a mid-double-digit growth of Erborian. L'Occitane en Provence also narrowed the sales decline to low single-digit after stores reopened in FY2021 Q2.

### ***Other geographic areas***

Other geographic areas' net sales for FY2021 H1 were €135.5 million, a decrease of 14.5% at constant exchange rates as compared to the same period last year. FY2021 Q2 saw significant improvement over FY2021 Q1 as online sales growth remained dynamic after retail stores reopened. Korea also contributed to the rebound in FY2021 Q2 with mid-double-digit growth, while Germany and Malaysia also had positive contribution.

## **PROFITABILITY ANALYSIS**

### **Cost of sales and gross profit**

Cost of sales decreased by 19.4% or €26.6 million to €110.4 million for FY2021 H1 as compared to the same period last year. The gross profit margin increased by 0.9 points to 82.1% for FY2021 H1, mainly due to the following factors:

- channel mix effects, mainly from increase in proportion of online channels which have higher gross margin than wholesale channels for 1.7 points;
- favourable brand, country and product mixes for 0.3 points; and
- price increase and others for 0.2 points.

The increase in gross profit margin was partly offset by the following factors:

- lower leverage on production fixed costs for 0.4 points;
- inventory provision for slower moving items due to COVID-19 for 0.4 points;
- higher freight and duties due to higher volume to countries with higher custom duties for 0.3 points; and
- unfavourable foreign exchange rates ("FX") impact for 0.2 points.

## **Distribution expenses**

Distribution expenses decreased by 15.3% or €56.0 million to €310.3 million for FY2021 H1 as compared to the same period last year. As a percentage of net sales, the distribution expenses improved by 0.1 points to 50.3% of net sales for FY2021 H1. This improvement was attributable to a combination of the following:

- under the context of the COVID-19, sales drop led to lower leverage and efficiency for 11.7 points; and
- one-off items for 1.2 points, mainly from accelerated closure of unprofitable stores.

The deterioration was fully offset by:

- favourable channel and brand mix effects for 6.9 points, due mainly to increase in proportion of online channels which have lower distribution costs percentage to sales and decrease in proportion of retail which has higher personnel and rental costs;
- savings from rent reliefs and in travel and entertainment under COVID-19 restrictive measures for 3.0 points;
- grants, subsidies and tax reliefs from governments on furlough, wages and property taxes for 2.8 points; and
- FX and reclassification for 0.3 points.

## **Marketing expenses**

Marketing expenses decreased by 4.5% or €4.2 million, to €88.5 million for FY2021 H1 as compared to the same period last year. The marketing expenses as a percentage of net sales increased by 1.7 points to 14.4% of net sales for FY2021 H1. The deterioration was attributable to the following:

- unfavourable channel mix due to lower proportion of retail channel which has lower marketing cost percentage, and meanwhile redirecting investment to marketplace and online channels in Asia particularly in China and Korea for 0.9 points;
- lower leverage and efficiency for 0.8 points;
- increase in advertising and events in China for 0.7 points;
- increase in targeted usage of promotional tools and samples for 0.4 points; and
- other factors for 0.2 points.

The deterioration was partly offset by:

- decrease in advertising and events in other countries for 0.8 points; and
- favourable brand mix for 0.5 points.

## **Research & development expenses**

Research and development (“**R&D**”) expenses decreased by 23.9%, or €2.5 million, to €7.8 million for FY2021 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 1.3% for FY2021 H1.

## General and administrative expenses

General and administrative expenses decreased by 12.9%, or €10.2 million, to €69.1 million for FY2021 H1 compared to the same period last year. As a percentage of net sales, general and administrative expenses increased by 0.3 points to 11.2% for FY2021 H1. The increase is attributable to a combination of the following:

- lower leverage for 1.9 points;
- investment in information technology and staffing for 0.4 points;
- phasing and other factors for 0.4 points; and
- increase in office rents, expenses and depreciation in subsidiaries for 0.2 points.

This was partly offset by:

- costs cutting and saving together with government grants and subsidies relating to COVID-19 for a total of 1.8 points; and
- one-off items last year for 0.8 points, essentially explained by the acquisition cost of ELEMIS last year.

## Other gains, net

Net other gains amounted to €1.0 million in FY2021 H1, being capital gains from IFRS 16 leasing accounting related entries and tax credits on research expenditures. In FY2020 H1, there were net other gains of €0.3 million.

## Operating profit

Operating profit decreased by 21.2%, or €8.9 million, to €32.9 million for FY2020 H1 and the operating profit margin deteriorated by 0.4 points to 5.3% of net sales. The decrease in operating profit margin is explained by a combination of:

- lower leverage and efficiency on rental and retail personnel, essentially from COVID-19 impact for 15.1 points;
- investment in information technology and the effect of office moves and staffing last year for 0.5 points;
- one-off items and others mainly related to store network rationalisation, partly offset by ELEMIS acquisition costs last year, for 0.5 points; and
- net increase in marketing investment for 0.3 points, due to higher investment in online platforms, promotional items and rapid growing China market, partly offset by cutting back on public relations, events and R&D.

This decrease was partly offset by:

- favourable channel mix with higher sharing of marketplace, webpartners and e-commerce channels for 8.0 points;
- government grants, subsidies and rent and tax reliefs for 7.6 points; and
- favourable brand mix for 0.4 points.

## Finance costs, net

Net finance costs were €10.4 million for FY2021 H1, €0.3 million lower than the same period last year. The net finance costs comprised €6.4 million relating to IFRS 16 Leases, €2.9 million relating to net interest expenses and finance costs on loans and revolving facilities and €1.1 million relating to unwinding of discount on other financial liabilities.

## Foreign currency gains/losses

Net foreign currency losses amounted to €3.8 million for FY2021 H1, as compared to net currency gains of €1.6 million for FY2020 H1. The net foreign currency losses comprised €4.4 million realised losses and €0.6 million unrealised gains.

In terms of currency kind, the net foreign currency losses of €3.8 million were mainly incurred from Brazilian real, Chinese yuan, Russian ruble, United States dollar and Great British pound.

## Income tax expenses

Income tax expense amounted to €1.4 million in FY2021 H1, representing an effective tax rate of 7.6%, as compared to an income tax expense of €7.5 million or an effective tax rate of 22.8% in same period last year. The decrease in income tax expense was due mainly to lower profit before tax this year as well as lower tax expense from derecognition of tax assets as compared to same period last year.

## Profit for the period

Net profit for FY2021 H1 decreased by 31.6% or €8.0 million to €17.3 million, as compared to the same period last year. The basic and diluted earnings per share are €0.011, both decreased by 35.3%, as compared to the same period last year.

## BALANCE SHEET REVIEW

### Liquidity and capital resources

As at 30 September 2020, the Group had cash and cash equivalents of €252.8 million, as compared to €80.4 million as at 30 September 2019 and €166.3 million as at 31 March 2020.

The total borrowings, including term loans, bank borrowing and revolving facilities and other borrowings, amounted to €525.7 million as at 30 September 2020, as compared to €503.7 million as at 30 September 2019 and €475.0 million as at 31 March 2020.

Net debt as at 30 September 2020 amounted to €698.7 million, reduced by €206.7 million or 22.8% as compared to €905.4 million as at 30 September 2019.

As at 30 September 2020, the aggregate amount of undrawn borrowing facilities was €445.8 million, as compared to €228.2 million as at 30 September 2019 and €230.7 as at 31 March 2020.

The financings were mainly arranged with commercial banks and based on Euribor or Libor rates plus a margin. To manage the impact of COVID-19 on its operations, during FY2021 H1, the Company signed a new revolving facility (“**FY2021 revolving facility**”) with an amount of €203 million and a new bank loan (“**FY2021 PGE Bank loan**”) with an amount of €50 million. As at 30 September 2020, the amounts withdrawn under FY2021 revolving facility and FY2021 PGE Bank loan were €nil and €50 million respectively.

### Investing activities

Net cash used in investing activities was €23.5 million for FY2021 H1, as compared to €38.7 million for the same period last year, representing a decrease of €15.2 million. The sharp decrease was attributable to the management decision to put on hold certain capital expenditures, in particular store related capital expenditures, during the period. The investing activities during this period included financial investments of €12.7 million, mainly for a joint venture in the Middle East and capital expenditures of €10.8 million.

The capital expenditures during the period were primarily related to:

- investments in various information technology projects for €5.8 million;
- leasehold improvements in progress and other tangible assets relating to stores for €3.0 million; and
- work-in-progress in the factories in Brazil and Manosque and addition to offices and warehouses in subsidiaries for €2.0 million.



## Financing activities

Financing activities resulted in a net outflow of €10.1 million in FY2020 H1. During the same period last year, it was a net outflow of €136.7 million. The net outflow this year was resulted from principal components of lease payments, partly net off by net proceeds from borrowings.

## Inventories

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

<b>For the six months ended 30 September</b>	<b>2020</b>	<b>2019</b>
Average inventory turnover days <sup>(1)</sup>	<u>346</u>	<u>286</u>

<sup>(1)</sup> 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.

In view of the impact of COVID-19 on sales in FY2021 H1, the Company managed to reduce inventory on hand. Inventory net value was €215.1 million as at 30 September 2020, a decrease of €11.2 million or 4.9% as compared to €226.3 million as at 30 September 2019. The inventory turnover days for FY2021 H1, however, increased by 60 days, due mainly to the reduction in sales and thus reduction in cost of sales as compared to same period last year. Note also that the inventory at the end of September is in the pipeline for the upcoming peak festive season from October to December.

The increase in stock turnover days is attributable to the following:

- finished goods and mini products and pouches (“MPPs”) for +84 days; and
- raw materials and work in progress for +8 days;

which is partly offset by the following:

- provision for inventory for -13 days; and
- favourable FX impacts for -19 days.

## Trade receivables

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

<b>For the six months ended 30 September</b>	<b>2020</b>	<b>2019</b>
Turnover days of trade receivables <sup>(1)</sup>	<u>41</u>	<u>38</u>

<sup>(1)</sup> 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 increase in turnover days of trade receivables by 3 days for FY2021 H1 was attributed to:

- increase in turnover days of sell-out sales for +5 days, due mainly to channel and country mixes; and
- increase in turnover days of sell-in sales for +2 days.

The increase was partly offset by:

- higher allowance for -1 day; and
- FX impact for -3 days.

## 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	2020	2019
Turnover days of trade payables <sup>(1)</sup>	248	200

<sup>(1)</sup> 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 increase in turnover day of trade payables by 48 days for FY2021 H1 was explained by the increase in turnover day in trade payables and accrued expenses for 61 days, and partly net off by FX impact for 13 days.

## BALANCE SHEET RATIOS

The Group's profitability ratios for FY2021 H1 lowered as compared to the same period last year. Return on capital employed for FY2021 H1 decreased slightly to 1.5% as compared to 1.7% for the same period last year. The decrease was a net result of a decrease in net profit together with a lower capital employed. Gearing ratio lowered by 1.8 points, as a result of lower debt and higher total assets.

For the period ended	30 September 2020 € '000	30 September 2019 € '000
<b>Profitability</b>		
EBITDA <sup>(1)</sup>	128,553	138,816
Net operating profit after tax (NOPAT) <sup>(2)</sup>	26,875	33,490
Capital employed <sup>(3)</sup>	1,803,943	1,977,201
Return on capital employed (ROCE) <sup>(4)</sup>	1.5%	1.7%
Return on equity (ROE) <sup>(5)</sup>	1.5%	2.5%
<b>Liquidity</b>		
Current ratio (times) <sup>(6)</sup>	1.0	1.2
Quick ratio (times) <sup>(7)</sup>	0.7	0.7
<b>Capital adequacy</b>		
Gearing ratio <sup>(8)</sup>	37.8%	39.6%
Debt to equity ratio <sup>(9)</sup>	63.2%	84.5%

<sup>(1)</sup> Earnings before interest, taxes, depreciation and amortisation

<sup>(2)</sup> (Operating profit + foreign currency net gains or losses) x (1 – effective tax rate)

<sup>(3)</sup> 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.

<sup>(4)</sup> NOPAT/capital employed

<sup>(5)</sup> Net profit attributable to equity owners of the Company/shareholders' equity at period end excluding minority interest

<sup>(6)</sup> Current assets/current liabilities

<sup>(7)</sup> (Current assets – inventories)/current liabilities

<sup>(8)</sup> Total debt/total assets

<sup>(9)</sup> Net debt/(total assets – total liabilities)

## **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 2020, the Group had foreign exchange derivatives net liabilities of €0.3 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 €116.4 million.

## **DIVIDENDS**

At the Board meeting held on 29 June 2020, the Board recommended a distribution of a gross final dividend of €0.02228 per share for an aggregated sum of €32.6 million or 28.0% of the FY2020 net profit attributable to the equity owners of the Company. The amount of the final dividend was based on 1,461,732,521 shares in issue as at 29 June 2020 excluding 15,232,370 treasury shares. The shareholders of the Company approved the final dividend at the annual general meeting held on 30 September 2020. The dividend was paid on 23 October 2020.

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 FY2021 H1.

## **POST BALANCE SHEET EVENTS**

In October 2020, the Group announced a restructuring plan that will result in the loss of approximately 10% of Group corporate functions positions in several countries. The total staff restructuring cost estimated to be incurred in the second half of FY2021 amounts to €10 million. Total annual savings for a full year are estimated to be €20 million.

The COVID-19 crisis and the recent corresponding restrictive measures, such as travel bans, partial lockdowns, and shop closures in some of the Group's key markets continue to affect business operation notably in Europe. Given the unpredictability of the future development of COVID-19, the impact to the Group in the first half-year is not indicative of the impact for the financial year ending 31 March 2021. The Company will continue to follow the sanitary measures and closely monitor the situation. The estimated financial effects, if any, will be reflected in the Group's future financial statements.

## **STRATEGIC REVIEW**

The Group registered a solid financial result for FY2021 H1, despite the challenges posed by the COVID-19 pandemic. Although overall sales inevitably declined compared to the same period in FY2020, its continued adherence to its strategy of building trust, sustainable growth and profitability kept it closely aligned to the path to a quick recovery.

In face of the widespread store closures, social distancing and other restrictive measures brought on by COVID-19, the five pillars of the Group's strategy — empowering teams; executing fundamentals especially in a retail context; adopting an omni-channel, mobile and digital approach; engaging customers; and strengthening brand commitments — proved to be critical to the Group's resilience as it navigated through the crisis.

Thanks to the Group's adaptability and solidarity, it saw many bright spots in FY2021 H1. Its online channels showed extraordinary growth, key markets in Asia rebounded strongly in FY2021 Q2, and the non-core brands showed continued progress and contributed to the bottom-line. Combined with the Group's focus and determination to increase efficiency and address loss areas, it managed to deliver decent profitability during the period.

### **Online and omni-channel sales the star of the show**

Sales through the Group's online channels expanded 80.8% in FY2021 H1, with dynamic growth across all geographies, and accounted for 40.7% of the Group's total sales during the period. These expanded online sales compensated for some lost sales through the Group's brick and mortar stores, of which more than 75% were shuttered at the peak of the COVID-19 pandemic in early FY2021.

This did not compromise the Group's human approach to beauty, with social selling complementing its successful pivot to online sales. By the end of September 2020, the Group has initiated close to 50 social selling projects globally. In South Korea, the Group launched a chatbot shopping service on KaKao Talk to deftly handle customer enquiries, directing them to the Group's website or their preferred store account for virtual consultations and purchases. In the US, a clienteling pilot program was launched for in-store beauty advisors to communicate directly with their customers via SMS and social media. This initiative received highly positive feedback, with clienteling now representing more than 10% of retail sales. Similarly in Europe, personal shopping concierge services provided consultations online, and click-and-collect services were expanded rapidly to adapt to changing customer behaviours during lockdowns. Such services are expected to remain a mainstay of the Group's business, even as physical stores re-open.

As of 30 September 2020, almost all of the Group's physical stores had re-opened with stringent safety measures in place. The Group remains committed to offering a 100% contactless journey to provide the highest level of safety to its staff and customers, while still providing a memorable and fresh shopping experience.

### **Dominant position in key product segments safeguards resilience**

The Group's core brand, L'OCCITANE en Provence's iconic status in premium body and hand care served it well throughout the COVID-19 pandemic, which has driven up demand for hygiene products such as soaps, as well as hand creams and moisturisers. The Group moved quickly to promote its product ranges in these areas while introducing new lines such as hand sanitation gels. The brand's leading position in these product segments was cemented further during the Double 11 campaign in China, during which sales grew more than 40% from a year earlier, with the brand securing No. 1 status in both body care and hand care across the whole Tmall platform.

The Group also launched strong face care campaigns, particularly for the *Immortelle Reset* eye serum, in line with its ongoing hero product strategy. The Group's continued emphasis on face care, hand care and body care remained a highly effective recruiter in all major markets throughout the pandemic, while also driving loyalty. These products will remain the Group's primary focuses for seasonal offerings as it enters the key holiday season.

### **ELEMIS expands digital-first into Asia and other markets**

Despite experiencing a setback in sales growth as a consequence of the COVID-19 pandemic, ELEMIS continued to focus on its digital-first strategy and on materialising synergies with L'OCCITANE en Provence as it entered new markets globally. FY2021 H1 saw the rapid expansion of ELEMIS into new markets under a digital-first strategy, launching e-commerce websites in important markets in Europe, such as France, Germany and Italy, and in Asia, including Hong Kong, Taiwan, Singapore and Thailand.

ELEMIS's launch in the China market was the main highlight, launching exclusively into Sephora both online and offline in 125 physical stores. Its launch campaign, supported by significant marketing investments across social and traditional media, generated over 200 million impressions.

Since its launch in July 2020, ELEMIS's performance in China has been highly encouraging. September 2020 was the brand's best month yet, with sell-out sales more than double that in August 2020. Its digital-first approach, particularly live streaming events, has proved highly effective in driving sales. During ELEMIS's live streaming event with one of China's top influencers Austin Li, known locally as the "Lipstick King", 2,300 units of its *Pro-Collagen Marine Cream* sold out within minutes.

Sales in China are expected to be bolstered further by launch of overseas fan favourites, including several *Ultra Smart* products — ELEMIS's ultra-premium anti-aging line — in the coming months. ELEMIS is also expected to accelerate its Sephora rollout in China, with 150 stores by the end of 2020.

### **Multi-brand strategy forges new growth and profitability engines**

The Group continued to develop each of the six brands in its portfolio throughout FY2021 H1. The Group's namesake brand, L'OCCITANE en Provence accounted for around 74% of the Group's sales in FY2021 H1, down from around 79% in FY2020. This diversification is expected to continue as each brand continues to build on their unique identities.

For ELEMIS's heritage markets in the UK and the US, despite having its maritime and spa channels almost come to a complete halt, still performed within expectations. Thanks to its digital-first strategy, its online channels continued to grow from strength to strength, delivering close to 70% growth in FY2021 H1. At the same time, ELEMIS's lean and agile structure enabled it to act swiftly and cut costs early on in the pandemic, contributing to its record high operating profit margin of 30.5%.

LimeLife sales bounced back strongly in FY2021 H1, growing 35% during the period and turning profitable, benefiting from its online-only and social media-based business model. Sales in FY2021 Q2, in particular, was driven by successful product launches and a new mobile app for beauty guides. The COVID-19 pandemic also made it easier to recruit new beauty guides attracted to a new career path that aligns perfectly with the shift to 'Work from Home' around the world.

The Group's emerging brands, Melvita, L'OCCITANE au Brésil and Erborian, showed a mixed picture, although all three recovered significantly in FY2021 Q2. The Group was pleased with Erborian's performance, which grew close to 30% during FY2021 Q2 and maintained profitable. On the other hand, Melvita and L'OCCITANE au Brésil experienced greater challenges during the period. Both brands have refined their strategy, with L'OCCITANE au Brésil re-focusing on key customer groups, recruitment and the development of new channels, and Melvita prioritising key markets, namely France, Japan and China. At the same time, both brands aim to improve profitability — they are well advanced in their restructures and continued to close underperforming sales points during the period.

### **Committed to supporting the fight against COVID-19 and other long-term threats**

To date, the Group continues to donate care products to support healthcare workers fighting the pandemic around the world. It is also continuing to support its raw material producers — particularly its female shea butter partners in Burkina Faso to help their communities curb the spread of the pandemic. The support is made up of three core actions: raising awareness of shielding measures, providing protective equipment and supplies and strengthening the economic resilience of the local population while their work is suspended.

The Group will also continue adhering to its other commitments notwithstanding the current COVID-19 crisis, namely in three priority areas — protecting and restoring biodiversity, mitigating the climate crisis and empowering women. It recently set the objective of achieving carbon neutrality at its two production sites in France by 2025, and across the Group by 2030. The Group is on track to reach its target of 80% renewable electricity, being in line with its RE100 commitment. Meanwhile, it is making headway in more eco-friendly packaging, such as by expanding the number of L'OCCITANE en Provence products available in eco-refills from 19 to 25 in 2020 (one year earlier than targeted), and eliminating plastic films on retail products and spatulas in face creams.

### **OUTLOOK**

The business environment in FY2021 H2 will be no less challenging. To safeguard its continued resilience and financial flexibility, the Group is undertaking a reorganisation process to accelerate its transformation, which may lead the loss of approximately 300 positions globally of its total workforce of 9,000. The Group is also actively addressing loss areas, with restructures for L'OCCITANE au Brésil and Melvita underway, and a likely acceleration of store rationalisation in markets such as the US. These actions will allow the Group to be more efficient and flexible to face the ever-evolving conditions.

In the meantime, the Group is closely monitoring the length and severity of the COVID-19 lockdowns recently announced in various countries around the world, given the centrality of the holiday season to its profitability and marketing calendar. The Group is tirelessly anticipating and preparing for the consequent accelerated channel shift to online. Its I.T. and logistics are well coordinated with the customer service and web teams, who will continue to leverage on its social selling initiatives to capture the surge in online demand and deliver a strong holiday season.

Looking ahead, the Group is confident that the effectiveness of its investments and pivot to online marketing activities, as well as in the inherent strength of its brands, will see it emerge from the current challenges even stronger. By taking further steps to sharpen the financial efficiency and flexibility of its business, empower its teams and prioritise its omni-channel approach, the Group is well poised to improve profitability and generate more value to shareholders in the long term.

## 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 (the “**Audit Committee**”) comprising of three non-executive Directors, two 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 controls and financial reporting matters including the review of the consolidated results of the Group for the six months ended 30 September 2020.

## 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’ 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 2020 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**”) 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 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 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 Model Code during the six months ended 30 September 2020.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

## **GENERAL INFORMATION**

The interim condensed consolidated financial statements of the Group for the six months ended 30 September 2020 have been reviewed by the Audit Committee.

## **PUBLICATION OF INTERIM REPORT**

The interim 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 interim report will be dispatched to the shareholders of the Company 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.

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

Hong Kong, 30 November 2020

*As at the date of this announcement, the executive Directors are Mr. Reinold Geiger (Chairman and Chief Executive Officer), Mr. André Hoffmann (Vice-Chairman), Mr. Silvain Desjonquères (Group Managing Director), Mr. Thomas Levilion (Group Deputy General Manager, Finance and Administration), Mr. Karl Guénard (Company Secretary) and Mr. Séan Harrington, the non-executive Director is Mr. Martial Lopez and the independent non-executive Directors are Mrs. Valérie Bernis, Mr. Charles Mark Broadley, Mr. Pierre Milet and Mr. Jackson Chik Sum Ng.*

## **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.*