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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 2021**

HIGHLIGHTS

- The Group is pleased to announce strong financial results in FY2022 H1, with a record interim net profit of €60.6 million, equivalent to 8.7% of reported net sales and a growth of 262% as compared to the same period last year. The Group's restructuring efforts, prudence in capital expenditures and targeted investments in key channels and countries all contributed to the outstanding results.
- Reported net sales grew 12.9% and like-for-like sales grew 18.6%*.
- Gross profit margin declined by 2.4% to 79.7%, due mainly to one-off deconsolidation of L'Occitane, Inc. and channel mix as wholesale and travel retail sales rebounded.
- Operating profit reached €78.9 million, or 11.3% of reported net sales.
- On 15 November 2021, the Group announced the acquisition of a majority stake in Sol de Janeiro, an innovative leader in the global premium body care market. This acquisition is in line with the Group's ongoing strategy to build a leading and geographically-balanced group of premium beauty brands.

* At constant exchange rates and assuming L'Occitane, Inc. remained part of the Group

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 2021 ("**FY2022 H1**") together with comparative figures for the six months ended 30 September 2020 ("**FY2021 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 six months ended 30 September		2021	Restated* 2020	%
	Notes	€ '000	€ '000	Change
Net Sales	2	696,435	616,637	12.9
Cost of sales		(141,551)	(110,403)	28.2
Gross profit		554,884	506,234	9.6
<i>% of net sales</i>		<i>79.7%</i>	<i>82.1%</i>	–
Distribution expenses		(288,358)	(310,258)	(7.1)
Marketing expenses		(111,472)	(88,505)	25.9
Research and development expenses		(8,439)	(7,843)	7.6
General and administrative expenses		(71,588)	(69,126)	3.6
Share of profit/(losses) from associates and joint ventures accounted for using the equity method	3	(9,377)	814	(1,252.0)
Other (losses)/gains, net		550	1,033	(46.8)
Reconsolidation of L'Occitane, Inc.	4	12,783	–	n/a
Restructuring expenses		(113)	–	n/a
Operating profit	5	78,870	32,349	143.8
Finance costs, net	6	(6,683)	(10,393)	(35.7)
Foreign currency gains/(losses)		(708)	(3,825)	(81.5)
Profit before income tax		71,479	18,131	294.2
Income tax expense	7	(10,867)	(1,413)	669.1
Profit for the period		60,612	16,718	262.6
Attributable to:				
Equity owners of the Company		59,888	15,063	297.6
Non-controlling interests		724	1,655	(56.3)
Total		60,612	16,718	262.6
Effective tax rate		15.2%	7.8%	
Earnings per share for profit attributable to equity owners of the Company during the period (expressed in Euros per share)				
Basic		0.041	0.010	310.0
Diluted		0.041	0.010	310.0
Number of shares used in earnings per share calculation				
Basic	8	1,468,437,771	1,461,732,521	0.5
Diluted	8	1,475,276,213	1,464,247,251	0.8

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

INTERIM CONSOLIDATED BALANCE SHEET

As at	Notes	30 September 2021 € '000	Restated* 31 March 2021 € '000
ASSETS			
Property, plant and equipment, net		129,247	130,347
Right-of-use assets		356,710	301,271
Intangible assets, net		315,637	315,949
Goodwill		763,705	754,843
Deferred income tax assets		96,099	65,854
Investments accounted for using the equity method		47,918	62,175
Other non-current receivables		64,698	50,816
Non-current assets		1,774,014	1,681,255
Inventories, net	10	239,218	198,860
Trade receivables, net	11	185,159	135,338
Other current assets		63,069	52,798
Derivatives financial instruments		283	72
Cash and cash equivalents		181,661	421,216
Current assets		669,390	808,284
TOTAL ASSETS		2,443,404	2,489,539
EQUITY AND LIABILITIES			
Share capital		44,309	44,309
Additional paid-in capital		342,851	342,851
Other reserves		(96,050)	(107,642)
Retained earnings		918,819	913,320
Capital and reserves attributable to the equity owners		1,209,929	1,192,838
Non-controlling interests		80,874	78,699
Total equity		1,290,803	1,271,537
Borrowings		54,690	19,622
Lease liabilities		260,254	216,189
Deferred income tax liabilities		54,342	52,786
Other financial liabilities		19,644	18,671
Other non-current liabilities		23,960	23,256
Non-current liabilities		412,890	330,524
Trade payables	12	191,733	161,658
Salaries, wages, related social items and other tax liabilities		76,992	93,539
Current income tax liabilities		20,487	28,504
Borrowings		276,840	502,492
Lease liabilities		91,660	78,538
Other current liabilities		78,045	20,357
Derivatives financial instruments		2,425	713
Provisions		1,529	1,677
Current liabilities		739,711	887,478
TOTAL EQUITY AND LIABILITIES		2,443,404	2,489,539
NET CURRENT ASSETS		(70,321)	(79,194)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,703,693	1,602,061

* Investments in associates, other non-current assets and retained earnings for the period ended 31 March 2021 were restated to reflect the new accounting treatment of MyGlamm. The retained earnings were decreased by €7,341,000.

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

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 2021, 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 2021 have no material impact on the interim condensed consolidated financial information.

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

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

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

Other new and amended standards

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

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

2. 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 and skincare 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 segment

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

30 September 2021

<i>In thousands of Euros</i>	L'OCCITANE en Provence	ELEMIS	LimeLife	Other brands	Total
Net Sales	529,807	86,805	37,259	42,565	696,435
<i>In % of total</i>	<i>76.1%</i>	<i>12.5%</i>	<i>5.3%</i>	<i>6.1%</i>	<i>100.0%</i>
Gross profit	431,420	64,058	27,977	31,430	554,884
<i>% of net sales</i>	<i>81.4%</i>	<i>73.8%</i>	<i>75.1%</i>	<i>73.8%</i>	<i>79.7%</i>
Distribution expenses	(227,234)	(19,060)	(24,832)	(17,232)	(288,359)
Marketing expenses	(79,444)	(19,869)	(1,483)	(10,676)	(111,471)
Research & development expenses	(6,586)	(759)	(186)	(908)	(8,439)
General and administrative expenses	(55,141)	(9,376)	(3,532)	(3,539)	(71,588)
Share of profit/(losses) from joint operations	(9,377)	–	–	–	(9,377)
Reconsolidation of L'Occitane, Inc.	12,783	–	–	–	12,783
Restructuring expenses	(113)	–	–	–	(113)
Other (losses)/gains, net	550	–	–	–	550
Operating profit	66,858	14,994	(2,056)	(926)	78,870
<i>% of net sales</i>	<i>12.6%</i>	<i>17.3%</i>	<i>(5.5%)</i>	<i>(2.2%)</i>	<i>11.3%</i>

30 September 2020

<i>In thousands of Euros</i>	L'OCCITANE en Provence	ELEMIS	LimeLife	Other brands	Total
Net Sales	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%
Gross profit	390,038	49,655	41,619	24,922	506,234
<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	814	–	–	–	814
Other (losses)/gains, net	1,386	(348)	–	(5)	1,033
Operating profit	19,674	19,713	2,203	(9,241)	32,349
<i>% of net sales</i>	4.3%	30.5%	4.1%	(26.2%)	5.2%

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>	Six months ended 30 September			
	2021		2020	
	Total	In %	Total	In %
China	124,115	17.8%	97,445	15.8%
Japan	88,962	12.8%	88,308	14.3%
United Kingdom	78,015	11.2%	65,545	10.6%
United States ⁽¹⁾	72,147	10.4%	113,924	18.5%
Hong Kong ⁽²⁾	51,401	7.4%	32,345	5.2%
Luxembourg — Swiss branch ⁽³⁾	44,110	6.3%	18,739	3.0%
France	40,746	5.9%	37,538	6.1%
Russia	23,645	3.4%	17,106	2.8%
Brazil	19,661	2.8%	10,997	1.8%
Taiwan	16,700	2.4%	17,936	2.9%
Other geographic areas	136,933	19.6%	116,754	19.0%
Net sales	696,435	100.0%	616,637	100.0%

⁽¹⁾ Excludes sales during Chapter 11 proceedings, i.e. from 1 April to 31 August 2021.

⁽²⁾ Includes sales in Macau and to distributors and travel retail customers in Asia.

⁽³⁾ Sales invoiced by the Company to distributors and travel retail customers in Europe, Middle-East and the Americas.

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

Period ended 30 September 2021	2021	Restated
	€ '000	2020
		€ '000
L'Occitane, Inc. (April to August 2021)	(8,920)	–
MyGlamm	(790)	(550)
CAPSUM	(436)	–
L'Occitane Middle East	769	1,364
Total	(9,377)	814

4. Reconsolidation of L'Occitane, Inc.

Losses of L'Occitane, Inc. during the Chapter 11 proceeding, i.e. from 1 April to 31 August 2021, had been accounted for using the equity method. The share of losses of L'Occitane, Inc. amounting to €8.9 million were recorded as a decrease of the carrying amount of the investment in the associate in the balance sheet.

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

The impact of the reconsolidation of L'Occitane, Inc. as at 31 August 2021 resulted in a net gain of €12,783,000, which corresponds to the difference between the fair value of L'Occitane, Inc. and the carrying amount of the investment in this associate (including the current account of € 19,948,000 granted by the Group to L'Occitane, Inc. that was considered as a part of the net investment in L'Occitane, Inc.).

5. Depreciation, amortisation and impairment

Operating profit is arrived at after charging the following:

Period ended 30 September	2021 € '000	2020 € '000
Depreciation, amortisation and impairment	<u>80,528</u>	<u>100,843</u>

6. Finance costs, net

Period ended 30 September	2021 € '000	2020 € '000
Interest on cash and cash equivalents	<u>1,022</u>	<u>829</u>
Finance Income	1,022	829
Interest expenses	(2,779)	(3,850)
Interest and finance expenses paid/payable for lease liabilities (IFRS 16)	(3,953)	(6,384)
Unwinding of discount and other financial liabilities	<u>(973)</u>	<u>(988)</u>
Finance costs	<u>(7,705)</u>	<u>(11,222)</u>
Finance costs, net	<u>(6,683)</u>	<u>(10,393)</u>

7. 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	2021 € '000	2020 € '000
Profit before income tax excluding profit/(loss) from joint ventures	80,856	17,317
Income tax calculated at corporate tax rate (Luxembourg tax rate of 24.94% as at 30 September 2021 and 2020)	(20,165)	(4,319)
Effect of different tax rates in foreign countries	13,368	8,553
Effect of unrecognised tax assets	(2,128)	(3,478)
Expenses not deductible for tax purposes	(1,976)	(2,002)
Effect of unremitted tax earnings	<u>34</u>	<u>(167)</u>
Income tax (expense)	<u>(10,867)</u>	<u>(1,413)</u>

8. 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 €59.9 million for the six months ended 30 September 2021 (as compared to €15.1 million (restated) for the six months ended 30 September 2020) and the weighted average number of shares in issue of 1,468,437,771 (basic) and 1,475,276,213 (diluted) for the period ended 30 September 2021 and 1,461,732,521 (basic) and 1,464,247,251 (diluted) for the period ended 30 September 2020.

9. 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 2021.

10. Inventories, net

Inventories, net consist of the following items:

	30 September 2021	31 March 2021	30 September 2020
	€ '000	€ '000	€ '000
Raw materials and supplies	23,604	25,037	26,322
Finished goods and work in progress	236,039	189,815	208,333
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Inventories, gross	259,643	214,852	234,655
Less: allowance	(20,425)	(15,992)	(19,529)
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Inventories, net	239,218	198,860	215,126
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11. Trade receivables, net

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

	30 September 2021	31 March 2021	30 September 2020
	€ '000	€ '000	€ '000
Current and past due within 3 months	183,043	133,162	143,773
Past due from 3 to 6 months	3,780	2,321	2,000
Past due from 6 to 12 months	1,030	1,746	996
Past due over 12 months	2,212	2,092	–
Allowance for doubtful accounts	(4,906)	(3,983)	(2,624)
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Trade receivables, net	185,159	135,338	144,145
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The Group considers that there is no recoverability risk on the net receivables after allowance for doubtful accounts.

12. Trade payables

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

	30 September 2021	31 March 2021	30 September 2020
	€ '000	€ '000	€ '000
Current and past due within 3 months	175,883	156,259	145,566
Past due from 3 to 6 months	2,492	1,639	7,466
Past due from 6 to 12 months	7,761	2,555	1,474
Past due over 12 months	5,597	1,205	85
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Trade payables	191,733	161,658	154,591
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MANAGEMENT DISCUSSION & ANALYSIS

Summary:

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

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

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

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

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

Definitions:

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

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

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

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

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

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

SEASONALITY OF OPERATIONS

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

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

REVENUE ANALYSIS

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

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

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

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

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

Performance by Brand

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

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

⁽¹⁾ Others include Melvita, Erborian and L’OCCITANE au Brésil.

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

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

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

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

Performance by Geographic Area

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

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

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

⁽²⁾ Includes sales from Luxembourg.

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

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

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

⁽²⁾ Excludes foreign currency translation effects.

⁽³⁾ Includes 31 and 28 Melvita stores as at 30 September 2020 and 30 September 2021 respectively.

⁽⁴⁾ Includes 2 L'OCCITANE en Provence stores in Macau and 11 Melvita and 3 ELEMIS stores in Hong Kong as at 30 September 2020, and 2 L'OCCITANE en Provence stores in Macau and 5 Melvita and 3 ELEMIS stores in Hong Kong as at 30 September 2021.

⁽⁵⁾ Includes 7 Melvita and 2 Erborian stores as at 30 September 2020 and 4 Melvita and 2 Erborian stores as at 30 September 2021.

⁽⁶⁾ Includes 1 ELEMIS store as at 30 September 2021.

⁽⁷⁾ Includes 60 and 70 L'OCCITANE au Brésil stores as at 30 September 2020 and 30 September 2021 respectively.

⁽⁸⁾ Includes 11 Erborian stores as at 30 September 2020 and 30 September 2021.

⁽⁹⁾ Includes 8 Melvita, 2 ELEMIS and 2 Erborian stores as at 30 September 2020 and 6 Melvita, 7 ELEMIS and 2 Erborian stores as at 30 September 2021.

⁽¹⁰⁾ Includes 57 Melvita, 60 L'OCCITANE au Brésil, 5 ELEMIS and 15 Erborian stores as at 30 September 2020 and 43 Melvita, 70 L'OCCITANE au Brésil, 11 ELEMIS and 15 Erborian stores as at 30 September 2021.

Japan

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

Hong Kong

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

China

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

Taiwan

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

France

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

United Kingdom

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

United States

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

Brazil

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

Russia

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

Other geographic areas

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

PROFITABILITY ANALYSIS

Cost of sales and gross profit

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

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

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

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

Distribution expenses

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

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

The improvement was partly offset by:

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

Marketing expenses

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

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

The deterioration was partly offset by:

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

Research & development expenses

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

General and administrative expenses

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

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

The improvement was partly offset by:

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

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

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

Other gains, net

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

Operating profit

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

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

This increase was partly offset by:

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

Finance costs, net

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

Foreign currency gains/losses

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

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

Income tax expense

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

Profit for the period

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

Impact of COVID-19 pandemic

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

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

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

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

BALANCE SHEET REVIEW

Liquidity and capital resources

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

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

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

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

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

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

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

Investing activities

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

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

Financing activities

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

Inventories

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

For the six months ended 30 September	2021	2020
Average inventory turnover days ⁽¹⁾	<u>282</u>	<u>346</u>

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

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

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

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

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

which was partly offset by:

- unfavourable FX impacts for +15 days.

Trade receivables

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

For the six months ended 30 September	2021	2020
Turnover days of trade receivables ⁽¹⁾	<u>40</u>	<u>41</u>

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

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

Trade payables

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

For the six months ended 30 September	2021	2020
Turnover days of trade payables ⁽¹⁾	<u>228</u>	<u>248</u>

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

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

BALANCE SHEET RATIOS

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

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

⁽¹⁾ Earnings before interest, taxes, depreciation and amortisation

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

⁽³⁾ Non-current assets – (deferred tax liabilities + other financial liabilities + other non-current liabilities) + working capital. Note that working capital excludes financial liabilities such as dividends and acquisition payment.

⁽⁴⁾ NOPAT/capital employed

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

⁽⁶⁾ Current assets/current liabilities

⁽⁷⁾ (Current assets – inventories)/current liabilities

⁽⁸⁾ Total debt/total assets

⁽⁹⁾ Net debt/(total assets – total liabilities)

⁽¹⁰⁾ Investments accounted for using the equity method, other non-current assets and retained earnings for the period ended 30 September 2020 were restated to reflect the corrected accounting treatment of MyGlamm.

FOREIGN EXCHANGE RISK MANAGEMENT

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

DIVIDENDS

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

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

POST BALANCE SHEET EVENTS

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

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

STRATEGIC REVIEW

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

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

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

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

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

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

Core brand demonstrates strong resilience and powers growth globally

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

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

ELEMIS gains traction with accelerated global rollout

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

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

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

Acquisition strategy underscores continued transformation into a multi-brand group

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

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

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

Record profit coincides with completion of restructure and leadership evolution

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

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

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

Integrating long-term sustainability into all aspects of business

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

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

OUTLOOK

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

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

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 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 2021.

CORPORATE GOVERNANCE

The Board reviews its corporate governance practices regularly in order to meet the rising expectations of shareholders, to comply with increasingly stringent regulatory requirements and to 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 2021 save as disclosed below:

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

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

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

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 2021.

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

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

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

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

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

GENERAL INFORMATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 September 2021 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 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, 29 November 2021

As at the date of this announcement, the executive Directors are Mr. Reinold Geiger (Chairman), Mr. André Hoffmann (Vice-Chairman and Chief Executive Officer), Mr. Yves Blouin (Group Managing Director), Mr. Thomas Levilion (Group Deputy General Manager, Finance and Administration), Mr. Karl Guénard (Company Secretary) and Mr. Séan Harrington (Chief Executive Officer of ELEMIS) and the independent non-executive Directors are Mrs. Valérie Bernis, Mr. Charles Mark Broadley 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.