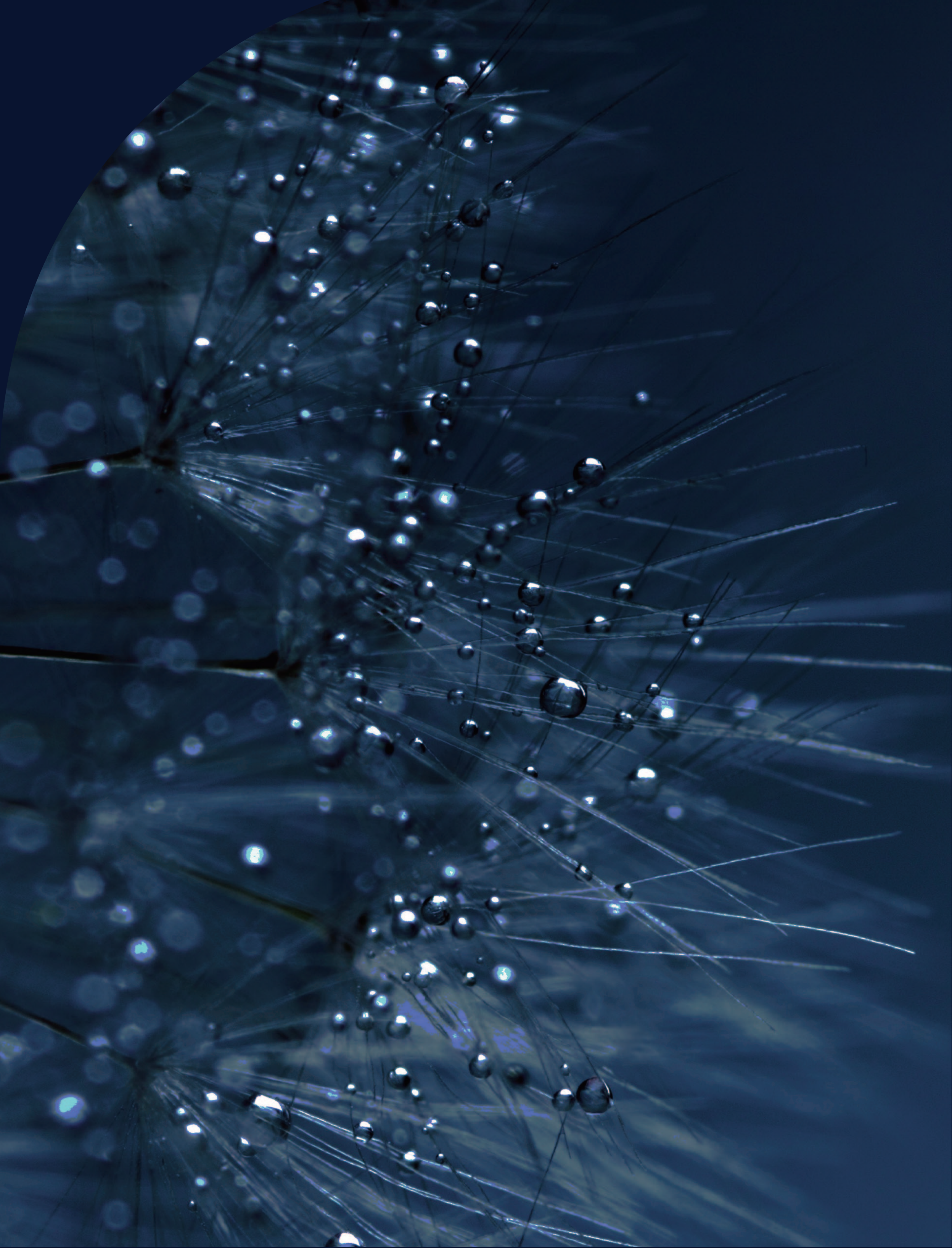


FY2023 Annual Report

Groupe L'OCCITANE

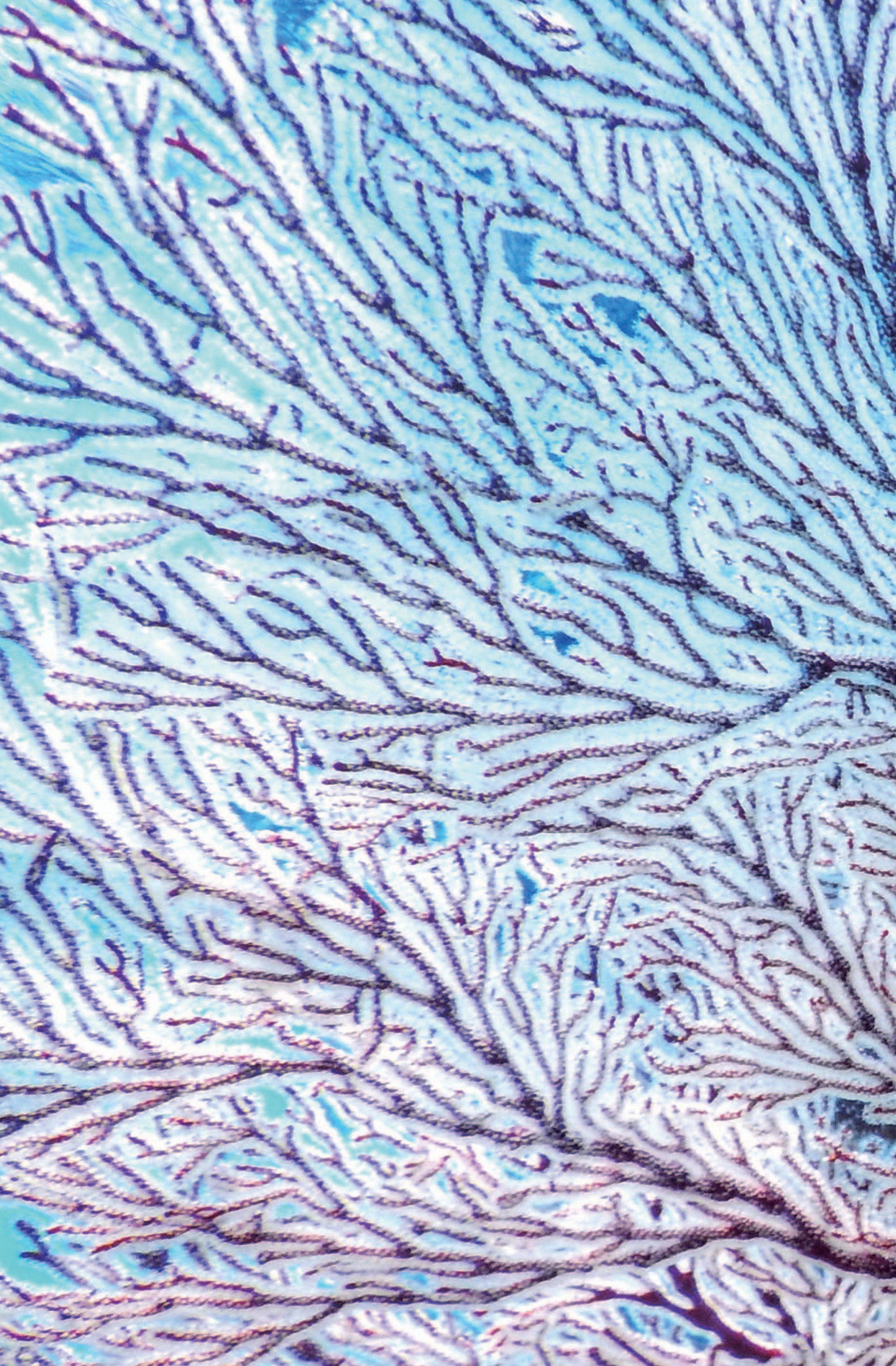
L'OCCITANE INTERNATIONAL S.A.

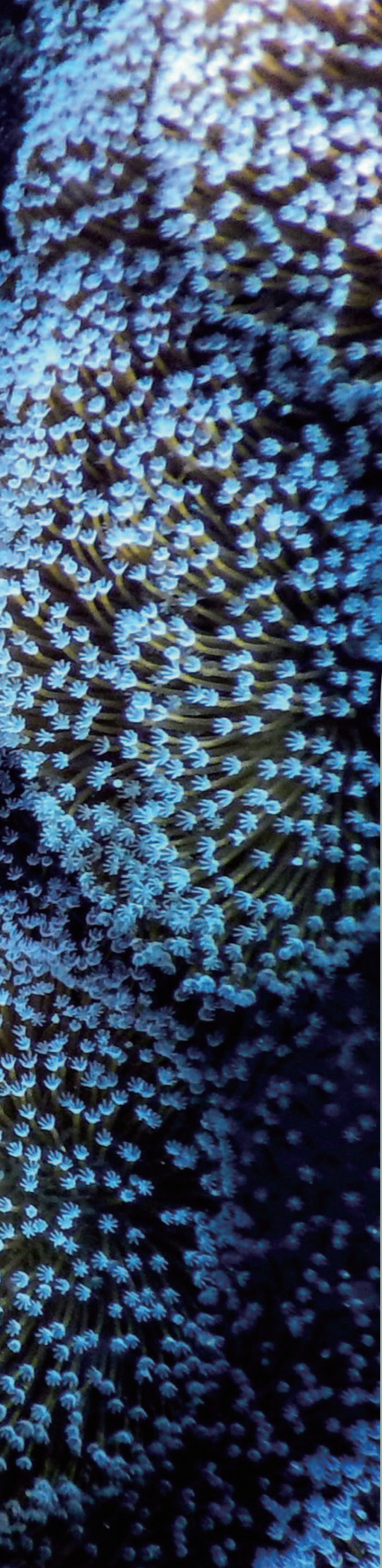
(Incorporated under the laws of Luxembourg with limited liability)

Stock code : 973

Groupe L'OCCITANE

L'OCCITANE EN PROVENCE | Melvita | erborian KOREAN SKIN THERAPY PARIS · SEOUL | L'OCCITANE AU BRÉSIL | LimeLife by Alcone | ELEMIS | SOL DE JANEIRO | GROWN ALCHEMIST BIOLOGICAL BEAUTY





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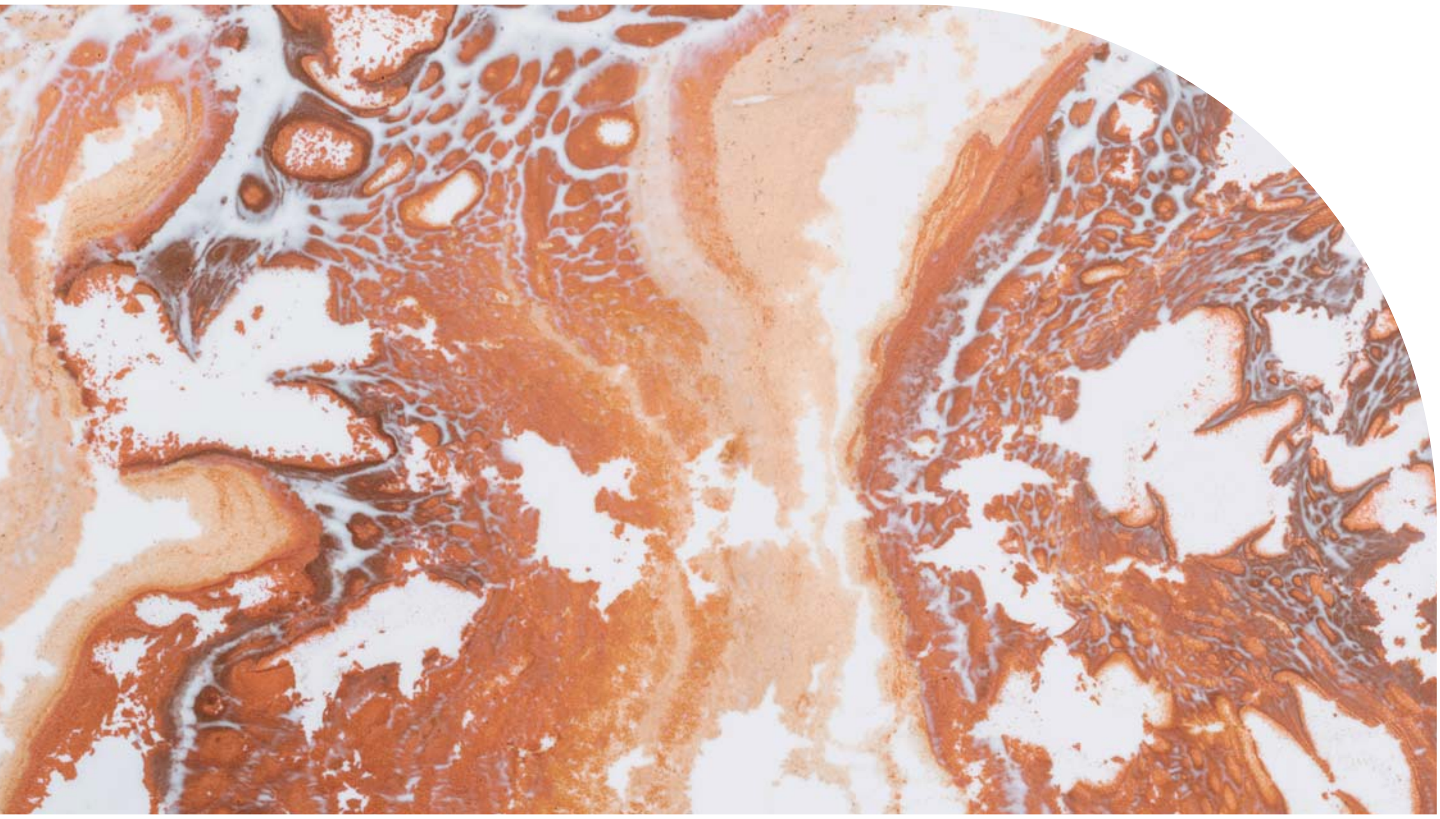
Corporate Information



Executive Directors

Reinold Geiger
(Chairman)
André Hoffmann
(Vice-Chairman and Chief Executive Officer)
Karl Guénard
(Company Secretary)
Séan Harrington
(Chief Executive Officer of ELEMIS)

Non-Executive Director

Thomas Levilion

Independent Non-Executive Directors

Charles Mark Broadley
Christèle Hiss Holliger
Betty Liu
Jackson Chik Sum Ng

Company Secretary

Karl Guénard

Authorised Representatives

André Hoffmann
Jackson Chik Sum Ng

Company Legal Name

L'Occitane International S.A.

Date of Incorporation

22 December 2000

Date of Listing in Hong Kong

7 May 2010

Registered Office

49, Boulevard Prince Henri
L-1724 Luxembourg

Headquarter Offices

49, Boulevard Prince Henri
L-1724 Luxembourg

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

Principal Place of Business in Hong Kong

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

Stock Code

973

Company Website

group.loccitane.com

Audit Committee

Charles Mark Broadley *(Chairman)*
Thomas Levilion
Jackson Chik Sum Ng

Remuneration Committee

Christèle Hiss Holliger *(Chairman)*
André Hoffmann
Betty Liu

Nomination Committee

Jackson Chik Sum Ng *(Chairman)*
Christèle Hiss Holliger
Betty Liu

Sustainability Committee

Charles Mark Broadley *(Chairman)*
Thomas Levilion
Christèle Hiss Holliger
Betty Liu

Principal Bankers

Groupe Crédit Agricole
Crédit Agricole CIB
Le Crédit Lyonnais (LCL)
Caisse Régionale du Crédit Agricole Mutuel Provence Côte d'Azur
HSBC France
BNP Paribas
Groupe BPCE
Natixis
BRED
CEPAC
Palatine
Société Générale
CIC

Auditor

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

Principal Share Registrar and Transfer Office

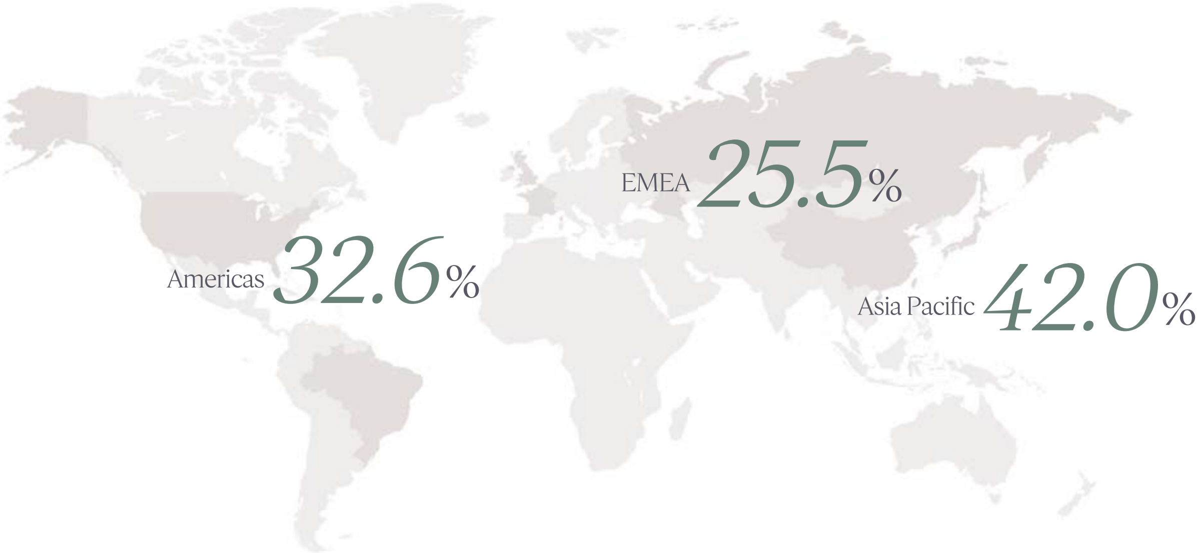
49, Boulevard Prince Henri
L-1724 Luxembourg

Hong Kong Share Registrar

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

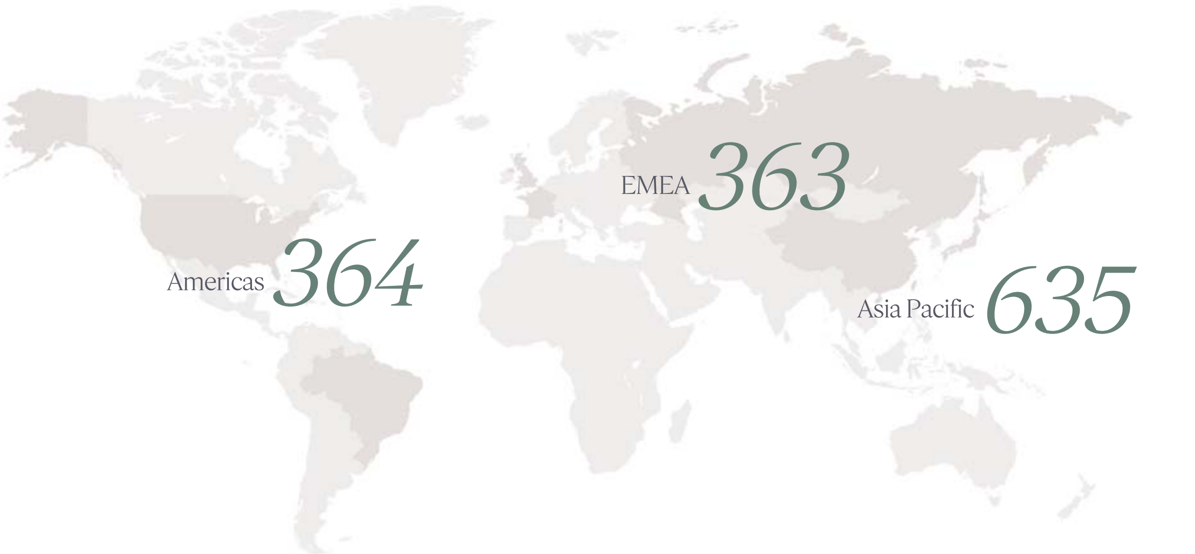
Financial Highlights

OUR ACTIVITY WORLDWIDE



* Net sales (%) by region

OUR OWN STORES WORLDWIDE



* 2,774 retail locations and 1,362 stores operated directly by the group

KEY FINANCIAL HIGHLIGHTS

For the year ended 31 March	***2023***	*2022*
Net sales *(€ million)*	**2,134.7**	1,781.4
Operating profit *(€ million)*	**239.1**	310.7
Profit for the year *(€ million)*	**118.2**	241.9
Gross profit margin	**80.5%**	82.2%
Operating profit margin	**11.2%**	17.4%
Net profit margin	**5.5%**	13.6%
Net operating profit after tax *(€ million)* (NOPAT) (1)	**153.4**	253.8
Capital employed *(€ million)* (2)	**1,834.3**	1,975.4
Return on capital employed (ROCE) (3)	**8.4%**	12.8%
Return on equity (ROE) (4)	**10.1%**	19.1%
Current ratio (times) (5)	**1.2**	1.1
Gearing ratio (6)	**28.2%**	34.0%
Average inventory turnover days (7)	**255**	265
Turnover days of trade receivables (8)	**40**	34
Turnover days of trade payables (9)	**182**	213
Total number of own stores (10)	**1,362**	1,490
Profit attributable to equity owners *(€ million)*	**115.1**	242.0
Basic earnings per share *(€)*	**0.078**	0.165

Notes:

(1) (Operating profit + foreign currency net gains or losses) x (1 — effective tax rate).
(2) Non-current assets — (deferred tax liabilities + other financial liabilities +other non-current liabilities) + working capital.
(3) NOPAT/capital employed.
(4) Net profit attributable to equity owners of the Company/shareholders' equity excluding minority interest.
(5) Current assets/current liabilities.
(6) Total debt/total assets.
(7) Average inventory turnover days equals average inventory divided by cost of sales and multiplied by 365. Average inventory equals the average of net inventory at the beginning and end of a given period.
(8) Turnover days of trade receivable equals average trade receivables divided by net sales and multiplied by 365. Average trade receivables equals the average of net trade receivables at the beginning and end of a given period.
(9) Turnover days of trade payables equals average trade payables divided by cost of sales and multiplied by 365. Average trade payables equals the average of trade payables at the beginning and end of a given period.
(10) L'OCCITANE en Provence, ELEMIS, Melvita, L'OCCITANE au Brésil, Erborian and Grown Alchemist branded boutiques and department store corners directly managed and operated by the Company.

Disclaimer

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

Chairman's Statement

Message from

Reinold Geiger

Chairman
26 June 2023

In FY2023, we continued our transformation into a geographically-balanced multi-brand group. Like all global groups, we faced a challenging macroeconomic landscape compounded further by unique headwinds in China, one of our largest growth markets. Yet once again we proved our resilience and agility in navigating the difficult environment.

This effort enabled us to deliver another year of solid sales performance, with the Group's net sales growing by 13% and exceeding the €2 billion mark for the first time. We remained steadfast in implementing our long-term strategies for driving sustainable and profitable growth, maintaining a world-class gross profit margin level of above 80% and a healthy operating profit margin of 15.8% if excluding exceptional items.

Across the Group, we have a shared commitment to the triple bottom line — our people, the planet and profit — in line with our mission to positively impact people and regenerate nature. Our healthy profitability ensures that we can invest in both our people and the planet. In taking care of our people, we offer training and development opportunities to all of our staff and promote their well-being in the workplace. In FY2023, we are proud to have rolled out an inclusive parental leave policy globally and became Great Place to Work-certified in 16 countries around the world. We also achieved gender parity in our executive committee and are working towards becoming a real living wage employer worldwide by 2025.

In protecting the planet, we announced an ambitious climate strategy that lays down a roadmap towards becoming science-based net zero by 2050. So far, we have made great progress in reducing our Scope 1 carbon emissions by 42%, well ahead of our schedule to reach our 46% reduction target by FY2031. Our efforts in sustainability were recently recognised by EcoVadis with a Gold Medal, placing us in the top 5% of assessed companies. And after celebrating ELEMIS' B Corp certification in January 2023, we are well on track to become B Corp certified across the Group by the end of 2023.

Our accelerated M&A activity in recent years has established us into a truly multi-brand group. We now have a brand mix that is much more diversified, with our newer brands, ELEMIS and Sol de Janeiro making up nearly a quarter of our sales in aggregate.

Our strategy of enabling the new brands to operate autonomously while seeking synergies under the Group umbrella has proved to be effective. This model boosted our commercial strength in negotiating for better locations and visibility for all our brands with key partners. This is especially apparent in our travel retail channel, which we expect to significantly grow having recently opened the first travel retail counters for Sol de Janeiro and our most recent acquisition, Grown Alchemist.

The Group's three main brands are in different stages of their growth trajectories, but we remain committed to driving their long-term growth. Although sales of L'OCCITANE en Provence were flat in FY2023, it grew by close to 7% if excluding China, where conditions remained challenging for most of the year, and Russia, from which we withdrew earlier this year. Heading into the new fiscal year, we already see positive signs in China and plan to significantly increase our marketing investments. This will underpin the brand's ability to ride on the rebound in China and gradual return in international travel, and capture the new premiumization trends in product categories where we know we have a right to win — in face care, body care and hair care.

ELEMIS grew by 9% in FY2023, a blended result from a sales decline in the UK due to a reset of our channel promotion strategy, and strong double-digit growth in the US and APAC. Most importantly, the brand maintained a strong foothold in its home markets, as evidenced by its ranking as the no. 1 skincare brand in earned media value in the UK and the US.

Meanwhile, Sol de Janeiro became the Group's second-largest brand after more than doubling its sales. The brand has a clear talent of launching bestsellers and its popularity reached new heights with its highly sought-after perfume mists. We are convinced these achievements are just a prelude to its exciting plans in the coming fiscal year, including new market launches in Asia.

Although uncertainties in the macroeconomic environment are unlikely to diminish in the near term, we have not lost sight of the immense potential of all of our brands in the long term. In FY2024, we expect to achieve double-digit sales growth and healthy profitability, supported by significantly higher marketing investments for our core brand in key markets and channels and for the global expansion of our newer brands. We will continue to implement our ongoing strategies to further propel our development as a multi-billion Euro and multi-brand group in the years to come. I thank you for your support.

Strong Global Presence

Buchanan Street, Glasgow
Scotland, United Kingdom — 5

Morumbi Shopping,
São Paulo, Brazil — 6

Nuremberg,
Germany — 7

1 **Houston,**
Texas,
United States

2 **Atré Ueno,**
Tokyo, Japan

3 **Dalma Mall,**
Abu Dhabi, UAE

4 **Wuxi Yaohan,**
China

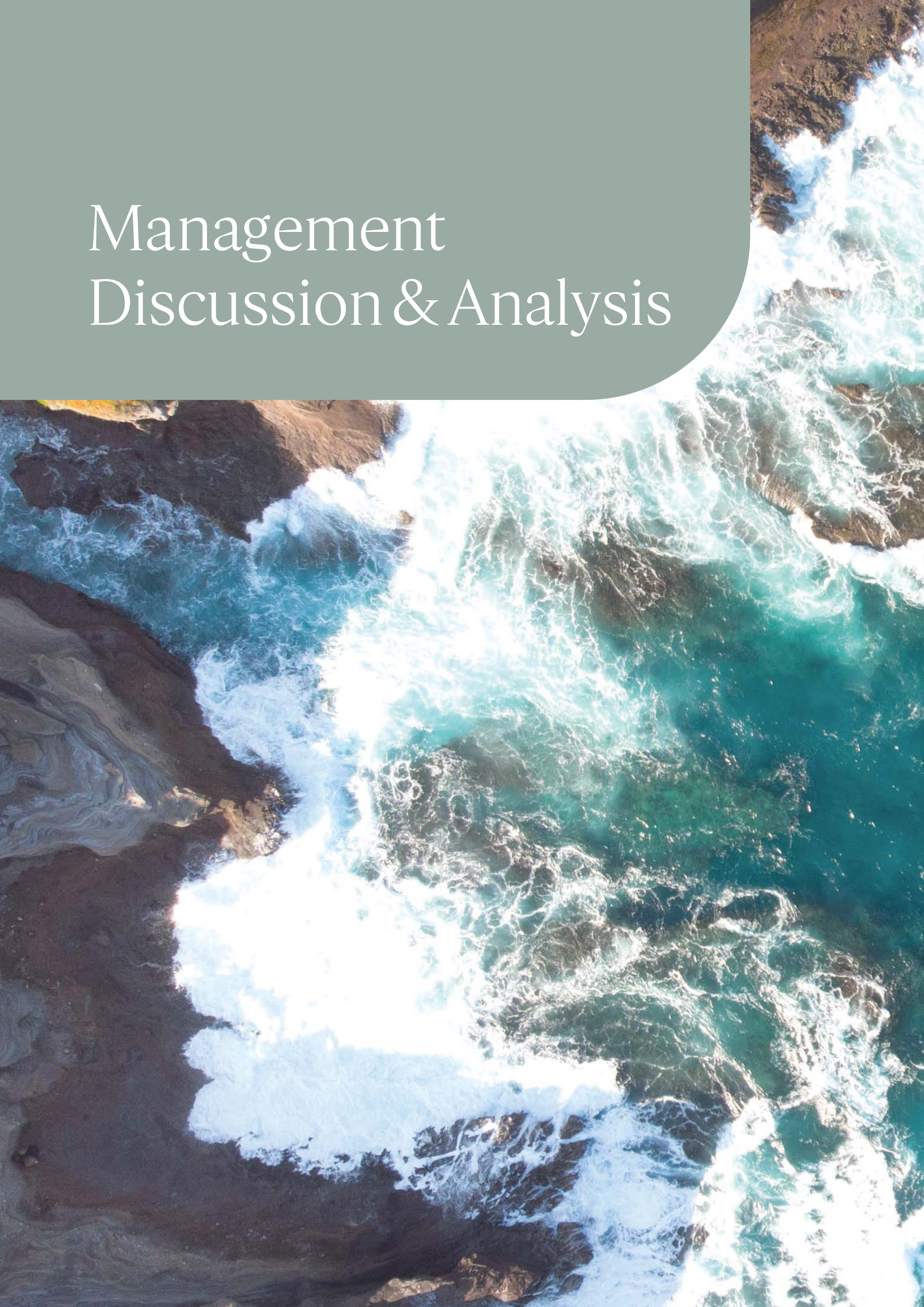
8 **Opéra,**
Paris, France
(Erborian)

9 **Shanghai IFC,**
China
(ELEMIS)

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

11 **Carlton,**
Melbourne, Australia
(Grown Alchemist)

Management Discussion & Analysis



Management Discussion & Analysis

Summary:

	FY2023 Management[1] *€ million or %*	***FY2023 Reported*** *€ million or %*	***FY2022 Management[2]*** *€ million or %*	***FY2022 Reported[3]*** *€ million or %*
Net sales	2,134.7	2,134.7	1,810.0	1,781.4
Operating profit	336.8	239.1	308.2	310.7
Profit for the year	n/a	118.2	n/a	241.9
Gross profit margin	80.5%	80.5%	82.8%	82.2%
Operating profit margin	15.8%	11.2%	17.0%	17.4%
Net profit margin	n/a	5.5%	n/a	13.6%

(1) *Management FY2023 — reported results excluding exceptional items, including the impacts of the Group's divestiture of its business in Russia, namely the other operating loss of €14.4 million, arising from a capital loss at the time of divestiture in June 2022. Other one-off items, namely the impairment for the Melvita and LimeLife brands and share of losses in joint ventures and associates (Good Glamm Group and CAPSUM) were also excluded for proper comparison. The management considers these costs to be accounting adjustments and material one-off items that should be excluded when comparing to the management results of the same period last year.*

(2) *Management FY2022 — assuming L'Occitane, Inc. remained part of the Group and its results in April to August 2021 were consolidated into the Group's results, and the net effects of deconsolidation and reconsolidation were then removed. One-off items — impairment for 86 Champs café, change in valuation and share of loss of Good Glamm Group and CAPSUM were also excluded for proper comparison. The management believes that this management version provides a truer view of the operational performance in FY2022.*

(3) *Reported FY2022 — sales and operating expenses of L'Occitane, Inc. in April to August 2021 were not consolidated but instead treated as an associate under the equity method, due to the Chapter 11 proceedings.*

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.

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

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

REVENUE ANALYSIS

The Group's net sales exceeded €2 billion milestone in FY2023, amounting to €2,134.7 million. As compared to the reported net sales of €1,781.4 million in FY2022, the sales growth was 19.8% at reported rates. In order to provide a proper comparison, the revenue analysis from here on excludes the deconsolidation impact of the US subsidiary during the Chapter 11 proceedings in FY2022. Excluding such impact, the net sales in FY2022 amounted to €1,810.0 million. As such, the Group's net sales growth in FY2023 was 17.9% at reported rates or 13.4% at constant rates.

Despite the challenging market conditions in China for most of the year and the divestiture of its Russian business, the Group delivered strong double-digit sales growth. The growth was contributed by the Group's newer brands, ELEMIS and Sol de Janeiro, as well as the improvement in the core L'OCCITANE en Provence brand in FY2023 Q4 thanks to the dynamic travel retail channel and the early positive signs in China following the lifting of COVID-19 restrictions. On a like-for-like basis, i.e. excluding Russia due to the Group's divestiture in June 2022, the newly consolidated brands Sol de Janeiro and Grown Alchemist, the deconsolidation of the US subsidiary last year and at constant rates, sales growth was 3.7% in FY2023, slower than the 5.9% in the first half of FY2023. However, there was a significant improvement in FY2023 Q4, which posted 8.4% growth as compared to -1.7% in FY2023 Q3.

The Company's total number of retail locations decreased from 3,068 as at 31 March 2022 to 2,774 as at 31 March 2023, a decrease of 294 or 9.6%. The number of own retail stores decreased from 1,490 as at 31 March 2022 to 1,362 as at 31 March 2023, representing a net decrease of 128 or 8.6%. The decrease was mainly related to the divestment from Russia. At the end of March 2023, the breakdown of the 1,362 own stores by brand and change over last year were as follows: L'OCCITANE en Provence (1,236; -118), L'OCCITANE au Brésil (65; nil), Melvita (35; -4), Erborian (2; -12) and ELEMIS (24; +6).

Management Discussion & Analysis

Performance by Brand

The following table presents the net sales and net sales growth by brand for the periods indicated, including sales of L'Occitane, Inc. from April to August 2021 in FY2022:

	FY2023	**FY2022**	**Growth at reported rates**	**Growth at constant rates**
	€ 'million	*€ 'million*	*%*	*%*
L'OCCITANE en Provence	1,421.2	1,389.2	2.3	-0.5
ELEMIS	255.9	226.3	13.1	8.9
Sol de Janeiro[(1)]	267.0	26.1	n/a	n/a
Others[(2)]	190.5	168.4	13.1	7.3
Total	**2,134.7**	**1,810.0**	**17.9**	**13.4**

(1) *Sol de Janeiro's quarterly sales in FY2023 are modified as follows: Q1 €42.6 million (+€1.8 million), Q2 €56.0 million (+€2.1 million), Q3 €68.3 million (+€4.1 million), due to a reclassification of sales in the marketplace channel to properly record the sell-out sales value.*

(2) *Others include the brands LimeLife, Melvita, Erborian, L'OCCITANE au Brésil and Grown Alchemist.*

All key brands ended the year strongly in the final quarter of FY2023 following a difficult FY2023 Q3. In FY2023, L'OCCITANE en Provence recorded a slight sales decline of 0.5% at constant rates, mainly due to the difficult market situation in China for most of the year and the divestiture of Russia. However, the brand returned to a growth of 0.8% in FY2023 Q4, thanks to the solid growth in the travel retail channel and early signs of recovery in China following the lifting of COVID-19 restrictions. Excluding the China and Russia markets, the brand posted solid sales growth of 6.8% and 9.9% in FY2023 and in FY2023 Q4, respectively.

After growing 13.1% in the first half of FY2023, ELEMIS's growth slowed down to 8.9% for the full year. This was mainly due to a strategic decision taken in the second half of FY2023 in its largest market, the UK, to reduce sales to certain promotion-driven web partners to prioritise an omni-channel model that is adapted to post-pandemic consumer trends and enhance brand equity. This resulted in a sales decline for the brand in FY2023 Q3. While this initiative continued into FY2023 Q4, the brand returned to a strong growth of 18.1% in FY2023 Q4. This was mainly driven by the US' strong growth of 34.0% in FY2023, thanks to its outstanding e-commerce and cruise ship businesses, as well as the 29.2% growth in APAC with the brand's development in the region.

Sol de Janeiro exceeded management expectations and more than doubled its sales in FY2023, growing by 135.2% in local currency to become the Group's second largest brand with €267.0 million in sales. The brand continued to build upon its popularity through iconic bestsellers and highly anticipated new launches, such as the *Bum Bum Body Firmeza Oil* and the *Rio Radiance* fragrance mist.

Other brands together also showed an improvement, posting 7.3% growth at constant rates for FY2023. Erborian and L'OCCITANE au Brésil performed particularly well with 33.4% and 41.2% growth respectively at constant rates in FY2023.

Performance by Region

The following table presents the net sales, net sales growth and same store sales growth by region for the periods indicated:

	FY2023	FY2022	Growth at reported rates	Growth at constant rates	Same store sales growth
	€ 'million	*€ 'million*	*%*	*%*	*%*
APAC	896.2	875.4	2.4	0.5	-4.3
Americas[1]	695.0	385.3	80.4	62.8	8.1
EMEA	543.4	549.3	-1.1	-0.7	1.0
Total	**2,134.7**	**1,810.0**	**17.9**	**13.4**	**-0.5**

(1) *Includes sales of the US subsidiary during the Chapter 11 proceedings in FY2022.*

The Group's regional sales mix remains quite balanced, with APAC continuing to be the largest region, accounting for 42.0% of net sales. The Americas was the second largest region at 32.6% of net sales while EMEA accounted for the remaining 25.5% of sales. In terms of single markets, the US was the largest market and accounted for 27.2% of the Group's net sales, mainly due to the strong contribution from Sol de Janeiro and that six of the Group's eight brands have presence in the US. The second largest market was China at 14.0% of the Group's net sales, followed by Japan at 8.5%.

The Americas was the fastest-growing region with 62.8% growth at constant rates in FY2023. The growth was mainly driven by the accelerated growth of Sol de Janeiro and the solid performance of ELEMIS in the US. L'OCCITANE en Provence showed a low single-digit percent growth in the Americas. APAC returned to a slight growth of 0.5% at constant rates in FY2023 after showing a sales decline in FY2023 Q3, thanks to the travel retail sales in the region and improved conditions in China, which saw the sales decline narrow to high-single digit percent in FY2023 Q4. Excluding China, APAC grew by 8.0% at constant rates and same store sales growth was 1.4% in FY2023. EMEA saw a slight decrease of 0.7% at constant rates in FY2023, mainly due to the divestiture of Russia. Excluding Russia, EMEA grew 10.2% at constant rates.

Management Discussion & Analysis

Performance by Channel

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

	FY2023	FY2022	Growth at reported rates	Growth at constant rates
	€ 'million	*€ 'million*	*%*	*%*
Retail	761.5	760.2	0.2	-2.0
Online channels	657.6	601.5	9.3	4.8
Wholesale & others	715.6	448.3	59.6	50.9
Total	**2,134.7**	**1,810.0**	**17.9**	**13.4**

Wholesale & others led the growth with 50.9% at constant rates in FY2023, with dynamic growth in wholesale chains, international distribution and travel retail. This channel accounted for 33.5% of the Group's net sales, a significant increase from 24.8% in FY2022, mainly due to the addition of the newer brands such as ELEMIS and Sol de Janeiro, which has a higher wholesale sales mix compared to L'OCCITANE en Provence.

Online channels posted a growth of 4.8% at constant rates in FY2023, mainly driven by the strong performance of Sol de Janeiro. Excluding Sol de Janeiro, online channels declined by a high single-digit percent, in line with expectations due to the return of traffic to brick-and-mortar channels and the poor performance of LimeLife. Retail sales saw a decrease of 2.0%, mainly affected by the divestiture of Russia and the store closures in China during the COVID-19 outbreaks. Excluding the Russia and China markets, retail sales grew by 7.2% at constant rates in FY2023.

PROFITABILITY ANALYSIS

Cost of Sales and Gross Profit

The reported cost of sales increased by 31.0%, or €98.6 million, to €416.6 million in FY2023. The gross profit margin decreased by 1.7 points to 80.5% as compared to FY2022. The decrease is attributable to the following factors:

- Unfavourable brand mix coming mainly from the inclusion of Sol de Janeiro brand, which has a higher wholesale mix for 1.3 points;
- Production costs increase, especially on raw materials and packaging for 0.8 points;
- Unfavourable channel mix from higher sell-in proportion for 0.7 points; and
- Obsolescence costs increase, unfavourable products mix and others for 0.4 points.

The decrease in gross profit margin was partly offset by:

- Positive effect from the US deconsolidation last year during the Chapter 11 proceedings for 0.6 points;
- Positive foreign currency exchange ("**FX**") impact for 0.3 points;
- Price increase for 0.3 points; and
- One-off items, mainly the accelerated depreciation performed last year on a production line for 0.3 points.

Distribution Expenses

The reported distribution expenses increased by 12.4%, or €86.3 million, to €784.7 million in FY2023. As a percentage to net sales, distribution expenses decreased by 2.4 points to 36.8%. This improvement is attributable to a combination of:

- Favourable brand mix, mainly from the inclusion of Sol de Janeiro and an increase in share of Erborian as both brands have a low ratio of distribution expenses for 3.3 points;
- One-off impairment on 86 Champs café last year for 0.9 points;
- More efficient retail network as a result of network rationalisation, fewer renovations and leverage of fixed costs on higher sales for 0.7 points; and
- Favourable channel mix and FX impact for 0.6 points.

This improvement was partly offset by:

- Salary increases, inflation on warehousing and freight costs, increase in travel and entertainment ("**T&E**") costs after a 2-year travel ban and a rise of commission rate to sell-in partners mainly due to more livestreaming activities for 1.7 points;
- Negative effect from last year US deconsolidation for 0.7 points;
- One-off COVID-19 subsidies from governments and rent concessions last year for 0.5 points; and
- Unfavourable impact of the Russia exit and others for 0.2 points.

Management Discussion & Analysis

Marketing Expenses

The reported marketing expenses increased by 30.9%, or €86.9 million, to €367.7 million in FY2023. As a percentage of net sales, marketing expenses increased by 1.4 points to 17.2%. The increase is attributable to:

- Brand mix for 1.0 points, mainly driven by Sol de Janeiro and Erborian which have a higher marketing ratio;
- Strategic investments behind L'OCCITANE en Provence, mainly in the US and Korea through influencers and digital media, an acceleration plan for Erborian in France with TV campaigns, investments for Melvita in France for the launches of *Source de Roses* and *Nectar de Lumière*, and a significant increase in influencers in the US for ELEMIS for 0.4 points;
- Russia deconsolidation, US deconsolidation last year and others for 0.4 points; and
- Staffing in marketing organisation for L'OCCITANE en Provence and ELEMIS for 0.2 points.

This increase was partly offset by a favourable channel mix and a decrease in promotional tools inventory for 0.6 points.

Research & Development Expenses

The reported research and development ("**R&D**") expenses increased by 18.9%, or €3.6 million, to €22.5 million in FY2023. As a percentage to net sales, R&D expenses remained at 1.1%.

General and Administrative Expenses

The reported general and administrative expenses increased by 16.5%, or €28.5 million, to €201.5 million in FY2023. As a percentage of net sales, general and administrative expenses decreased by 0.3 point to 9.4%. The decrease is attributable to:

- Favourable brand mix and higher sales leverage for 0.7 points;
- Decrease in long-term incentives as some major plans ended this year and were accrued last year for 0.5 points; and
- One-off items last year, mostly Sol de Janeiro's acquisition costs, for 0.2 points.

This improvement was partly offset by:

- Russia exit, US deconsolidation, inflation on fees, increase of T&E costs and others for 0.6 points; and
- IT investments on digital and clienteling projects, reinforcement of the IT infrastructure and security, and reinforcement of the IT organisation for 0.5 points.

SHARE OF (LOSSES) FROM ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

Details of the €16.6 million net losses from associates and joint ventures accounted for using the equity in FY2023 are shown below:

- Loss of €9.4 million by Good Glamm Group (previously known as MyGlamm);
- Loss of €7.0 million by L'Occitane Middle East; and
- Loss of €0.2 million by CAPSUM.

OTHER OPERATING INCOME

Details of the €4.1 million other operating incomes in FY2023 are shown below:

- Capital gain of €1.7 million arising from the change in percentage of interests in Good Glamm Group which is accounted as an associate using the equity method;
- Government grants on research and development for €1.5 million; and
- Others for €0.9 million.

OTHER OPERATING EXPENSES

Details of the €90.1 million other operating expenses in FY2023 are shown below:

- Impairment loss on LimeLife goodwill for €52.5 million;
- Impairment loss on Melvita goodwill for €22.8 million;
- Impacts arising from the deconsolidation of L'Occitane Russia for €14.4 million — consisting of a capital loss of €3.6 million and a reclassification of currency translation differences previously recognised in equity for €10.8 million; and
- Loss on sale of assets for €0.3 million.

Management Discussion & Analysis

OPERATING PROFIT

Reported operating profit decreased by 23.0%, or €71.6 million, to €239.1 million. The reported operating profit margin dropped by 6.2 points of net sales to 11.2%.

The decrease in operating profit margin is explained by a combination of:

- Impairment losses on LimeLife and Melvita, partially compensated by the impairment on 86 Champs café last year for 2.6 points;
- Inflation in costs, namely of salaries, raw materials and packaging, freight, fees and T&E for 2.5 points;
- Divestiture of the Group's business in Russia for 1.2 points;
- Increase in most of the brands' marketing investments and in various IT projects for 1.2 points;
- Increase in the valuation of the investment in Good Glamm Group last year for 1.0 point;
- Increase in the share of losses from associates and joint ventures, mainly coming from L'Occitane Middle East and Good Glamm Group for 0.6 points;
- Unfavourable channel mix, obsolescence costs increase, products mix and others for 0.5 points; and
- Deconsolidation last year of the US subsidiary for 0.4 points.

This decrease was partly offset by the following:

- Brand mix for 1.5 points mainly driven by the new brands;
- Efficiencies on the retail network, lower incentives and price increase for 1.1 points;
- Leverage of fixed costs on higher sales for 0.6 points; and
- Favourable FX impact for 0.6 points.

The following table presents the Group's management operating profit and the reconciliation to reported operating profit for FY2023 and FY2022.

	FY2023		FY2022	
Reported Net sales	**2,134.7**		**1,781.4**	
Net Sales	**2,134.7**		**1,810.0**	
Cost of sales	(416.5)	-19.5%	(311.6)	-17.2%
Gross profit	**1,718.1**	**80.5%**	**1,498.4**	**82.8%**
Distribution expenses	(784.7)	-36.8%	(702.9)	-38.8%
Marketing expenses	(367.7)	-17.2%	(286.1)	-15.8%
Research & development expenses	(22.5)	-1.1%	(18.9)	-1.0%
General and administrative expenses	(201.5)	-9.4%	(182.9)	-10.1%
Share of (loss)/profit from joint venture accounted for using the equity method	(7.0)	-0.3%	0.7	0.0%
Other operating income/(expenses)	2.1	0.1%	(0.0)	0.0%
Management operating profit[1]	**336.8**	**15.8%**	**308.2**	**17.0%**
Chapter 11: net effects of deconsolidation/ reconsolidation	–		3.3	
Russia divestiture	(14.4)		–	
Impairment loss of LimeLife & Melvita brands	(75.4)		–	
Good Glamm Group & CAPSUM's valuation and share of (loss)/profit	(7.9)		14.7	
Impairment of 86 Champs café	–		(15.5)	
Reported operating profit	**239.1**	**11.2%**	**310.7**	**17.4%**

(1) *Management FY2023 — reported results excluding exceptional items, including the impacts of the Group's divestiture of its business in Russia, namely the other operating loss of €14.4 million, arising from a capital loss at the time of divestiture in June 2022. Other one-off items, namely the impairment for the Melvita and LimeLife brands and share of losses in joint ventures and associates (Good Glamm Group and CAPSUM) were also excluded for proper comparison. The management considers these costs to be accounting adjustments and material one-off items that should be excluded when comparing to the management results of the same period last year.*

Management FY2022 — assuming L'Occitane, Inc. remained part of the Group and its results in April to August 2021 were consolidated into the Group's results, and the net effects of deconsolidation and reconsolidation were then removed. One-off items — impairment for 86 Champs café, change in valuation and share of loss of Good Glamm Group and Capsum were also excluded for proper comparison. The management believes that this management version provides a truer view of the operational performance in FY2022.

Finance Costs, Net

Net finance costs were €53.5 million in FY2023, which consisted of interest incomes on cash and cash equivalents of €2.8 million and the following expense items:

- Change in the fair value of the receivable from the sale of L'Occitane Russia for €35.9 million;
- IFRS 16 lease liabilities related interests and finance expenses of €7.6 million; and
- Interest expenses related to bank borrowings, revolving facilities and external financing of €12.8 million.

As compared to FY2022, net finance costs increased by €39 million, which was explained by the change in fair value of the receivable from the sale of L'Occitane Russia, higher net interest expenses partially offset by lower IFRS 16 related interest expenses.

Management Discussion & Analysis

Foreign Currency Gains/Losses

Net foreign currency losses amounted to €6 million in FY2023 (FY2022: net losses of €0.3 million) and were comprised of €2.4 million realised gains, €7.8 million unrealised losses and €0.5 million losses related to IFRS 16.

Income tax Expense

The effective tax rate increased from 18.2% in FY2022 to 34.2% in FY2023, an increase of 16 points. This increase is due primarily to the following unfavourable factors:

- Non-deductible impairment losses on LimeLife and Melvita goodwill for 10.3 points;
- Non-deductible impacts related to the deconsolidation of the Group's business in Russia for 5.8 points; and
- Impact on deferred tax assets as a result of lower inventories in some countries for 3.5 points.

And partly offset by the following favourable effects:

- Favourable country mix effect for 1.3 points; and
- Favourable changes in tax rates, essentially in the US for 1.6 points.

PROFIT FOR THE YEAR

For the aforementioned reasons, net profit for FY2023 was €118.2 million, a decrease of 51.1% or €123.7 million as compared to FY2022 (€241.9 million). Basic and diluted earnings per share in FY2023 were €0.078 and €0.078 respectively (FY2022: basic €0.165 and diluted €0.164), a decrease of 52.5%. The numbers of basic and diluted shares used in the calculations of earnings per share in FY2023 were 1,471,609,250 and 1,473,649,115 respectively (FY2022: basic 1,470,135,821 and diluted 1,473,153,053).

BALANCE SHEET AND CASH-FLOW REVIEW

Liquidity and Capital Resources

As at 31 March 2023, the Group had cash and cash equivalents of €147.3 million as compared to €360.9 million as at 31 March 2022. The decrease was mainly explained by the repayment of borrowing facilities for €151 million. As at 31 March 2023, total borrowings, including term loans, revolving facilities, bank borrowings, amounted to €518.9 million. As at 31 March 2023, the aggregate amount of undrawn borrowing facilities was €461.5 million.

SUMMARISED CASH-FLOW STATEMENT

For the year ended 31 March	**2023**	**2022**
	€ '000	*€ '000*
Profit before tax, adjusted for non-cash items	491,008	475,361
Changes in working capital	(121,190)	(98,815)
Income tax paid	(69,610)	(50,523)
Net cash inflow from operating activities	300,208	326,023
Net cash outflow for capital expenditures	(46,335)	(37,998)
Free cash flow[(1)]	**253,873**	**288,025**
Net cash (outflow) from investment in new ventures and financial assets	(35,725)	(327,801)
Net cash (outflow) from financing activities	(436,795)	(17,339)
Effect of exchange rate changes	5,003	(3,202)
Net (decrease) in cash, cash equivalents and bank balances	**(213,644)**	**(60,317)**

[(1)] *Free cash flow generated for FY2023 was €253.9 million, as compared to €288.0 million in FY2022. The decrease was due to higher working capital required for accelerated sales growth, higher tax paid due to an increased tax rate in some countries and strong profits in certain brands, and investments in store network.*

Management Discussion & Analysis

CAPITAL EXPENDITURES

Net cash used in capital expenditures was €46.3 million in FY2023, as compared to €38.0 million in FY2022, representing an increase of €8.3 million. The increase was mainly in retail stores related capital expenditures. The capital expenditures for FY2023 were primarily related to:

- Leasehold improvements and other tangible assets, related to new and refurbished stores of L'OCCITANE en Provence for €19.3 million;
- Investments in various IT equipment and software for €14.8 million; and
- Replacement of machinery and equipment of the factory, office and warehousing facilities for a total of €12.2 million.

INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND FINANCIAL ASSETS

Net cash outflow from investment in subsidiaries, associates and financial assets was €35.7 million in FY2023, as compared to €327.8 million in last year. The outflow this year was mainly for the acquisition of the new brand Grown Alchemist for €3.5 million and the increase of interest in L'Occitane Middle East for €13.4 million. In FY2022, the main outflow was related to the acquisition of Sol de Janeiro for €322.3 million.

FINANCING ACTIVITIES

Financing activities in FY2023 ended with a net cash outflow of €436.8 million (FY2022: outflow of €17.3 million). Net cash outflow during the year mainly reflected the following:

- Net bank borrowing repayment for €151.9 million;
- Principal components of lease payments of €113.7 million under IFRS 16;
- Payment of dividend for €97.2 million; and
- Transactions with ELEMIS non-controlling interests for €76.6 million;

This was partly offset by the following cash inflow:

- Net settlement of share options for €2.7 million.

INVENTORIES

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

	FY2023	FY2022
Average inventory turnover days[1]	255	265

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

Inventory net value was €317.2 million, as at 31 March 2023, an increase of 20.5%, or €54.0 million as compared to 31 March 2022. The increase in inventory net value was due mainly to L'OCCITANE en Provence and the outstanding expansion of Sol de Janeiro.

Average inventory turnover, however, decreased by 10 days in FY2023, as a result of the growth in sales and thus increase in cost of sales as compared to last year. The decrease in inventory turnover days by 10 days was attributable to the following:

- Decrease in finished goods and MPPs of comparable brands for -24 days;

which was partly offset by:

- Unfavourable FX impact for +7 days;
- Increase in raw materials and work in progress for +3 days; and
- Increase in inventory provision for +4 days.

TRADE RECEIVABLES

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

	FY2023	FY2022
Turnover days of trade receivables[1]	40	34

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

Turnover days of trade receivables increased by 6 days to 40 days for FY2023 as compared to FY2022. The increase was a net result of higher sell-in sales from ELEMIS and Sol de Janeiro partly offset by lower turnover days from sell-out channels.

TRADE PAYABLES

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

	FY2023	FY2022
Turnover days of trade payables[1]	182	213

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

The reduction of 31 days was mainly explained by the increase in cost of sales by 31%. Excluding Sol de Janeiro, the decrease was 19 days for trade payables and 21 days for the accrued expenses. FX reduced the turnover days by 3 days. On the other hand, Sol de Janeiro's rapid expansion drove an increase in turnover days by 12 days.

Management Discussion & Analysis

BALANCE SHEET RATIOS

Return on capital employed in FY2023 was 8.4%, a decrease of 4.4 points as compared to FY2022, as a result of a decrease in net operating profit after tax by 40.0% accompanied by a decrease of 8.0% in capital employed. The decrease in net operating profit after tax was mainly due to one off impairments and deconsolidation of L'Occitane Russia.

The capital and reserves attributable to the equity owners decreased by €131.1 million in FY2023, being a net result of comprehensive income for the year, dividend distribution, decrease in other reserves from the revalorisation of puts and deconsolidation of L'Occitane Russia.

The Group's gearing ratio decreased from 34.0% in FY2022 to 28.2% in FY2023. If the impacts of IFRS 16 were excluded, gearing ratio in FY2023 would be 20.4%.

	Reported FY2023	***FY2022***
Profitability		
EBITDA[(1)]	465,973	488,269
Net operating profit after tax (NOPAT)[(2)]	153,406	253,782
Capital employed[(3)]	1,834,307	1,975,448
Return on capital employed (ROCE)[(4)]	8.4%	12.8%
Return on equity (ROE)[(5)]	10.1%	19.1%
Liquidity		
Current ratio (times)[(6)]	1.2	1.1
Quick ratio (times)[(7)]	0.8	0.8
Capital adequacy		
Gearing ratio[(8)]	28.2%	34.0%
Debt to equity ratio[(9)]	54.5%	50.3%

(1) *Earnings before interest, taxes, depreciation, amortisation and impairment*
(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*
(4) *NOPAT/capital employed*
(5) *Net profit attributable to equity owners of the Company/shareholders' equity at year 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)*

FOREIGN EXCHANGE RISK MANAGEMENT

The Company enters into forward exchange contracts and currency options to hedge forecast transactions, as well as receivables and payables not denominated in its presentation currency, the Euro, for periods consistent with its identified exposures. As at 31 March 2023, the Company had foreign exchange derivatives net assets of €2.1 million in the form of forward exchange contracts (in accordance with fair market valuation requirements under IFRS). The notional principal amounts of outstanding forward exchange derivatives as at 31 March 2023 were primarily sale of Chinese yuan for an equivalent amount of €63.1 million, Hong Kong dollar for €26.4 million, US dollar for €18.0 million, Japanese yen for €11.1 million, Mexican peso for €6.8 million, Korean won for €4.9 million, Great British pound for €3.5 million, and Thai baht for €2.6 million.

DIVIDENDS

At the Board meeting held on 27 June 2022, the Board recommended a gross dividend distribution of €0.06585 per share for a total amount of €96.8 million or 40.0% of the net profit attributable to the equity owners of the Company. The amount of the final dividend was based on 1,470,135,821 shares in issue as at 27 June 2022 excluding 6,829,070 treasury shares. The shareholders of the Company (the "**Shareholders**") approved this dividend at a meeting held on 28 September 2022. The dividend was duly paid on 22 October 2022.

Despite the significant decrease of the net profit, the Board proposes to maintain the payout ratio at 40% as in FY2022 and recommends a final dividend of €0.03129 per share (the "**Final Dividend**").

EVENTS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 11 May 2023, the Company purchased 35% of Group Fourteen Holdings Pty. Ltd. (holding company of Grown Alchemist's activity) for a total consideration of €10,061,000. The Company's percentage of interests after this transaction is 67.0%.

On 31 May 2023, the Company took part in the last fund raising of Good Glamm Group (accounted for using equity method) for €9,427,000 and increased its percentage of interests to 15.93%.

Management Discussion & Analysis

STRATEGIC REVIEW

In FY2023, the Group maintained strong growth momentum with sales growing 13.4% at constant rates and exceeding the €2 billion mark — a robust result when juxtaposed against a uniquely challenging macroeconomic backdrop, including surging global inflation, widespread recession fears and a sharp COVID-19-related consumer pullback in China, one of its largest markets. The Group's resilience within the global premium beauty sector was also reflected in its healthy operating profit margin of 15.8%, excluding accounting adjustments related to one-off impairments on the underperforming brands, Melvita and LimeLife, the divestiture in Russia and the share of losses of associates.

The Group's ability to continue delivering for Shareholders in the face of strong external headwinds was attributed to the successful implementation of its targeted investments and long-term growth strategies, which are also enabling its transformation into a competitive multi-brand, generationally appealing and geographically-balanced organisation.

As its operating environment gradually normalises and channels such as travel retail and China rebound, the Group is well-positioned to unlock new sustainable growth and profitability opportunities.

Global nimbleness and targeted investments protect core brand profitability

Through its commitment to formulating trust and a sharp focus on key categories in face care, body care and hair care, the Group's core brand L'OCCITANE en Provence captured new premiumisation trends and strengthened its standing as one of the leading brands in the premium body care category.

Throughout FY2023, the core brand's ageless credentials, continuous ability to surprise and recruit, and wide geographic footprint insulated its top-line performance against the slowdown in China, its most important growth market, during most of the year despite signs of some returning momentum in the final quarter. Its sales performance was further facilitated by its dynamic travel retail channels and an energetic revival of brick-and-mortar channels in most major markets. Excluding the negative impact of the COVID-19-related economic downturn in China and the divestiture in Russia, sales grew by 6.8% in FY2023.

The core brand continued to deliver sound profitability, recording an operating profit margin of 14.6% in FY2023, backed by its global agility and ability to quickly re-direct resources that enabled it to deftly adjust the timing and intensity of its marketing investments and tap new growth opportunities.

Omni-channel strategy delivers a more balanced channel mix

As markets around the world reopened, the Group's retail channel in key markets recovered as customers sought to rediscover the sensory pleasure of its products and natural and organic ingredients in person. Despite much more selective store openings in recent years, retail sales grew by 7.2% at constant rates, excluding the Russia and China markets.

At the same time, the Group's effective omni-channel strategy contributed to a more balanced channel mix. Dynamic growth in travel retail, and in the newer brands which have a higher wholesale sales mix, contributed to a marked 50.9% sales increase in the wholesale & others channel in FY2023. The addition of digitally-centric and digitally-native brands ELEMIS and Sol de Janeiro to the Group's portfolio also contributed to its overall online growth of 4.8% despite the return to offline channels.

Having already installed convenient online and offline touchpoints for all of its brands and across all regions, right-sized its brick-and-mortar network and invested in deepening the experiential and discovery features of its retail stores, the Group is continuing to refine the customer journey, upgrade its CRM capabilities and motivate employees to maximise customer lifetime value.

Multi-brand model offers home to entrepreneurial brands

In recent years, accelerated M&A activity has seen the Group expand its portfolio of leading premium beauty brands, making it more geographically balanced and appealing to Millennial and Generation Z consumers. As a result, the Group's brand mix is much more diversified, as ELEMIS and Sol de Janeiro have grown to account for nearly a quarter of the Group's sales in aggregate.

As part of its multi-brand strategy, the Group has long offered a home to creative entrepreneurial beauty businesses by enabling the founders of its new brands to operate their brands autonomously while retaining a stake — an approach that is proving to be highly successful. With the Group's support, its new brands are truly flourishing, penetrating its existing markets and pursuing new growth opportunities, while maintaining strong growth and profitability.

New synergies are also being created by leveraging the Group's multi-brand proposition, such as forming a global travel retail unit. At the Tax Free World Association (TFWA) World Exhibition & Conference in Cannes in October 2022 and the TFWA Asia Pacific Exhibition & Conference in Singapore in May 2023, the Group showcased its full travel retail offer to important global travel retail partners. The Group's brands ELEMIS, Grown Alchemist, Erborian and Sol de Janeiro were featured alongside L'OCCITANE en Provence and Melvita. The Group is set to broaden its travel retail exposure significantly with the first travel retail counters for Sol de Janeiro and Grown Alchemist opening in recent months, focusing on locations complementary to their domestic success.

The other brands together showed respectable growth of 7.3% at constant rates for FY2023. Erborian and L'OCCITANE au Brésil performed particularly well with 33.4% and 41.2% growth, respectively. On the other hand, the Group decided to take impairments on the goodwill of underperforming brands, LimeLife and Melvita. Both these brands have recently appointed new management to lead branding and distribution model revamps in order to drive sustainable growth and aim to break even. The Group remains convinced of the long-term potential of Melvita's niche positioning and will continue to work pragmatically with LimeLife's founders to seek the best way forward.

Management Discussion & Analysis

ELEMIS resets channel strategy in key markets to enhance long-term brand equity

ELEMIS continued to pursue a global digital-first expansion strategy together with a prestige wholesale network, while operating a highly selective network of 24 owned stores in strategic markets. In FY2023, ELEMIS grew 8.9% at constant rates, slower than the 13.1% growth in the first half of the year. This was largely driven by its strategic decision to reduce sales to certain promotion-driven web partners in the UK in order to adapt to post-pandemic consumer trends and to enhance brand equity. Although sales declined in the UK as a result of this conscious adjustment in channel strategy, ELEMIS continues to show strong momentum and customer engagement, as evident by its ranking as the no. 1 skincare brand in earned media value in its largest markets, the UK and the US.

ELEMIS's sales decline in the UK was more than offset by the strong growth of 34.0% in the US, led by its outstanding e-commerce and cruise ship businesses, as well as international rollouts. Much of these rollouts were in the APAC region where the brand's UK origins and incredible formulas seeded year-on-year growth of 29.2%.

Despite a challenging operational environment in China in FY2023, it remains one of the most promising growth markets for ELEMIS. Following the completion of the exclusivity period with its retail partner, ELEMIS commenced direct e-commerce through its Tmall flagship store. Already during a peak campaign period, ELEMIS's hero *Pro-Collagen Marine Cream* ranked second in Tmall's face cream category. As the China market re-opens, the brand is planning a powerful marketing push on social and digital channels leveraging its global bestsellers.

Although ELEMIS was impacted by the sales decline in the UK and the macroeconomic context in China, its lean and agile structure enabled it to secure a solid operating profit margin of 20.2%.

Sol de Janeiro rises to become Group's second-largest brand

Powered by an authentic Brazilian philosophy of self-love and joy, Sol de Janeiro experienced incredible success in FY2023. In less than two years since the acquisition, it has grown to become the Group's second-largest brand with sales growth of 135.2% and an impressive operating profit margin of 24.6%.

This performance was marked by several notable achievements. Building on the global success of the *Brazilian Bum Bum Cream* hero product, the brand launched a second hero body care product *Beija Flor Elasti-Cream* which drove solid growth in all channels, especially chain wholesale, distribution and marketplace. Its following reached new heights with its perfume mist category, led by fan favourites such as the *Brazilian Crush Cheirosa 62* perfume mist and new launches such as the *Rio Radiance* fragrance mist.

Each of these achievements propelled Sol de Janeiro's popularity further, solidifying its leading position in Sephora North America. The brand plans to leverage this position to support its launch in China and Southeast Asia via Sephora in the new fiscal year.

Sustainability performance recognised by EcoVadis Gold medal

In FY2023, the Group unveiled its new corporate mission: *With empowerment we positively impact people and regenerate nature*. The mission acts as a guiding light to steer the actions of the entire organisation with a collective focus on the triple bottom-line — people, the planet, and profitability.

The Group prioritises to provide ongoing training and development opportunities for its employees and promotes well-being at the workplace. In 2022, the Group was Great Place To Work certified in 16 countries. It rolled out an inclusive parental leave policy globally and became a real living wage employer in the UK — a first step in its goal to become a real living wage employer worldwide by 2025. The Group also achieved gender parity in its executive committee. In protecting the planet, the Group announced its ambitious Climate Strategy in April 2023, laying down a roadmap towards achieving science-based net-zero by 2050. It made substantial progress in reducing its scope 1 carbon emissions by 42%, ahead of schedule to reach its 46% reduction target by FY2031.

The Group's overall sustainability performance was recognised by EcoVadis' Gold medal, placing it in the top 5% of assessed companies. After celebrating ELEMIS's B Corp certification in January 2023, the Group is also well on track to become B Corp certified in 2023.

OUTLOOK

The Group is cautiously optimistic about its performance in FY2024. Although the macroeconomic environment remains uncertain, the Group expects to achieve double-digit sales growth and healthy profitability, supported by the gradual return of international travel, especially in the APAC region, a rebound in China, and the continued expansion of its new brands. It will take full advantage of this recovery by stepping up marketing investments significantly in key markets such as China, the US and Japan, which is expected to create a positive halo effect in these markets and also in the travel retail channel.

The Group is also preparing to launch its two newest brands, Sol de Janeiro and Grown Alchemist, in APAC as part of its ongoing evolution into a multi-brand and geographically balanced Group. It will continue to harness and advance the inherent strengths of each of its brands to deliver sustainable growth and profitability to its Shareholders and its stakeholders.

Corporate Governance Report

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

As set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), "The Corporate Governance Code" (the "CG Code"), there are two levels of corporate governance practices, namely: code provisions that a listed company must comply with or explain its non-compliance, and recommended best practices that a listed company is encouraged to comply with but need not disclose in the case of non-compliance.

On 17 June 2014, the Board adopted its own corporate governance manual which is based on the principles, provisions and practices set out in the CG Code; this manual was updated on March 2021 and is available on the Company's website group.loccitane.com. Please select "Governance" under "Investors".

DEVIATIONS FROM THE CG CODE

The Company has complied with all of the applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules throughout FY2023 save as disclosed below:

Code provision C.6.3 of the CG Code provides that the company secretary should report to the Chairman and/or the Chief Executive Officer.

Mr. Karl Guénard ("Mr. Guénard"), company secretary of the Company, is based in Luxembourg. Mr. Guénard had previously reported to Mr. Thomas Levilion ("Mr. Levilion"), the former Chief Financial Officer of the Group and executive Director. After the re-designation of Mr. Levilion from an executive Director to a non-executive Director with effect from 1 July 2022, Mr. Guénard now reports to Mr. Reinold Geiger, the Chairman of the Group and the Company complied with the code provision C.6.3 of the CG Code.

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 year ended 31 March 2023 (the "Review Period").

BOARD OF DIRECTORS

The Board is responsible for long-term development and strategy as well as controlling and evaluating the Company's daily operations. In addition, the Board has appointed a Chairman who is responsible for ensuring that the Board receives regular reports regarding the Group's business development, its results, financial position and liquidity and events of importance to the Group. Directors are elected for a period of three years, but can serve any number of consecutive terms.

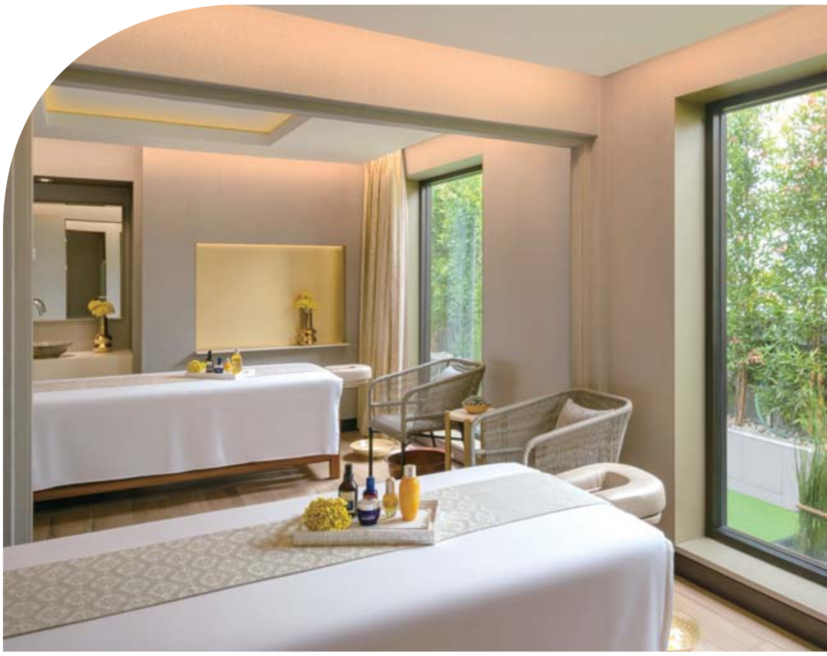
The duties of the Board are partly exercised through its fourth committees:

— the Audit Committee

— the Nomination Committee

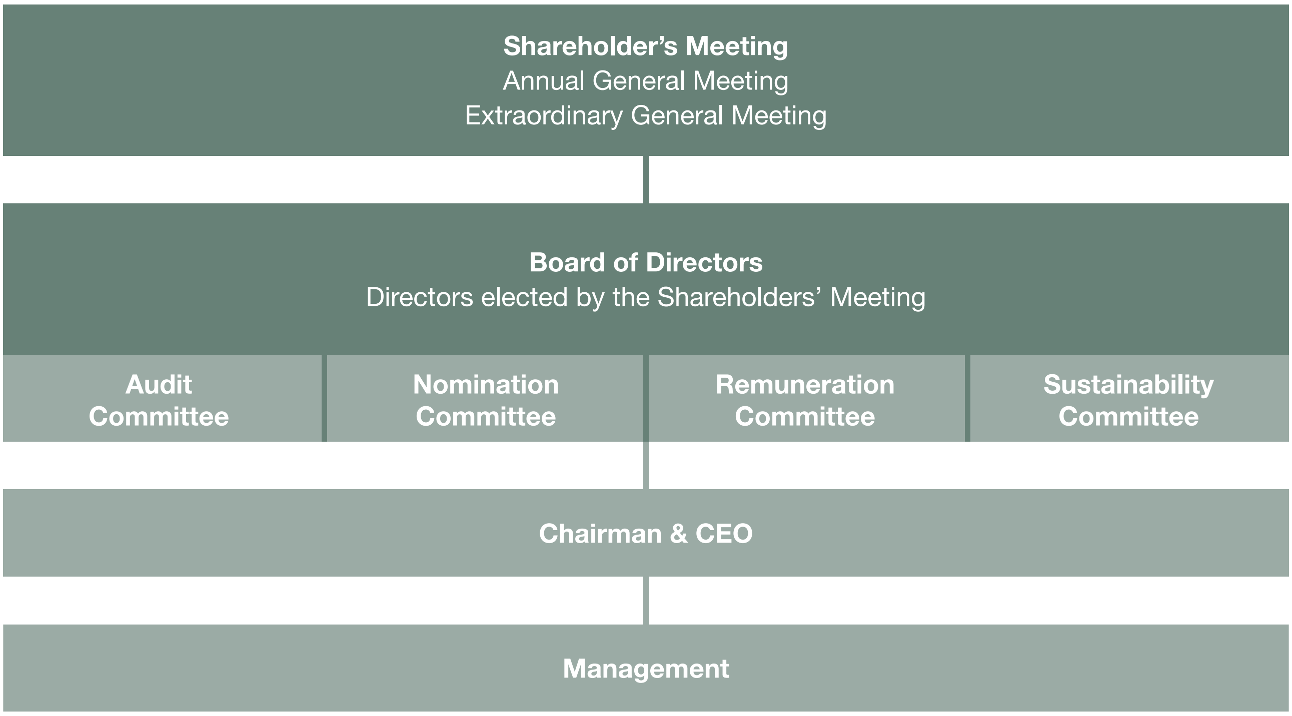
— the Remuneration Committee

— the Sustainability Committee



The Board appoints each of the committee members from amongst the Board members. The Board and each committee have the right to engage external expertise either in general or in respect to specific matters, if deemed appropriate.

CORPORATE GOVERNANCE STRUCTURE



Corporate Governance Report

Composition of the Board

The Board currently consists of nine Directors, comprising four executive Directors ("ED"), one non-executive Director ("NED") and four independent non-executive Directors ("INED"). All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are set out on pages 50 to 53 of this Annual Report.

Board Diversity Policy

1. ***Objective***

   The Nomination Committee (the "Committee") was constituted as a committee of the board of directors (the "Board") of L'OCCITANE INTERNATIONAL S.A. (the "Company"). The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference. Under its terms of reference, the Committee shall identify candidates who are qualified or suitable to become a member of the Board and make recommendations to the Board on the selection of candidates nominated for directorships.

   This policy (the "Policy") sets out the approach to achieve diversity on the Board.

2. ***Vision and Policy Statement***

   The Company recognizes the benefits of board diversity and supports the principle that diversity can strengthen the performance of the Board, promote effective decision-making and better corporate governance and monitoring.

   The Company believes that a diverse board will include and make good use of the difference in skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of service and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and all Board appointments will be based on merit, having due regard to the overall effective function of the Board as a whole. The purpose of the Policy aims to achieve diversity on the Board including but not limited to genders, age, cultural and educational backgrounds, ethnicities, professional experience, skills, knowledge and lengths of service.

   The Committee reviews and assesses the composition of the Board and makes recommendation to the Board on the appointment of new Directors. The Committee will also review the structure, size and diversity of the Board annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. In identifying suitable candidates for appointment to the Board, the Committee will take into consideration the Company's business models and specific needs. Selection of candidates will be based on a range of diversity criteria and perspectives. The Committee will consider the balance of skills, experience, independence and knowledge of the Board and the diversity representation of the Board, how the Board works together as a unit, and other factors relevant to its effectiveness.

   The Board and the Committee will continue to consider qualified candidates in line with the Policy, including with respect to gender diversity, to ensure there is a suitable selection of potential successors to the Board.

   The Company values gender diversity and will continue to take steps to promote gender diversity at all levels of the Company, in particular at the Board level.

The gender ratios in the Company's workforce are as follows:

	As at 31 March 2022		As at 31 March 2023	
	Male (%)	***Female (%)***	***Male (%)***	***Female (%)***
Overall male to female ratio	13	87	14	86
By rank:				
Directors	90	10	78	22
Senior Management	62	38	45	55
Officers and others	13	87	14	86

3. ***Measurable Objectives***

The Committee will discuss and agree annually the relevant measurable objectives for achieving diversity on the Board and make recommendations to the Board for adoption. The ultimate decision will be based on merit against objective criteria and with due regard for the benefits of diversity on the Board.

4. ***Review and Monitor of this Policy***

The Committee will monitor the implementation of the Policy and report to the Board on the achievement of the measurable objectives for achieving diversity under this Policy.

The Committee will review the Policy, as appropriate, and make recommendations on any required changes to the Board for consideration and approval.

Directors' Attendance at Board, Board Committee and General Meetings

The following is the attendance record of Directors at the Board, Board committee and general meetings held during FY2023:

		Attendance:					
Name	**Category**	**Board Meeting** Meeting Attended/ Eligible to Attend	**Audit Committee Meeting** Meeting Attended/ Eligible to Attend	**Nomination Committee Meeting** Meeting Attended/ Eligible to Attend	**Remuneration Committee Meeting** Meeting Attended/ Eligible to Attend	**Sustainability Committee Meeting** Meeting Attended/ Eligible to Attend	**General Meetings** Meetings Attended/ Eligible to Attend
Reinold Geiger	ED	10/10					2/2
André Hoffmann	ED	10/10		2/2	4/4		2/2
Yves Blouin (1)	ED	2/3			0/0		0/0
Thomas Levilion (2)	NED	10/10	0/0			4/4	2/2
Karl Guénard	ED	10/10					2/2
Séan Harrington	ED	10/10					2/2
Valérie Bernis (3)	INED	8/8	4/4	2/2		0/2	0/2
Mark Broadley	INED	8/10	4/4		3/4	4/4	2/2
Jackson Ng	INED	9/10	4/4	2/2	4/4		2/2
Betty Liu	INED	10/10		0/0	1/1	1/2	0/2
Christèle Hiss Holliger (4)	INED	1/1		0/0	1/1	1/2	0/0

Notes:

(1) Mr. Yves Blouin resigned as an ED on 25 May 2022.

(2) Mr. Thomas Levilion was re-designated from an ED to a NED with effect from 1 July 2022.

(3) Ms. Valérie Bernis resigned as an INED on 1 January 2023.

(4) Mrs. Christèle Hiss Holliger was appointed as an INED on 1 January 2023.

Minutes of the Board meetings are kept by the Company Secretary; all Directors have a right to access Board papers and related materials and are provided with adequate information in a timely manner; this enables the Board to make informed decisions on matters placed before it.

Corporate Governance Report

Responsibilities of the Board

The Board is responsible for:

— Reviewing and approving the strategic direction of the Group established by the EDs in conjunction with the management;

— Reviewing and approving objectives, strategies and business development plans;

— Monitoring the performance of the CEO and the senior management;

— Assuming responsibility for corporate governance; and

— Reviewing the effectiveness of the internal control system of the Group.

Responsibilities of the Senior Management

The senior management under the leadership of the CEO is responsible for:

— Formulating strategies and business development plans, submitting to the Board for approval, and implementing such strategies and business development plans thereafter;

— Submitting annual budgets to the Board on regular basis;

— Reviewing salary increment proposals and remuneration policy and submitting to the Board for approval; and

— Assisting the Board in conducting the review of the effectiveness of the internal control systems of the Group.

Company Secretary

Mr. Karl Guénard was appointed as Company Secretary on 1 September 2013. During FY2023, Mr. Karl Guénard has complied with the company secretary training requirements under Rule 3.29 of the Listing Rules.

NON-EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The NED has his term of appointment coming to an end of three years after his appointment to the Board, subject to re-election at the end of his three-year term.

The four INEDs are of high experience, with academic and professional qualifications in the field of accounting, finance or marketing. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. They have his/her term of appointment coming to an end of three years after his/her appointment to the Board, subject

to re-election at the end of his/her three-year term. Each INED gives an annual confirmation of his/her independence to the Company and the Company considers each of them to be independent. They all fulfill the criteria of independence under Rule 3.13 of the Listing Rules.

INDUCTION AND ONGOING DEVELOPMENT

Newly appointed Directors receive an induction course to ensure their understanding of the Company's business and their awareness of a Director's responsibilities and obligations. Each member of the Board attended training on corporate governance, regulatory developments and other relevant topics during FY2023 and is frequently updated on developments in the statutory and regulatory regime and the business environment to assist in the discharge of their responsibilities.

The Board has adopted effective mechanisms to ensure independent views and input are available to the Board. Directors are provided with sufficient resources to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently. The Board reviews the implementation and effectiveness of such mechanisms on an annual basis. The Board considered that the above mechanisms are effective in ensuring that independent views and input are available to the Board during FY2023.

COMMITTEES

As an integral part of good corporate governance, the Board has established audit, nomination, remuneration and sustainability committees, each of which has adopted terms of reference.

During FY2023, each committee met and carried out its duties in accordance with its terms of reference. The authorities, functions, composition and duties of each committee are set out below:

Audit Committee

The Audit Committee has three members, who are Mr. Mark Broadley (Chairman), Mr. Jackson Ng and Mr. Thomas Levilion. Mr. Thomas Levilion is a NED, and the other two members are INEDs.

In compliance with Rule 3.21 of the Listing Rules, at least one member of the Audit Committee possesses appropriate professional qualifications in accounting or related financial management expertise in discharging the responsibilities of the Audit Committee.

All members have sufficient experience in reviewing audited financial statements as aided by the auditor of the Group whenever required.

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The following is a summary of the work performed by the Audit Committee during FY2023:

i. Review of the report from the auditor on the audit of the final results of the Group for FY2022;

ii. Review of the draft financial statements of the Group for FY2022;

iii. Review of the draft results announcement and annual report of the Group for FY2022;

iv. Review of the audit fees payable to the external auditor for FY2022;

Corporate Governance Report

v. Review of the external auditor's independence and transmission of a recommendation to the Board for the re-appointment of the external auditor at the forthcoming annual general meeting (the "AGM");

vi. Review of the draft results announcement and interim report of the Group for the period ended 30 September 2022;

vii. Review of the internal control system including the internal audit results analysis and the internal audit plan for 2022–2023, and report to the Board;

viii. Review of the Listing Rules modification affecting the Group in order to monitor appropriate corporate governance and oversee the implementation of the Company's corporate governance manual. Under its terms of reference, the Audit Committee oversees the Company's corporate governance.

There have been four meetings of the Audit Committee during the Review Period: two of them were held prior to the publication of the financial reports (annual report and interim report) and two other meetings were specific to the internal control and corporate governance of the Company.

Nomination Committee

The terms of reference of the Nomination Committee were amended on 8 February 2019 to comply with the provisions set out in the CG Code and with the amended Listing Rules. The Nomination Committee has three members, who are Mr. Jackson Ng (Chairman), Ms. Betty Liu and Mrs. Christèle Hiss Holliger. All members are INEDs. The primary function of the Nomination Committee is to make recommendations to the Board on the appointment and removal of Directors, respecting the following Nomination Policy:

Objective

The Nomination Committee (the "Committee") was constituted as a committee of the board of directors (the "Board") of L'OCCITANE INTERNATIONAL S.A. (the "Company"). The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference. Under its terms of reference, the Committee shall identify candidates who are qualified or suitable to become a member of the Board and make recommendations to the Board on the selection of candidates nominated for directorships.

Nomination Selection Criteria

(a) The Committee is authorized by the Board to determine the nomination of directors, the procedure, process and criteria to be adopted for the purposes of selecting and recommending candidates for directorship, and shall make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular, the chairman and the chief executive officer.

(b) When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

— the skills required on the Board at that particular time;

— the relevant diversity considerations under its diversity policy ("Diversity Policy"), including but not limited to gender, age, cultural educational and professional background, skills, knowledge and experience;

— the candidate's personal and professional integrity, professional accomplishment, competencies, experience, skills and reputation in the industry, relevance for the Board;

— the nature of existing positions and relationships including Board positions that may impact the potential candidate's ability to exercise independent judgment or present any potential conflicts of interest;

— the number of existing directorships held by the potential candidate, and in particular on the boards of listed companies, as well as other commitments that may demand the potential candidate's attention;

— in case of independent non-executive director, compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules; and

— any other relevant factors as may be determined by the Committee or the Board from time to time.

(c) Non-executive director will receive a formal letter of appointment on his/her appointment to the Board.

Nomination Procedures

(a) The secretary of the Committee shall invite nominations of candidates from Board members if any, for consideration by the Committee. The Committee may also put forward candidates who are not nominated by Board members.

(b) Proposed candidate will be asked to submit the necessary personal information, together with his/her written consent to be appointed as a director and to the public disclosure of his/her personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a director.

(c) The selected candidates would generally be interviewed by the Committee with a view to identifying the right candidate for recommendation to the Board. The Committee shall require the candidates to expressly disclose the nature and extent of other activities or appointments which may give rise to conflict of interests. It shall consider any actual or potential conflicts of interest of a director and report any conflict decisions to the Board and attend to annual review of the directors' conflicts of interest.

(d) Following the interview, the Committee shall make its recommendations to the Board (and ultimately to the shareholders where required) having regard to the Committee's terms of reference. The Committee shall also give consideration to laws and regulations of all applicable jurisdictions and regulators in connection with the appointments to the Board. It is authorised by the Board to engage independent professional advisers and have access to such resources as it may consider appropriate.

(e) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

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(f) Any director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and be subject to re-election at such meeting, and any director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

(g) A shareholder of the Company can serve a notice to the Company within the lodgment period of its intention to propose a resolution to elect a certain person as a director. Details of the procedure has been set out in the "Procedure for Shareholders to Propose a Person for Election as a Director of the Company" published by the Company from time to time.

(h) A new Director would undergo a Board induction (in line with approved induction process of the Board) as soon as possible and preferably before their first Board meeting.

Review and Monitor of this Policy

(a) The Committee shall review the structure, size, composition (including skills, knowledge and experience) of the Board on a regular basis at least annually and diversity of the Board to ensure that it has a balance of expertise, skills and experience and diversity of perspective appropriate to the requirements for the business of the Company.

(b) The Committee shall keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to complete effectively in the marketplace.

(c) The Committee shall keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.

Two Nomination Committee meetings were held during FY2023:

The first one was concerning the proposal to get Ms. Valérie Bernis re-elected as an INED at the FY2022 AGM.

The second one was concerning the proposal for nomination of Mrs. Christèle Hiss Holliger as a new INED and recommendation to the Board for approval.

Remuneration Committee

The terms of reference of the Remuneration Committee were amended on 29 March 2012 to comply with the provisions set out in the CG Code. The Remuneration Committee has three members, who are Mrs. Christèle Hiss Holliger (Chairman), Ms. Betty Liu, and Mr. André Hoffmann. Mr. André Hoffmann is an ED, and the other two members are INEDs.

The primary duties of the Remuneration Committee are to evaluate the performance of and make recommendations to the Board on the remuneration packages of the Directors and senior management and evaluate and make recommendations to the Board on employee benefit arrangements.

The following is a summary of the work performed by the Remuneration Committee during FY2023:

i. Analysis of market practices and consideration of Long Term Incentive Plan 2023.

ii. Review of the Directors' and senior management's compensation with recommendation to the Board for approval.

iii. Consideration of specific LTI plan for countries or brands which have some difficulties to recruit and retain talents.

iv. Review and approve matters relating to the share schemes under Chapter 17 of the Listing Rules.

There have been five meetings of the Remuneration Committee during the Review Period.

The following is a general description of the emolument policy and long term incentive schemes of the Group as well as the basis of determining the emoluments payable to the Directors:

i. The remuneration of the Directors is determined by the Board which receives recommendations from the Remuneration Committee. Under our current compensation arrangements, the EDs receive compensation in the form of salaries, bonus subject to performance and share-based payments. One of the EDs receives service fees. The NED and all the INEDs receive Directors' fees.

ii. The remuneration the Directors have received (including fees, salaries, discretionary bonus, pension plan allowance, share based payments, housing and other allowances, service fees and other benefits in kind) for FY2023 was approximately €4,050,000. The aggregate amount of fees, salaries, discretionary bonus, pension plan allowance, share-based payments, housing and other allowances, and other benefits in kind paid to the five highest paid individuals of the Group, including certain Directors, for FY2023 was approximately €5,840,000. This amount includes the share-based payments of the 118,700 stock options granted to the five highest paid individuals during the FY2023.

We have not paid any remuneration to the Directors or the five highest paid individuals as inducement to join or upon joining us as a compensation for loss of office in respect of FY2023. Further, none of the Directors has waived any remuneration during the same period.

Sustainability Committee

The Sustainability Committee was established by resolutions of the Board on 27 July 2021 on a voluntary basis and it is authorized to act in accordance with these terms of reference whereas the Company's articles of association (the "Articles of Association") and the applicable laws, regulations and the Listing Rules shall prevail as far as applicable.

The Sustainability Committee is mainly responsible for assisting the Board overseeing, reviewing, and making recommendations to the Board on the Company's sustainability strategies, policies and performance. It reviews and challenges the Company's sustainability roadmap and progress on all subjects related to environmental, social and corporate governance (hereafter called "ESG") including in particular climate, biodiversity, packaging, diversity and inclusion and social matter. The responsibilities of the Sustainability Committee shall be updated, modified or amended on a regular basis by the Board.

The Sustainability Committee has four members, who are Mr. Mark Broadley (Chairman), Mrs. Christèle Hiss Holliger, Ms. Betty Liu and Mr. Thomas Levilion. Mr. Thomas Levilion is a NED, and the other three members are INEDs.

There were four meetings of the Sustainability Committee held during the Review Period.

AUDITOR'S REMUNERATION

The fees in relation to the audit services for FY2023, amounted to approximately €2,465,000 of which €2,171,000 related to PricewaterhouseCoopers, the external auditor.

Fees in relation to the non-audit services for FY2023, amounting approximately €212,000, were paid to PricewaterhouseCoopers, the external auditor, during the year.

	€'000
Annual audit and interim review services	2,465
Non-audit services	212
TOTAL	2,677

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DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges that it holds responsibility for:

— Overseeing the preparation of the financial statements of the Group with a view to ensuring such financial statements give a true and fair view of the state of affairs of the Group; and

— Selecting suitable accounting policies and applying the selected accounting policies consistently with the support of reasonable and prudent judgment and estimates.

The Board ensures the timely publication of the financial statements of the Group.

The management provides explanations and information to the Board to enable it to make an informed assessment of the financial and other information to be approved.

The Board endeavours to ensure a balanced, clear and understandable assessment of the Group's position and prospects to extend the Group's financial reporting including annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as information required to be disclosed pursuant to statutory requirements and applicable accounting standards.

The statement of the auditor of the Company about its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 72 to 78 of this Annual Report.

The Board is responsible for keeping proper accounting records, for safeguarding the assets of the Company and the Group and for taking reasonable steps for the prevention of fraud and other irregularities.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board places great importance on internal controls and is responsible for establishing and maintaining adequate internal controls over the Group's financial reporting and assessing the overall effectiveness of those internal controls.

The Internal Audit Department provides an independent review of the adequacy and the effectiveness of the risk management and internal control systems. The audit plan is discussed and agreed every year with the Audit Committee. In addition to its agreed annual schedule of work, the Internal Audit Department conducts other special reviews as required. Internal Audit reports are sent to relevant Directors, external auditors and management of the audited entity. Moreover, summary reports of each audit are sent to all members of the Audit Committee.

The system of risk management and internal control is designed to provide reasonable assurance against human errors, material misstatements, losses, damages, or fraud, and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives. During FY2023, the internal control deviations were addressed effectively and action plans implemented to reduce the risks. The Audit Committee was satisfied that appropriate actions were undertaken and the overall risk management and internal control systems have functioned effectively as intended.

The Board conducts regular review and assessment of inside information, discusses with the management or authorized persons of the Company about disclosure of inside information and requests them to report to the Board once identified any inside information for dissemination. Inside information disclosure policies are formulated to provide employees with guidelines on reporting and disseminating inside information, confidentiality and compliance with restrictions on trading.

The Board has conducted a review of the effectiveness of the Group's risk management and internal control systems and considers that they are effective and adequate as a whole. The Board further considers that there were no issues relating to the material controls and risk management functions of the Group.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"). According to the Dividend Policy, in considering the proposal and declaring dividends, the Board shall take into account the following factors of the Group:

- Financial results;
- Cash flow situation;
- Business conditions and strategies;
- Future operations and earnings;
- Capital requirements and expenditure plan;
- Interests of shareholders;
- Any restrictions on payment of dividend; and
- Any other factors that the board may consider relevant;

For the avoidance of any doubt and as outlined above, there can be no assurance that dividends will be paid in any particular amount for any given period.

In addition, any final dividend for a financial year will be subject to shareholders' approval.

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

The Company attaches great importance to communication with Shareholders. To this end, a number of means are used to promote greater understanding and dialogue with the investment community. The Company holds group meetings with analysts in connection with the Company's annual and interim results. In addition, designated senior executives maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's development, subject to compliance with the applicable laws and regulations, including the two results announcements. During FY2023, the Directors also made presentations and held group meetings with investors at investor forums in Hong Kong and overseas.

Further, the Company's website, group.loccitane.com, contains an investors section which offers timely access to the Company's press releases, other business information and information on the Company's corporate governance structure and practices. For efficient communication with Shareholders and in the interest of environmental preservation, Shareholders are encouraged to refer to the Company's corporate communications on the Company's website.

The Board reviewed the Company's Shareholder and investor communication activities conducted in FY2023 and was satisfied with the implementation and effectiveness of the Shareholders communication policy.

CHANGES IN CONSTITUTIONAL DOCUMENTS

On 28 September 2022, the Company passed special resolutions to amend the Articles of Association at the FY2022 AGM. For details of the amendments, please refer to the circular of the Company and the amended Articles of Association respectively uploaded on the Hong Kong Stock Exchange and on the Company's website on 31 August 2022 and on 28 September 2022.

Save as disclosed above, no significant changes have been made to the Company's constitutional documents during the Review Period.

SHAREHOLDERS' RIGHTS

Procedure for Shareholders to convene a General Meeting

Any one or more Shareholder(s) who together hold not less than 5 per cent of the paid-up capital that carries the right to vote at general meetings may convene a general meeting by depositing a written request signed by such Shareholders and addressed to the attention of the Company's Company Secretary at the registered office of the Company in Luxembourg or at the principal place of business of the Company in Hong Kong, the addresses of which are set below.

Such request must specify the objects of the meeting. If the Board does not within two calendar days from the date of deposit of the request proceed duly to convene the meeting to be held within a further 28 calendar days, the Shareholders signing the request (or any of them representing more than one-half of the total voting rights of all Shareholders signing the request) may convene the

Corporate Governance Report

general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board. No general meeting convened by request of the Shareholders may be held later than three months after the date of deposit of the request.

Procedure for Shareholders to make enquiries to the Board

Shareholders may make enquiries to the Board in writing by sending such enquiries to the attention of the Company's Company Secretary at the registered office of the Company in Luxembourg or at the principal place of business of the Company in Hong Kong, the addresses of which are set out below. The Company Secretary will forward enquiries to the Chairman for consideration.

In addition, Shareholders in attendance at any general meeting of the Company may make enquiries at such meeting to the Chairman of the Board, the chairman of the various Board committees, or to other Directors in attendance at such meeting.

Procedure for Shareholders to put forward proposals at General Meetings

On requisition in writing by shareholders representing, on the date of deposit of the requisition, not less than 10% of the share capital of the Company or voting rights of all shareholders, on a one vote per share basis, who have a right to vote at the meeting to which the requisition relates or not less than 50 shareholders holding Shares in the Company on which there has been paid up an average sum, per member, of not less than HK$2,000, the Company shall, at the expense of the requisitionists: (a) give to shareholders entitled to receive notice of that annual general meeting notice of any resolution which may be properly moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to have notice of any general meeting sent to them a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with in the meeting.

A copy of the requisition must be signed by all the requisitionists (or 2 or more copies between them containing the signatures of all the requisitionists) and deposited at the registered office of the Company in Luxembourg or the office of the Company in Hong Kong (i) not less than 6 weeks before the meeting, in the case of a requisition requiring notice of a resolution and (ii) not less than 1 week before the meeting in the case of any other requisition. A sum sufficient to meet the Company's expenses in giving effect to the requisition should also be deposited together with the requisition.

Except pursuant to the procedures described above, a Shareholder may not make a motion at a general meeting.

Procedure for election to the office of Director upon Shareholder proposal

No person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven Calendar Days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven Calendar

Days prior to the date of such meeting, there has been given to the Company Secretary, at the registered office of the Company in Luxembourg or at the principal place of business of the Company in Hong Kong, notice in writing by a shareholder of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

In accordance with Article 10.1 of the Articles of Association, the appointment of Directors will be made by way of a Shareholder's general meeting of the Company, which will determine their number and term of office.

Environmental, Social and Governance (ESG) Report

The Group is committed to positively impact people and regenerate nature through empowerment. In order to accomplish its ambition, the Group has established a set of medium-term ambitions and contributing objectives aligned with three main priorities. All brands, countries, and departments are currently collaborating to develop their individual roadmaps and contributions towards these targets. For more detailed information, please refer to the ESG report available on the corporate website: group.loccitane.com, under the section of "investors/financial information/reports". The ESG report has been established since FY2011 and is updated on an annual basis.

The ESG report complies with the provisions of the EU Directive 2013/34/EU regarding the publication of non-financial information and the requirements of the Appendix 27 of the Hong Kong Stock Exchange ESG Reporting Guide.

Registered Office

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L-1724 Luxembourg

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

Directors and Senior Management

Directors and Senior Management

DIRECTORS

The Board is responsible for and has general powers over the management and conduct of the Company's business. The table below shows certain information in respect of the Board:

Name	***Age***	***Position***
Reinold Geiger	75	Executive Director and Chairman
André Hoffmann	67	Executive Director, Vice-Chairman and Chief Executive Officer
Karl Guénard	56	Executive Director and Company Secretary
Séan Harrington	57	Executive Director and Chief Executive Officer of ELEMIS
Thomas Levilion	63	Non-Executive Director
Charles Mark Broadley	59	Independent Non-Executive Director
Christèle Hiss Holliger	51	Independent Non-Executive Director
Betty Liu	50	Independent Non-Executive Director
Jackson Chik Sum Ng	62	Independent Non-Executive Director

Reinold Geiger
Executive Director and Chairman

Mr. Reinold Geiger was appointed as an executive Director with effect from 22 December 2000 and is the Company's Chairman. Mr. Geiger joined the Group in 1996 as Chairman and controlling shareholder. Mr. Geiger is a director and managing director ("administrateur délégué") of the Company, L'Occitane Groupe S.A. ("LOG") and LOG Investment S.A. ("LOGI"), president of L'Occitane Innovation LAB SAS, a member of the board of directors or managers of LimeLife Co-Invest Sarl, L'Occitane (Suisse) S.A., L'Occitane Australia Pty. Ltd. and L'Occitane Japon K.K.. He is also the chairman of L'Occitane LLC and the president of the Fondation d'entreprise L'Occitane. Since joining L'Occitane, Mr. Geiger has developed the Group from a largely domestic operation based in France to an international business. He has spent time travelling to the Group's worldwide locations in order to implement this growth strategy, where he has established the Group's subsidiaries and strong relationships with the local management. In June 2008, Mr. Geiger was awarded the accolade of "INSEAD entrepreneur of the year" for his international development strategy of the Group. Mr. Geiger began his career at the American Machine and Foundry Company in 1970. In 1972 he left to start his own business, and was involved in the distribution of machinery used in the processing of rubber and plastic, which he sold in 1978. Mr. Geiger then established and developed AMS Packaging SA, which specialised in packaging for the high end perfumes and cosmetics market. This company was floated on the Paris stock exchange in 1987 and Mr. Geiger left the company entirely in 1990. Between 1991 and 1995, he worked for a packaging company with operations primarily based in France and developed it into an international business. Mr. Geiger graduated from the Swiss Federal Institute of Technology in Zürich, Switzerland with a degree in engineering in 1969 and from INSEAD in Fontainebleu, France with a master's degree in business administration in 1976.

André Hoffmann
Executive Director,
Vice-Chairman and
Chief Executive Officer

Mr. André Hoffmann was appointed as an executive Director with effect from 2 May 2001, as Vice-Chairman with effect from 19 April 2016, and further as Chief Executive Officer with effect from 16 September 2021 and is also a director of LOG and LOGI. Mr. Hoffmann is primarily responsible for the Group's strategic planning. He was previously in charge of the Group's business in Asia-Pacific between June 1995 and December 2017 as Managing Director, Asia Pacific. Mr. Hoffmann is the chairman of L'Occitane Trading (Shanghai) Limited, L'Occitane (Far East) Limited, L'Occitane (Korea) Limited and L'Occitane Taiwan Limited. He is also a director of L'Occitane Singapore Pte. Limited, L'Occitane Australia Pty. Limited, L'Occitane Japon K.K., L'Occitane (China) Limited and L'Occitane (Macau) Limited. He has over 30 years' experience in the retail and distribution of cosmetics, luxury products and fashion in Asia-Pacific. He is a director of Pacifique Agencies (Far East) Limited, which was a joint venture partner with the Company for the distribution of L'Occitane products in the Asia-Pacific region between 1995 and 2004. Between 1979 and 1986, Mr. Hoffmann worked in various sales management roles at the GA Pacific Group, a business specialising in the investment and management of retailing, wholesaling, trading, manufacturing and distribution operations and the hotel and tourism trade in Asia-Pacific. Mr. Hoffmann graduated from the University of California at Berkeley, USA in 1978 with a bachelor of arts degree in economics.

Karl Guénard
Executive Director and
Company Secretary

Mr. Karl Guénard was a non-executive Director of the Group from 30 June 2003. Mr. Guénard joined the Group in September 2013. Since 1 September 2013, he has been an executive Director and Company Secretary of the Group, he also has been further member of the board of directors or managers of LOG, LOGI, LOI Participations and LimeLife Co-Invest Sàrl. Between 2000 and 2013, Mr. Guénard worked at Edmond de Rothschild Group, where he was a senior vice president of the Banque Privée Edmond de Rothschild Europe and responsible for the financial and engineering department. Between 1998 and 2000, he was a manager of the financial engineering department at Banque de Gestion Privée Luxembourg (a subsidiary of Crédit Agricole Indosuez Luxembourg). Prior to this, between 1993 and 1998, Mr. Guénard was a funds and corporate auditor. Mr. Guénard is a chartered accountant. He holds a master's degree in economics and management sciences from the University of Strasbourg, France.

Séan Harrington
Executive Director and
Chief Executive Officer of ELEMIS

Mr. Séan Harrington, was appointed as an executive director with effect from 30 September 2020 and serves as the Chief Executive Officer of ELEMIS. He is one of the co-founders, a trio of whom are still leading the day-to-day operations of the 30-year-old company. Mr. Harrington began his career distributing European beauty brands. At 24, he partnered with the Co-Founders to launch ELEMIS. As the brand grew, Mr. Harrington has led all functions within the company to develop a deep understanding of the business. In 1996, he successfully steered the business to acquisition by Steiner Leisure Limited and subsequent IPO on Nasdaq, and then in 2015 transitioned ELEMIS to private equity ownership. In March 2019, ELEMIS was acquired by the Group, a partner to support the expansion of ELEMIS' global footprint to be the leading global skincare brand. Mr. Harrington is known for his entrepreneurial leadership style, encouraging ELEMIS employees at every level to embrace disruptive strategies to engage and excite consumers. Under his leadership, the brand has evolved from a homegrown business into a global brand.

Directors and Senior Management

Thomas Levilion
Non-Executive Director

Mr. Thomas Levilion was re-designated as non-executive Director on 1 July 2022. Prior to this, he was an executive Director and was the Group Deputy General Manager, Finance and Administration. He was primarily responsible for the Group's finance functions worldwide. Mr. Levilion joined the Group in March 2008 and was the managing director ("administrateur délégué") of the Company. Furthermore, he was a manager (a "gérant") of M&L Distribution S.à.r.l. as well as the President of Verveina SAS. Between 1988 and 2007, Mr. Levilion worked at Salomon S.A., which was a subsidiary of Adidas AG and was subsequently acquired by the Amer Sports Corporation, where he was the controller and the VP controller and subsequently the chief financial officer. During this time he gained experience in global supply chains, turn-arounds, re-engineering of organisations and mergers and acquisitions. He has a master's degree in business administration from the Ecole des Hautes Etudes Commerciales in Paris, France, where he majored in finance, and a postgraduate degree in scientific decision making methods from the University of Paris-Dauphine, France.

Charles Mark Broadley
Independent Non-Executive Director

Mr. Charles Mark Broadley was appointed as an independent non-executive Director with effect from 30 September 2008. He started his career in Investment Banking in Europe and Asia before becoming the Finance Director of The Hong Kong & Shanghai Hotels. Subsequently, he founded a private equity business focused on the hotel sector and is now an active investor in a number of businesses. Mr. Broadley graduated in law from Cambridge University, England.

Christèle Hiss Holliger
Independent Non-Executive Director

Mrs. Christèle Hiss Holliger was appointed as an independent non-executive Director with effect from 1 January 2023. She has extensive experience in asset management and client relationship, as well as in people management and HR. She is currently an independent Director of the Pictet Group Foundation, her last executive role was Global Head of Human Resources for Pictet, a European leader in Wealth and Asset management, with teams in Switzerland, Asia, London, Luxembourg and Nassau. She was an Equity Partner of the Pictet Group, a member of its Executive Committee and a director of Bank Pictet SA board of directors. She moved to a Human Resources role in 2017 after a 20-year career in asset management and client relationship, with the intention to position Human Resources as a strategic partner to the business. Prior to that, she was the chief executive officer of Pictet Asset Management (Singapore) Pte Ltd, overseeing its activities in Singapore and responsible for Southeast Asian institutional clients. Before relocating to Singapore, she was Head of Institutional Clients in Geneva, managing a team of client relationship managers and covering strategic institutional clients. Mrs. Hiss Holliger became the first female Equity Partner of the Pictet Group in 2016 and was a strong advocate for diversity & inclusion initiatives. Mrs. Hiss Holliger graduated in 1992 with a Master of Science Degree in Business Management from EDHEC Business School (France) and obtained the Swiss Federal Diploma for Financial Analyst and Portfolio Manager (CIIA/CFPI, Switzerland) in 1997.

Betty Liu
Independent Non-Executive Director

Ms. Betty Liu was appointed as an independent non-executive Director with effect from 1 March 2022. She is the Chairman, President and Chief Executive Officer of D and Z Media Acquisition Corp., a special purpose acquisition company listed on the New York Stock Exchange (NYSE: DNZ). Ms. Liu also serves as a member of the advisory committee of Black Spade Acquisition Co., a special purpose acquisition company listed on the New York Stock Exchange (NYSE: BSAQ). From 2018 to 2020, Ms. Liu was the Executive Vice Chairman of the New York Stock Exchange and Chief Experience Officer for Intercontinental Exchange (NYSE: ICE). Through her role at the New York Stock Exchange, Ms. Liu was actively involved in numerous initial public offerings, including media and technology leaders such as Uber, Pinterest and Tencent Music Entertainment. Prior to her role at the New York Stock Exchange, Ms. Liu served as the Founder and CEO of Radiate, an online, subscription-based, ed-tech content company for millennial managers and executives, from 2016 to 2018. She scaled the ed-tech platform from concept to more than 20,000 monthly active professional subscribers in less than 2 years. From 2007 to 2018, Ms. Liu served as a leading anchor and editor-at-large for Bloomberg Television and Bloomberg Radio in New York City. Before joining Bloomberg, Ms. Liu was an anchor for CNBC Asia based in Hong Kong from 2005 to 2007, serving as part of the leadership group which helped build CNBC Asia into a market-leading news network within the region. Prior to 2004, Ms. Liu was the Atlanta Bureau Chief for the Financial Times and served as the Taiwan Bureau Chief for Dow Jones Newswires. In 1997, she received a Dow Jones Newswires Award for her coverage of the Asian financial crisis. Ms. Liu earned a Bachelor of Arts from the University of Pennsylvania in 1995.

Jackson Chik Sum Ng
Independent Non-Executive Director

Mr. Jackson Chik Sum Ng was appointed as an independent non-executive Director with effect from 25 January 2010. Mr. Ng has extensive experience in accounting and financial management. He was previously the chief financial officer of Modern Terminals Limited. Mr. Ng previously worked at Coopers & Lybrand and also served as the group financial controller of Lam Soon Group, as the finance director of East Asia of Allergan Inc., a United States pharmaceutical company. Mr. Ng is a fellow of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Ng was a non-executive director of Tradelink Electronic Commerce Limited and was an independent non-executive director of Computech Holdings Limited. He holds a master of science degree in Finance from the Chinese University of Hong Kong and a master’s degree in business administration from the Hong Kong University of Science and Technology.

Directors and Senior Management

SENIOR MANAGEMENT

Ingo Dauer

Mr. Ingo Dauer, aged 52, is the Group Legal Director. Mr. Dauer joined the Group in July 2009, overseeing and advising on all Group-related legal matters, including M&A, commercial law, IP rights, data protection and insurance, as well as fiscal and compliance matters. He has over 25 years of solid experience and played a key role in the Group's IPO and the acquisitions of all brands from the legal perspective. He is co-managing the corporate venture capital fund L'Occitane Innovation Lab SAS in Marseille and is joint managing director and/or member of the board of directors of some of the Group's subsidiaries, including L'Occitane International (Suisse) S.A. and Laboratoires M&L S.A. After having started his professional career as inhouse lawyer at the group Dachser, he previously held senior positions at Panalpina (ASB Oil & Gas) and ESCADA. Mr. Ingo Dauer is a qualified lawyer with a bar exam after having graduated at law school in Augsbourg (Germany).

Nathaëlle Davoust

Ms. Nathaëlle Davoust, aged 41, is the Global General Manager of Melvita. Since joining the Group in 2007, Ms. Davoust has gained extensive experience building an entrepreneurial team and driving international development in senior managerial roles in some of the Group's most strategic markets. Prior to assuming her current role in October 2021, she was Retail Operations Director in New York from 2013 to 2015, became Marketing and E-Commerce Senior Director in Japan in 2018 and moved onto becoming the General Manager for L'OCCITANE en Provence and Melvita in Hong Kong in 2019. She holds a Master's Degree in Business from HEC Paris and a Master's Degree in Management from University College Dublin.

Adrien Geiger

Mr. Adrien Geiger, aged 38, is the Group Sustainability Officer and the L'OCCITANE en Provence Global Brand Director. Mr. Adrien Geiger joined the Group in 2014 as Product Manager, and progressed to Digital Director shortly after. He was then Global Brand Director, in charge of marketing strategy, customer experience and revamping the e-commerce website of L'OCCITANE en Provence. Before joining the Group, Mr. Adrien Geiger worked for Électricité de France, a French energy group, for 3 years. Mr. Adrien Geiger graduated from the University of Oxford, UK with a degree in engineering and from the Wharton School in Pennsylvania, USA with an MBA in digital marketing. Mr. Adrien Geiger is the son of Mr. Reinold Geiger, Chairman of the Group, and brother of Mr. Nicolas Geiger, South America President & Business Development Executive (Americas).

Nicolas Geiger

Mr. Nicolas Geiger, aged 42, is the South America President & Business Development Executive (Americas). Mr. Nicolas Geiger joined the Group in 2011 as Marketing and Retail Director in Brazil, was promoted to Managing Director of Brazil in 2014 and subsequently became the President of L'Occitane Japan. Mr. Nicolas Geiger continues to be in charge of the development of the L'OCCITANE au Brésil brand. Mr. Nicolas Geiger holds a Master's degree in Engineering, Economics and Management from the University of Oxford, UK and an MBA from INSEAD. Mr. Nicolas Geiger is the son of Mr. Reinold Geiger, Chairman of the Group, and brother of Mr. Adrien Geiger, L'OCCITANE en Provence Global Brand Director.

Marie Grasset

Mrs. Marie Grasset, aged 39, is the Human Resources Director for L'OCCITANE en Provence, L'OCCITANE au Brésil, Melvita and Erborian. Mrs. Grasset joined the Group in March 2018, as Human Resources Director for the headquarters and STREAM Business Unit, and assumed her current role in June 2021. Mrs. Grasset started her career in Corporate HR within LVMH Group in 2008 in Paris. Mrs. Grasset was then offered to implement the HR function in a watch brand, Hublot, in Switzerland, newly acquired by the LVMH Group. Mrs. Grasset then joined an independent high-jewellery brand, de Grisogono, as global Human Resources Director. Mrs. Grasset holds a master's degree from Political Sciences Institute in Lille, France.

Madison Mallardi

Ms. Madison Mallardi, aged 31, is the Co-Founder and CEO of LimeLife by Alcone. While Madison was studying at Pace University to become a Communications and Marketing Major, she was co-founding LimeLife by Alcone with her aunt, Michele Mallardi-Gay on the side. When she graduated in 2014, she dedicated her career to growing the beauty brand and in May 2017, the company became a part of the Group and expanded globally into 10 new markets.

Laurent Marteau

Mr. Laurent Marteau, aged 46, was appointed as the Group Managing Director in September 2022. He has over 20 years of experience in the global beauty industry, having worked for the LVMH Group for 15 years before joining La Prairie Group in 2014 as Vice President for Global Travel Retail & Special Channels and becoming a board member in the same year. In 2020, Mr. Marteau expanded his responsibilities and was made Vice President for Europe, the Americas, the Middle East and Africa. He graduated from IEP Lyon and EM Lyon Business School.

Dorothée Massoulier

Ms. Dorothée Massoulier, aged 41, is the General Manager for Erborian. She joined the Group in 2012 as Marketing Manager for L'OCCITANE en Provence and progressed to Marketing Vice President two years after. She has over 15 years of solid experience in the beauty industry building brands and driving their growth in wholesale and e-commerce. Ms. Massoulier started her career at Johnson and Johnson where she held different marketing positions for their beauty brands. She holds a master's degree in International Affairs and Development from Dauphine Université Paris.

Heela Yang

Ms. Heela Yang, aged 53, is the Co-Founder & CEO of Sol de Janeiro. Ms. Yang launched Sol de Janeiro in the summer of 2015 with just three products and has led the brand to become a global lifestyle body care phenomenon in just six years. Prior to Sol de Janeiro, Ms. Yang built an extensive track record of success at leading global brands such as Lancôme (L'Oréal) and Clinique (Estée Lauder Companies). As Director of Marketing and Head of Global Skincare Strategy at Clinique, she managed over US$300 million of skincare product lines as well as led the global strategy for Clinique's skincare category, sold in 135 countries with revenues over US$1 billion. After Clinique, Ms. Yang led entrepreneurial ventures including investing, consulting, and developing proprietary brands in the cosmetics industry in the US, Asia and Brazil. Heela began her career as an analyst at Goldman Sachs Investment Banking with a focus on the retail industry. She is a graduate of Harvard College, Yale Graduate School and Harvard Business School.

Directors' Report

> The Directors submit their report together with the audited financial statements of the Group for FY2023.

PRINCIPAL ACTIVITIES

The Company is an international group that manufactures and retails beauty and well-being products that are rich in natural and organic ingredients. As a global leader in the premium beauty market, the Company has more than 2,770 retail outlets, including around 1,360 owned stores, and is present in more than 90 countries. Through its eight brands — L'OCCITANE en Provence, Melvita, Erborian, L'OCCITANE au Brésil, LimeLife by Alcone, ELEMIS, Sol de Janeiro and Grown Alchemist — the Company offers new and extraordinary beauty experiences, using high quality products that respect nature, the environment and the people who surround it.

An analysis of the Group's performance for FY2023 by operating segments is set out in note 5 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the Management Discussion & Analysis on pages 12 to 31 of this Annual Report. Description of possible risks and uncertainties that the Group may be facing can be found in the Chairman's Statement on pages 6 to 7 of this Annual Report. Also, the financial risk management objectives and policies of the Group can be found in Note 3 to the consolidated financial statements. Particulars of important events (if any) affecting the Group that have occurred since the end of the financial year ended 31 March 2023 are provided in Note 35 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Balance Sheet and cash-flow review on pages 23 to 26 of this Annual Report. In addition, discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Chairman's Statement on page 6 and Corporate Governance Report on page 34 and in this Directors' Report on page 56 and in the ESG report available on the Group's corporate website.

RESULTS AND DIVIDENDS

The results of the Group for FY2023 are set out in the Consolidated Statements of Income on page 79 of this Annual Report.

The Board recommends a final dividend of €0.03129 per Share. The payment shall be made in Euros, except that payment to Shareholders whose names appear on the register of members in Hong Kong shall be paid in Hong Kong dollars. The relevant exchange rate will be the opening buying telegraphic transfer rate of Hong Kong dollars to Euros as announced by the Hong Kong Association of Banks (www.hkab.org.hk) on the day of the approval of the dividend.

The final dividend will be subject to approval by the Shareholders at the forthcoming AGM to be held on 27 September 2023. The record date to determine which Shareholders will be eligible to attend and vote at the forthcoming AGM will be on 27 September 2023. The register of members of the Company will be closed from Friday, 22 September 2023 to Wednesday, 27 September 2023, both days inclusive, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited ("Computershare"), at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 21 September 2023.

Subject to the Shareholders approving the recommended final dividend at the forthcoming AGM, such dividend will be payable on Friday, 20 October 2023 to Shareholders whose names appear on the register of members on Tuesday, 10 October 2023. To determine eligibility for the final dividend, the register of members will be closed from Thursday, 5 October 2023 to Tuesday, 10 October 2023, both days inclusive, during which period no share transfers can be registered. In order to be entitled to receive the final dividend, all transfers accompanied by the relevant share certificate(s) must be lodged with Computershare, not later than 4:30 p.m. on Wednesday, 4 October 2023.

The final dividend will be paid after retention of the appropriate withholding tax under Luxembourg Laws. In the circular containing the notice convening the AGM, Shareholders will be provided with detailed information about procedures for reclaiming all or part of the withholding tax in accordance with the provisions of the double tax treaty between Luxembourg and Hong Kong.

FIVE YEARS FINANCIAL SUMMARY

The five years financial summary of the Group is set out on page 208 of this Annual Report.

DISTRIBUTABLE RESERVES

As at 31 March 2023, the Company's reserves available for distribution to Shareholders in accordance with the Articles of Association as adopted on 15 April 2010 and last amended on 28 September 2022 amounted to approximately €672,542,590.

DONATIONS

Charitable and other donations made by the Group during FY2023 amounted to around €1,825,000.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Grand-Duchy of Luxembourg.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During FY2023, the Company transferred out a total of 1,473,429 shares held in treasury pursuant to the employees' free share and share option plans of the Company. The Company held 5,355,641 shares in treasury on 31 March 2023. Save as disclosed above, neither the Company nor its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during FY2023.

Directors' Report

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

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

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

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2023 are set out in note 36 to the consolidated financial statements.

DIRECTORS

The Directors during FY2023 and up to the date of this Annual Report were:

Executive Directors

Mr. Reinold Geiger
(appointed as Chairman and Chief Executive Officer on 22 December 2000 and resigned as Chief Executive Officer on 16 September 2021)

Mr. André Hoffmann
(appointed on 2 May 2001, further appointed as Vice-Chairman on 19 April 2016 and appointed as Chief Executive Officer on 16 September 2021)

Mr. Yves Blouin
(appointed on 14 January 2021 and resigned on 25 May 2022)

Mr. Karl Guénard
(appointed on 30 June 2003 as Non-Executive Director and designated as Executive Director on 1 September 2013)

Mr. Séan Harrington
(appointed on 30 September 2020)

Non-Executive Director

Mr. Thomas Levilion
(appointed on 30 September 2008 as Executive Director and re-designated as Non-Executive Director on 1 July 2022)

Independent Non-executive Directors

Mrs. Christèle Hiss Holliger
(appointed on 1 January 2023)

Ms. Valérie Bernis
(appointed on 28 November 2012 and resigned on 1 January 2023)

Mr. Charles Mark Broadley
(appointed on 30 September 2008)

Ms. Betty Liu
(appointed on 1 March 2022)

Mr. Jackson Chik Sum Ng
(appointed on 25 January 2010)

In accordance with code provision B.2.2 as set out in Appendix 14 to the Listing Rules, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In addition, all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after their appointment. In accordance with Article 10.1 of the Articles of Association, the Directors shall be elected by the Shareholders at a general meeting, which shall determine their number and term of office. The term of office of a Director shall be not more than three years, upon the expiry of which each shall be eligible for re-election.

BIOGRAPHICAL INFORMATION OF DIRECTORS

Brief biographical information of the Directors is set out in the "Directors and Senior Management" section on pages 50 to 55 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has or is proposed to have a service contract with any member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors had any interests in a business which competes, either directly, or indirectly, with the business of the Company or the Group.

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

As at 31 March 2023, the following Directors or chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provision of the SFO), (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or (iii) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

(a) Interests in the shares of the Company

Name of Director	Capacity and Nature of Interest	Number of Shares/ Underlying Shares Held or Controlled	Approximate % of Shareholding (Note 2)
Reinold Geiger (Note 1)	Interest in controlled corporation, beneficial interest and deemed interest	1,074,091,782 (long position)	72.72%
André Hoffmann	Beneficial interest	2,495,250 (long position)	0.17%
Thomas Levilion	Beneficial interest	413,000 (long position)	0.03%
Karl Guénard	Beneficial interest	324,900 (long position)	0.02%
Jackson Chik Sum Ng	Beneficial interest	30,000 (long position)	0.00%

Notes:

(1) *Mr. Reinold Geiger is the ultimate beneficial owner of the entire issued share capital of CIME S.C.A. which in turn has 100% interest in Société d'Investissements CIME S.A. ("CIME"), which in turn has beneficial interest and deemed interest in approximately 74.78% of the entire issued share capital of LOG (being beneficial owner of 9,877,596 shares, having deemed interest in 846,926 treasury shares being held by LOG and directly in 253 shares). Mr. Geiger is therefore deemed under the SFO to be interested in all the shares registered in the name of LOG, which holds 1,067,587,391 shares and controls 5,355,641 treasury shares held by the Company. Mr. Geiger is also the beneficial owner of 1,148,750 shares.*

(2) *Based on guidance received from the Securities and Futures Commission (the "SFC"), the disclosure of interest calculations shown in the table above have been calculated on the basis of the Company's total issued share capital including 5,355,641 shares that are held in treasury and do not have voting rights whilst they are held in treasury.*

Directors' Report

(b) Interests in the shares of the associated corporations

Long Position in the shares of LOG

Name of Director	Capacity and Nature of Interest	Number of Shares/ Underlying Shares Held or Controlled	Approximate % of Shareholding (Note 2)
Reinold Geiger	Beneficial interest and deemed interest	10,724,775 (Note 1)	74.78%
André Hoffmann	Beneficial interest and deemed interest	2,578,286	17.98%
Karl Guénard	Beneficial interest	5,800	0.04%
Séan Harrington	Beneficial interest	4,200	0.03%
Charles Mark Broadley	Beneficial interest	400	0.00%
Jackson Chik Sum Ng	Beneficial interest	400	0.00%

Notes:

(1) Comprised of 253 shares held by Mr. Reinold Geiger, 9,877,596 shares held by CIME and 846,926 treasury shares held by LOG. Mr. Geiger is the ultimate beneficial owner of the entire issued share capital of CIME; Mr. Geiger is therefore deemed under the SFO to be interested in all the shares in LOG held by CIME. As ultimate controlling shareholder of LOG, Mr. Geiger is also deemed to be interested in the treasury shares being held by LOG.

(2) The approximate percentage shareholdings in the share capital of LOG are calculated on the basis of the total number of 14,341,954 shares issued, inclusive of 846,926 treasury shares held by LOG.

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

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

Long Position in the shares of 14 Groupe S.A.

Class A shares (with voting rights)

Name of Director	Capacity and Nature of Interest	Number of Shares/ Underlying Shares Held or Controlled	Approximate % of Shareholding
André Hoffmann	Interest in Controlled Corporation	95,000	4.90%
Séan Harrington	Interest in Controlled Corporation	95,000	4.90%

Class B shares (without voting rights)

Name of Director	Capacity and Nature of Interest	Number of Shares/ Underlying Shares Held or Controlled	Approximate % of Shareholding
André Hoffmann	Interest in Controlled Corporation	530,500	50%
Séan Harrington	Interest in Controlled Corporation	530,500	50%

Save as disclosed herein, as at 31 March 2023, none of the Directors and chief executive of the Company, or any of their spouses, or children under 18 years of age, had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations recorded in the register required to be kept by the Company under section 352 of the SFO or required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

INTERESTS IN THE SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2023, the register of substantial Shareholders maintained under section 336 of the SFO showed that the Company had been notified of the following substantial Shareholders' interests or short positions, other than a Director or chief executive of the Company, in the shares or underlying shares of the Company:

Name of Shareholder	Capacity and Nature of Interest	Number of Shares/ Underlying Shares Held or Controlled	Approximate % of Shareholding (Note 3)
Cime Management Sarl	Interest in controlled corporation and deemed interest	1,072,943,032 (long position) (Note 1)	72.65%
Cime S.C.A.	Interest in controlled corporation and deemed interest	1,072,943,032 (long position) (Note 1)	72.65%
Société d'Investissements CIME S.A.	Interest in controlled corporation and deemed interest	1,072,943,032 (long position) (Note 1)	72.65%
LOG	Interest in controlled corporation and deemed interest	1,072,943,032 (long position) (Note 1)	72.65%
ACATIS Investment Kapitalverwaltungsgesellschaft mbH	Executor or administrator	103,115,250 (long position) (Note 2)	6.98%

Notes:

(1) *Each of Cime Management Sarl (indirectly) and Cime S.C.A. (directly) has 100% interest in shareholding of CIME and CIME has an interest in approximately 74.78% of the total issued share capital of LOG (being beneficial owner of 9,877,596 shares and having deemed interest in 846,926 treasury shares being directly or indirectly held by LOG). Cime S.C.A. is the controlling corporation of CIME and CIME is the controlling corporation of LOG and Cime S.C.A. and CIME are therefore deemed under the SFO to be interested in all the 1,067,587,391 shares held by LOG. As suggested by SFC, being the controlling corporations of the Company, Cime Management Sarl, Cime S.C.A., CIME and LOG have deemed interest in the 5,355,641 treasury shares being held by the Company.*

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

(3) *Based on guidance from the SFC, the disclosure of interest calculations shown in the table above have been calculated on the basis of the Company's total issued share capital including 5,355,641 shares that are held in treasury and do not have voting rights whilst they are held in treasury.*

Save as disclosed herein, as at 31 March 2023, the Company had not been notified of any substantial Shareholder (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept by the Company under section 336 of the SFO.

Directors' Report

ISSUED SHARES IN THE YEAR

Details of the Shares issued for the year ended 31 March 2023 are set out in note 19 to the consolidated financial statements.

SHARE OPTION PLANS

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

The purpose of the Share Option Plan 2020 is to provide employees of the Group, all its Directors (including non-executive Directors) and Shareholders (together, the "Eligible Persons") with an opportunity to have a proprietary interest in the Company through being granted share options under the Share Option Plan 2020 rules (the "Options"), which will motivate the Eligible Persons to optimise their performance, effectiveness and efficiency for the benefit of the Group and attract and retain or otherwise maintain ongoing business relationships with those Eligible Persons whose contributions are or will be beneficial to the long-term growth of the Group. The maximum number of Shares in respect of which Options may be granted under the Share Option Plan 2020 shall not exceed 21,925,987 shares, being 1.5% of the Company's issued share capital (excluding shares held in treasury) as at 30 September 2020.

During the FY2023, 8,186,000 shares were granted, on 27 October 2022, under the Share Option Plan 2020, representing 0.6 % of the issued shares, excluding treasury shares, as at date of this Annual Report, leaving a balance of 13,739,987 Options representing 0.9% of the issued Shares, excluding treasury shares, as at date of this Annual Report available for grant in future. The Share Option Plan 2020 will expire on 29 September 2023 and its remaining life is around 3 months.

Under the Share Option Plan 2020, the total number of Shares to be issued upon exercise of the Options granted to each participant in any 12-month period must not exceed 1% of the Shares in issue. The exercise price shall be at a price determined by the Board at its absolute discretion and shall be no less than the higher of:

(i) the closing price of the Shares as stated in the daily quotation sheets issued by the Hong Kong Stock Exchange on the offer date;

(ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Hong Kong Stock Exchange for the five business days immediately preceding the offer date; and

(iii) the nominal value of a Share on the date of grant.

The Board considers that it is not appropriate to state the value of all Options that can be granted pursuant to the Share Option Plan 2020 as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the exercise price, vesting period, exercise period and the conditions that an Option is subject to. The Board believes that any calculation of the value of the Options based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

Particulars and movements of Options granted under the Share Option Plans 2010, 2013 and 2016 (the "2010, 2013 and 2016 Options") during the year ended 31 March 2023 were as follows. 8,186,000 Options were granted under the Share Option Plan 2020 during this period.

Name/Category of participant	As of 01/04/2022	Number of Options Granted during the period	Cancelled or forfeited during the period	Exercised during the period	As of 31/03/2023	Date of grant	Exercise period (Note 1)	Exercise price per share (HK$)	Price immediately preceding the date of grant (Note 2) (HK$)
Directors									
Thomas Levilion	413,000	–	–	–	413,000	29-Mar-18	29/03/2022–29/03/2026	14.50	14.50
Karl Guénard	97,600	–	–	–	97,600	23-Mar-16	23/03/2020–22/03/2024	14.36	14.00
	83,700	–	–	–	83,700	10-Feb-17	10/02/2021–10/02/2025	15.16	15.03
	82,600	–	–	–	82,600	29-Mar-18	29/03/2022–29/03/2026	14.50	14.50
	–	61,000	–	–	61,000	27-Oct-22	27/10/2025–26/10/2029	20.67	20.15
Sub-total (Note 3)	676,900	–	–	–	737,900				
Others									
Employees	422,900	–	–	–	422,900	23-Mar-16	23/03/2020–22/03/2024	14.36	14.00
	1,389,650	–	–	(125,550)	1,264,100	10-Feb-17	10/02/2021–10/02/2025	15.16	15.03
	4,207,750	–	(220,200)	(1,347,879)	2,639,071	29-Mar-18	29/03/2022–29/03/2026	14.50	14.50
	–	8,125,000	(237,800)	–	7,887,200	27-Oct-22	27/10/2025–26/10/2029	20.67	20.15
Sub-total (Note 3)	6,019,700	8,125,000	(458,000)	(1,473,429)	12,213,271				
Total (Note 4)	6,696,600	8,186,000	(458,000)	(1,473,429)	12,951,171				

Notes:

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

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

(3) *The weighted average fair value of Options granted under the Share Option Plan 2010 on 4 April 2011, 26 October 2012, 28 November 2012, under the Share Option Plan 2013 on 4 December 2013, 24 February 2015 and 23 March 2016, under the Share Option Plan 2016 on 10 February 2017 and 29 March 2018, and under the Share Option Plan 2020 on 27 October 2022 were approximately €0.44, €0.45, €0.47, €0.31, €0.40, €0.31, €0.36, €0.36 and €0.83 respectively. The following significant assumptions were used to derive the fair value, using the Black-Scholes option pricing model:*

Date of grant	***Expected volatility (%)***	***Expected life***	***Risk-free interest rate (%)***	***Expected dividend yield (%)***
4 April 2011	*25%*	*5 years*	*1.92%*	*20% of budgeted profit attributable to the equity holders*
26 October 2012	*25%*	*5 years*	*0.50%*	*30% of budgeted profit attributable to the equity holders*
28 November 2012	*25%*	*5 years*	*0.50%*	*30% of budgeted profit attributable to the equity holders*
4 December 2013	*25%*	*5 years*	*1.00%*	*35% of budgeted profit attributable to the equity holders*
24 February 2015	*25%*	*5 years*	*1.00%*	*35% of budgeted profit attributable to the equity holders*
23 March 2016	*25%*	*5 years*	*1.00%*	*35% of budgeted profit attributable to the equity holders*
10 February 2017	*22%*	*5 years*	*1.92%*	*35% of budgeted profit attributable to the equity holders*
29 March 2018	*22%*	*5 years*	*2.50%*	*35% of budgeted profit attributable to the equity holders*
27 October 2022	*38.7%*	*4 years*	*1.57%*	*40% of budgeted profit attributable to the equity holders*

In total, share-based compensation expense of €814,000 was included in the consolidated statements of comprehensive income for the year ended 31 March 2023 (year ended 31 March 2022: €772,000). These expenses included the amortization of the fair value of the share-based awards in the form of Options granted to the Directors and employees under our Share Option Plan 2020 on 27 October 2022.

(4) *Regarding to the 8,186,000 Options granted during the FY2023, 118,700 were granted to the five highest paid individuals.*

Directors' Report

FREE SHARE PLAN

On 30 September 2010, a meeting of the Shareholders authorised the adoption of a free share plan (the "Free Share Plan 2010"), which expired and was terminated on 29 September 2013 and replaced by another free share plan (the "Free Share Plan 2013") which was adopted on 25 September 2013. This Free Share Plan 2013 expired on 24 September 2016 and was replaced by another free share plan (the "Free Share Plan 2016") which was adopted on 28 September 2016. The Free Share Plan 2016 was replaced by another free share plan (the "Free Share Plan 2018) which was adopted on 26 September 2018. In addition, the Shareholders approved the adoption of a new free share plan (the "Free Share Plan 2021") at the annual general meeting of the Company on 29 September 2021. Upon the approval of the Free Share Plan 2021 in September 2021, no further free shares would be granted under the Free Share Plan 2018. The purpose of the Free Share Plan 2021 is to provide employees of the Group (the "Employees") with an opportunity to have a proprietary interest in the Company through being granted free shares under the rules of the Free Share Plan 2021 (the "Free Shares"), which will motivate the relevant Employees to optimise their performance, effectiveness and efficiency for the benefit of the Group and attract and retain or otherwise maintain ongoing business relationships with those Employees whose contributions are or will be beneficial to the long-term growth of the Group.

The maximum number of Free Shares that may be granted under the Free Share Plan 2021 shall not exceed 7,343,852 shares, being 0.5% of the Company's issued share capital (excluding shares held in treasury) as at 29 September 2021.

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

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

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

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

No Free Shares had been granted under the Free Share Plan 2018.

During the FY2023, no Free Shares were granted pursuant to the Free Share Plan 2021, leaving a balance of 7,343,852 Free Shares representing 0.5 % of the issued Shares, excluding treasury shares, as at date of this Annual Report available for grant in future. The Free Share Plan 2021 will expire on 29 September 2024 and its remaining life is around 15 months.

KEY TERMS OF THE TWO EFFECTIVE PLANS

Further details of the Plans

The following table summarises the material terms of the Share Option Plan 2020 and the Free Share Plan 2021, the two share incentive plans in effect during the Review Period. Both share incentive plans were adopted by the Company before the revised Chapter 17 of the Listing Rules (the "Revised Chapter 17") took effect on 1 January 2023, and accordingly, the Company relies on the transitional arrangements to the Revised Chapter 17 for the operation (including grants thereunder) of these share incentive plans. The Share Option Plan 2020 complies with the requirements under the former Chapter 17 of the Listing Rules (the "Former Chapter 17"), which was in effect until 31 December 2022.

	Share Option Plan 2020	**Free Share Plan 2021**
Scheme mandate limit	21,925,987 shares representing 1.50% of the Company's issued shares (excluding Treasury shares) as at 30 September 2020	7,343,852 shares representing 0.50% of the Company's issued shares (excluding Treasury shares) as at 29 September 2021
Service provider sublimit	N/A	N/A
Eligible participants	Employees of the Group, Directors and Shareholders selected to participate in this plan	Employees of the Group only, and awards will not be granted to connected persons (as defined in the Listing Rules) of the Company
Maximum entitlement of each participant	None, other than as required under the Former Chapter 17	None
Exercise period for Options	No longer than 10 years from the date of grant	N/A
Vesting period	As determined by the Company, and generally four years after the date of grant	As determined by the Company, and generally four years after the date of grant
Consideration payable for accepting a grant	None, unless otherwise specified by the plan administrator	None, unless otherwise specified by the plan administrator
Basis of determining the exercise price of Options	The higher of (a) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the offer date; (b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and (c) the nominal value of a share on the date of grant	N/A
Basis of determining the purchase price of awards (where any)	Unless otherwise determined by the Company for any each grant, the purchase price is nil	Unless otherwise determined by the Company for each grant, the purchase price is nil
Scheme life (unless terminated earlier by our Board)	3 years from adoption, with the plan anticipated to end this year	3 years from adoption, with the plan anticipated to end in 2024

For further information about the two plans, please see the Company's circular of 31 August 2020 (for the Share Option Plan 2020) and 30 July 2021 (for the Free Share Plan 2021), available on the Stock Exchange's website (www.hkexnews.hk).

Directors' Report

Information on grants during Review Period, of the Share Option Plan 2020 and the Free Share Plan 2021

		Share Option Plan 2020	Free Share Plan 2021
1.	Number of awards remaining on 1 April 2022	21,925,987	7,343,852
2.	Number of awards granted during the reporting year	8,186,000	0
3.	Number of awards remaining on 31 March 2023	13,739,987	7,343,852
4.	Number of shares that may be issued under the plan: number of granted awards less awards cancelled, during the period	7,948,200	0
5.	Number of shares that may be issued in respect of Options and awards granted by the Company divided by the weighted average number of shares	0.54%	N/A

Information on the expired Share Option Plan 2013 and the expired Share Option Plan 2016

		Share Option Plan 2013	Share Option Plan 2016
1.	Number of awards remaining on 1 April 2022	0	0
2.	Number of awards granted during the reporting year	0	0
3.	Number of awards remaining on 31 March 2023	0	0
4.	Number of shares that may be issued under the plan: number of granted awards less awards cancelled, during the period	520,500	4,482,471
5.	Number of shares that may be issued in respect of Options and awards granted by the Company divided by the weighted average number of shares	0.04%	0.30%

TREASURY SHARES

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

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

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

The Company confirmed that during the year ended 31 March 2023, the Company was in compliance with the conditions of the Waiver.

The Company holds as at 31 March 2023, 5,355,641 ordinary shares as treasury shares, and the total number of ordinary shares in issue (excluding shares held as treasury shares) is 1,471,609,250.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed in the paragraphs headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES" and "SHARE OPTION PLANS" in this Annual Report, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

At the end of the year or at any time during FY2023, there was no transaction, arrangement or contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, and in which a Director had, whether directly or indirectly, a material interest.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2023 and up to the date of this Annual Report.

Directors' Report

PERMITTED INDEMNITY PROVISION

The Articles of Association provide that all Directors and officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty. Directors' and officers' liability insurance is arranged to cover the Directors and officers of the Company and its subsidiaries against any potential costs and liabilities arising from claims brought against them.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the Directors' Report regarding the grant of Share Options and Free Shares during the year ended 31 March 2023, the Company has not entered into any other equity-linked agreement.

CONNECTED TRANSACTION

On 1 April 2022, the Company acquired, for cash consideration, a 65% interest in Grown Alchemist (the "GA Interest"), an Australian based skincare brand that offers premium beauty products based on clean and scientifically innovative formulas, with a philosophy and reputation aligned with the Group. Following the acquisition, Grown Alchemist became a subsidiary of the Group and its financials have been consolidated into the Company's accounts for this financial year. Since the seller of the GA Interest is an associate of L'Occitane Group S.A., the Company's controlling shareholder, and the highest of the applicable size test ratios (calculated in accordance with the Listing Rules) was above 0.1% but less than 5%, the acquisition constituted a connected transaction of the Company and was subject to reporting and announcement requirements but exempt from shareholder approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

In connection with the acquisition, the Company entered into a shareholder's agreement with the remaining shareholders of 14 Groupe S.A., the holding entity through which the Company acquired the GA Interest. Under the shareholder's agreement, the Company granted a put option and a call option to each remaining shareholder, two of whom are connected persons of the Company. These two connected persons, who are executive Directors, hold, through their wholly-owned entities, interests in the 14 Groupe S.A.. As all of the applicable percentage ratios (calculated in accordance with the Listing Rules) for the put options and the call options, assuming exercise of each in full and calculated in aggregate with the above acquisition, were less than 5%, neither of the put options nor the call options constituted a notifiable transaction of the Company under Chapter 14 of the Listing Rules, but each constituted a connected transaction of the Company and was subject to reporting and announcement requirements but exempt from shareholder approval requirements pursuant to Rules 14A.24(2)(a) and 14A.76(2) of the Listing Rules.

For more details, please refer to the related announcements of the Company published on 24 March 2022 and 1 April 2022.

This connected transaction is only a one-off transaction and does not constitute a continuing connected transaction of the Company.

Other related party transactions entered into by the Group during FY2023 as set out in note 33 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions of the Company as defined in Chapter 14A of the Listing Rules.

Save as disclosed in this Annual Report, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the Review Period in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

BANK LOANS AND OTHER BORROWINGS

Details of the Group's bank loans and other borrowings as at 31 March 2023 are set out in note 20 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The nature of the Group's activities is that the percentage of sales or purchases attributable to the Group's five largest customers or suppliers is significantly less than 30% of the total and the Directors do not consider any one customer or supplier to be influential to the Group.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group are set out in note 21.1 to the consolidated financial statements.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as 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 to all Directors, they have confirmed that they have complied with the Model Code throughout the Review Period.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report is set out on pages 34 to 47 of this Annual Report.

CONTINGENT LIABILITIES

Details of contingent liabilities are set out in note 31.2 to the consolidated financial statements.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 35 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the date of this Annual Report, there was a sufficient prescribed public float of more than 25% of the issued share capital of the Company under the Listing Rules during the Review Period.

AUDITOR

The financial statements were audited by PricewaterhouseCoopers who will retire as auditor of the Company at the conclusion of the forthcoming AGM and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at the forthcoming AGM.

HUMAN RESOURCES

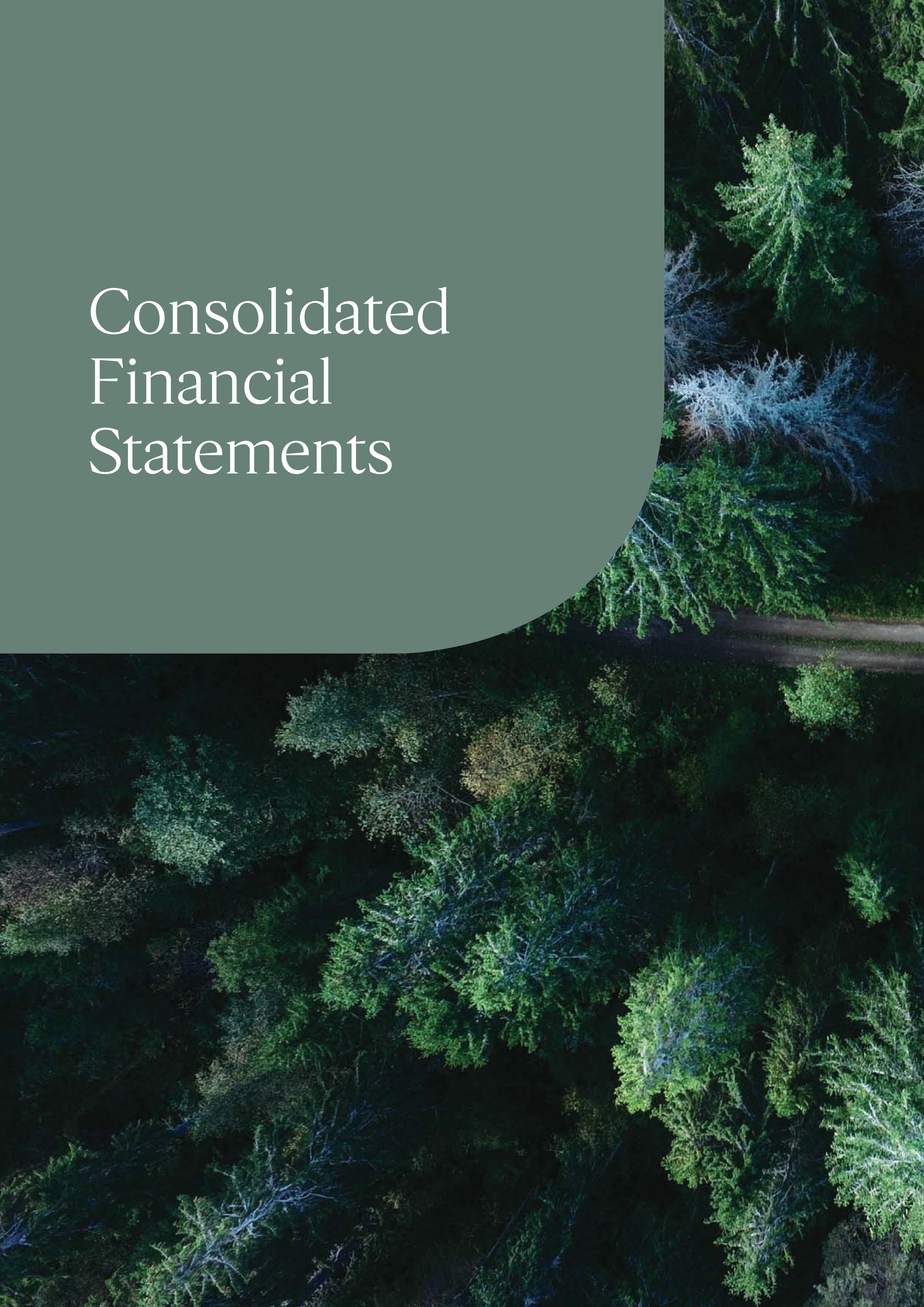
As at 31 March 2023, the Group had 8,701 employees (31 March 2022: 9,042 employees).

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

By order of the Board

Reinold Geiger
Chairman
26 June 2023

Consolidated Financial Statements



Independent Auditor's Report

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of L'Occitane International S.A. (the "Company") and its subsidiaries (the "Group") as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and as adopted by the European Union.

What we have audited
The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 March 2023;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in shareholders' equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Revenue recognition

For the year ended 31 March 2023, the Group recorded net sales of €2,135 million.

As described in Note 2.22, sales of goods to customers are recognised when control of the product has been transferred.

Revenue is recognised as follows:

(a) Sales of goods — retail (Sell-out channel): comprises sales of products directly to final customers mainly through a worldwide network of stores and Group's website. Sell-out accounted for approximately 69.2% of total revenue. The revenue is recognised when the Group sells a product to the customer at the store.

We focused on this area due to the risks arising from the large volume of transactions generated from the sale of different products to a significant number of customers that take place in many different locations. This area required significant audit attention to test the occurrence and accuracy of this kind of transactions;

(b) Sales of goods — wholesale and distributors (Sell-in channel): comprises sales of products to an intermediary (mainly distributors, wholesalers, TV show channels and travel retailers).

This channel also comprises sales of products to corporate customers and sales of the Group's products to an intermediary who will provide them as free amenities to its final customers. The revenue is recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and sale price of the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products.

We focused on this area due to the risk of revenue being recognised inappropriately close to the year-end.

How our audit addressed the key audit matter

We obtained an understanding of Management's controls in respect of the Group's sales transactions. In addition, we tested the general IT control environment and related automated control of the Group's systems.

We assessed the compliance of the Group's revenue recognition policies with IFRS and tested the application of those policies.

We tested the different revenue streams as follows:

For retail sales, our procedures included:

(a) Reconciliation between the revenue recorded in the point-of-sale system and the general ledger;

(b) Reconciliation between the revenue recorded and cash collection;

(c) Testing the number and the fair value of award credits recognised in deferred revenue.

For wholesalers and distributors sales, our procedures included:

(a) Testing of the relevant supporting documents (sales order, bill of lading, invoice and/or payments) for a sample of revenue transactions covering different clients;

(b) Confirmation of a sample of outstanding customer invoices at the balance sheet date;

(c) Testing to assess whether revenue was recognised in the correct reporting period. We tested the recognition of revenue based on the transfer of control to the intermediaries and the accounting period in which products were delivered by reconciling a sample of revenue items to contract and shipping documents;

(d) Testing of journal entries posted to revenue accounts to identify any unusual or irregular items, and of the reconciliations between the revenue systems and the financial ledger.

Independent Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

Key audit matters *(continued)*

Key audit matter

Revenue recognition (continued)

Customer loyalty programmes are used by the Group to provide customers with incentives to buy their products. Each time a customer buys goods, or performs another qualifying act, the Group grants the customer award credits. The Group accounts for award credits as a separately identifiable component of the sales transactions, as deferred revenue. The Group then recognises revenue in respect of the award credits in the periods in which awards credits are redeemed.

We focused on this area due to the risk arising from the volume of award credits generated in different locations and from the management estimates about the total number of award credits expected to be redeemed.

Assessment of impairment on non-current assets and goodwill

As at 31 March 2023, the Group had goodwill of €893.5 million, intangible assets of €490.2 million (including trademarks for €443.7 million), right-of-use assets of €271.7 million and leasehold improvements for €46.6 million in property, plant and equipment.

Management performed an annual review of the cash generating units (CGU) to which goodwill and other non-current assets are allocated to assess that their carrying value does not exceed the recoverable amount. The recoverable amount is determined based on expected future cash flow projections.

How our audit addressed the key audit matter

(a) We assessed the accuracy of the allocation of goodwill and trademarks to their respective CGU;

(b) We assessed the compliance of the impairment testing methodology adopted by the Group with prevailing accounting standards;

(c) We obtained an understanding of the Group's process and controls by which the projections were drawn up and compared the underlying inputs to the latest plan approved by Management;

(d) We tested the accuracy of assets included in the carrying amount of the CGU to which the goodwill and trademarks have been allocated;

(e) We assessed the consistency of cash flow projections with Management's assumptions and the economic environment in which the Group operates;

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

Key audit matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment on non-current assets and goodwill (continued) We considered the valuation of these specific assets to be a key audit matter, as they required significant audit attention due to their size but also because the Group's assessment of the recoverable amounts is usually based on the future performance of the business (e.g. forecasted sales based on stores' locations and expectations of market developments) and the discount rates applied to the future cash flow forecasts, which involves significant assumptions, judgments and estimates by Management, as detailed in Note 4 to the consolidated financial statements.	(f) We assessed the reasonableness of the growth rates used for projected cash flows with available external analyses and/or the historical growth rates in net sales; (g) We assessed, with the assistance of our valuation experts: • The consistency of the long-term growth rates; and • The reasonableness of post-tax discount rates applied to projected cash flows. (h) We compared the projected cash flows of the previous business plan with the actual results to assess the reasonableness of the assumptions; (i) We assessed Management's sensitivity analysis with respect to variations in the key assumptions adopted, to evaluate the extent to which reasonably possible changes, both individually and in the aggregate, would impact outcomes of the impairment assessment; (j) We assessed the appropriateness of the disclosures in the consolidated financial statements.
Sale of L'Occitane Russia and assessment of the fair value of the related receivable On 19 May 2022, the Group decided to sell 100% of the shares held in L'Occitane Russia and signed on 3 June 2022 a share purchase agreement. The deconsolidation of L'Occitane Russia resulted in the recognition of a €14.4 million capital loss classified in the line "Other operating expenses" in the consolidated statement of income (a breakdown of the loss is provided in the Note 6.1.1). As described in the Note 6.1.1, payment for the shares will be made through four installments between June 2025 and June 2028; the related receivable qualifies as a non recourse loan and is measured at fair value through profit and loss. The fair value of the receivable amounted to €44.5 million as of 3 June 2022 and to €8.6 million as of 31 March 2023.	(1) We inspected the share purchase agreement related to the sale of L'Occitane Russia to obtain an understanding of the transaction, to confirm the disposal date and consideration transferred; (2) Regarding the deconsolidation of L'Occitane Russia, our procedures included: (a) We assessed the accounting treatment of the deconsolidation following the loss of exclusive control; (b) We inspected the financial information of the Russian entity for the 2-month period from 1 April 2022 until 3 June 2022; (c) We assessed the appropriateness of the main entries recorded at the deconsolidation date; (d) We assessed the appropriateness and completeness of the disclosures in the consolidated financial statements.

Independent Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

Key audit matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
Sale of L'Occitane Russia and assessment of the fair value of the related receivable (continued) We consider the sale of L'Occitane Russia and assessment of the fair value of the related receivable as a key audit matter given the significance of the amounts involved but also considering significant Management's assumptions, judgments and estimates used to determine the fair value of the receivable as detailed in Note 3.3.	(3) Regarding the determination of the fair value of the receivable, our procedures included: (a) We assessed, with the assistance of our specialists, the accounting treatment of the receivable; (b) We assessed, with the assistance of our valuation experts: • the appropriateness of valuation models used by Management; • the mathematical accuracy of the model; • the consistency of the long-term growth rates; • the reasonableness of post-tax discount rates applied to projected cash flows; • foreign exchange rate volatility and historical volatility of market indices. (c) We assessed the consistency of the cash flow projections with Management's assumptions and the economic environment in which L'Occitane Russia operates; (d) We assessed the reasonableness of the growth rates used for projected cash flows with historical growth rates in net sales. Average EBITDA margin considered over the duration of the plan has also been assessed based on historical data; (e) We compared the projected cash flows of previous business plan with the results as of 30 September 2022 to assess the reasonableness of the assumptions; (f) We assessed the reasonableness of the illiquidity discount applied by Management on the fair value of the receivable; (g) We assessed Management's sensitivity analysis with respect to variations in the key assumptions adopted, to evaluate the extent to which reasonably possible changes, both individually and in the aggregate, would impact outcomes of the fair value exercise; (h) We assessed the appropriateness of information disclosed in the consolidated financial statements.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the Management Discussion & Analysis and consolidated Directors' report but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

Independent Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements *(continued)*

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Management Discussion & Analysis and consolidated Directors' report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative — Luxembourg, 29 June 2023

Represented by

Magalie Cormier

Consolidated Statement of Income

Year ended 31 March		**2023**	**2022**
In thousands of euros, except per share data	Notes		
Net sales	(5.2)	**2,134,689**	**1,781,358**
Cost of sales		(416,548)	(317,943)
Gross profit		**1,718,141**	**1,463,415**
% of net sales		*80.5%*	*82.2%*
Distribution expenses	(24)	(784,702)	(698,367)
Marketing expenses	(24)	(367,709)	(280,831)
Research and development expenses	(24)	(22,481)	(18,907)
General and administrative expenses	(24)	(201,498)	(173,001)
Other operating income	(25)	4,060	39,124
Other operating expenses	(25)	(90,089)	(7,079)
Share of profit/(loss) from associates and joint ventures accounted for using the equity method	(11)	(16,590)	(13,640)
Operating profit		**239,132**	**310,714**
Finance income	(26)	2,799	1,908
Finance costs	(26)	(56,312)	(16,430)
Foreign currency gains/(losses)	(27)	(6,002)	(308)
Profit before income tax		**179,617**	**295,884**
Income tax expense	(28)	(61,424)	(53,975)
Profit for the year		**118,193**	**241,909**
Attributable to:			
Equity owners of the Company		115,110	242,034
Non-controlling interests	(12)	3,083	(125)
Total		**118,193**	**241,909**
Earnings per share attributable to equity owners of the Company during the year *(expressed in euros per share)*			
Basic	(29)	0.078	0.165
Diluted	(29)	0.078	0.164
Number of shares used in earnings per share calculation			
Basic	(29)	1,471,609,250	1,470,135,821
Diluted	(29)	1,473,649,115	1,473,153,053

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 March		**2023**	**2022**
In thousands of euros	*Notes*		
Profit for the year		**118,193**	**241,909**
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) on defined-benefit obligations	(28.5)	1,410	1,834
Changes in the fair value of equity investments at fair value through other comprehensive income	(3.3)	(2,481)	(2,047)
		(1,071)	**(213)**
Items that may subsequently be reclassified to profit or loss			
Fair value gains/(losses) on cash flow hedges, net of tax		–	56
Reclassification of currency translation differences relating to the sale of L'Occitane Russia	(6.1)	10,805	–
Currency translation differences	(28.5)	(50)	48,741
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(11)	(600)	1,772
		10,155	**50,569**
Total comprehensive income/(loss)		**127,277**	**292,265**
Attributable to:			
— Equity owners of the Company		122,924	287,901
— Non-controlling interests	(12)	4,353	4,364
Total comprehensive income/(loss)		**127,277**	**292,265**

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 28.5.

During the fiscal year ended 31 March 2023, the currency translation differences were mainly generated by subsidiaries denominated in USD for €18.8m and GBP (€17.8m). During the fiscal year ended 31 March 2022, the currency translation differences were mainly generated by subsidiaries denominated in USD and notably for goodwill, trademarks and right-of-use assets.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

ASSETS		**31 March 2023**	**31 March 2022**
In thousands of euros	*Notes*		
Property, plant and equipment	(7)	125,234	128,724
Right-of-use assets	(8)	271,656	264,934
Goodwill	(9)	893,542	990,489
Intangible assets	(10)	490,188	487,355
Deferred income tax assets	(28.2)	84,966	94,005
Investments accounted for using the equity method	(11)	66,124	67,239
Other non-current assets	(13)	76,636	67,778
Non-current assets		**2,008,346**	**2,100,524**
Inventories	(14)	317,197	263,162
Trade receivables	(15)	256,553	199,623
Other current assets	(16)	84,740	82,935
Derivative financial instruments	(17)	2,337	1,931
Cash and cash equivalents	(18)	147,255	360,899
Current assets		**808,082**	**908,550**
TOTAL ASSETS		**2,816,428**	**3,009,074**

Consolidated Balance Sheet

EQUITY AND LIABILITIES *In thousands of euros*	*Notes*	**31 March 2023**	**31 March 2022**
Share capital	(19)	44,309	44,309
Additional paid-in capital	(19)	342,851	342,851
Other reserves		(368,342)	(215,013)
Retained earnings		1,120,146	1,097,881
Capital and reserves attributable to the equity owners of the Company		**1,138,964**	**1,270,028**
Non-controlling interests	(12)	48,037	44,578
Total equity		**1,187,001**	**1,314,606**
Borrowings	(20)	324,819	381,319
Lease liabilities	(8)	193,309	180,510
Other financial liabilities	(6.3)	338,650	171,865
Other non-current liabilities	(21)	22,343	22,952
Deferred income tax liabilities	(28.2)	99,488	96,196
Non-current liabilities		**978,609**	**852,842**
Trade payables	(22)	210,103	209,903
Social and tax liabilities		98,461	104,807
Current income tax liabilities	(28)	25,424	39,477
Borrowings	(20)	194,040	289,611
Lease liabilities	(8)	82,393	93,722
Derivative financial instruments	(17)	248	1,208
Provisions	(23)	3,683	2,139
Other current liabilities	(21)	36,466	100,759
Current liabilities		**650,818**	**841,626**
TOTAL EQUITY AND LIABILITIES		**2,816,428**	**3,009,074**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

In thousands of euros (except "Number of Shares")	*Notes*	Attributable to equity owners of the Company										Non-controlling interests	TOTAL EQUITY
					Other reserves								
		Number of shares	Share capital	Additional paid-in capital	Share-based payments	Other items	Cumul. currency transl. diff.	Treasury shares	Actuarial gain/(loss)	Excess of consideration paid in transaction with non-controlling interests	Profit for the period		
Balance at 31 March 2021 Restated*		**1,476,964,891**	**44,309**	**342,851**	**30,959**	**7,595**	**(54,971)**	**(16,381)**	**279**	**(72,728)**	**910,922**	**78,699**	**1,271,537**
Comprehensive income													
Profit for the year		–	–	–	–	–	–	–	–	–	242,034	(125)	241,909
Other comprehensive income													
Currency translation differences		–	–	–	–	–	44,252	–	–	–	–	4,490	48,742
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		–	–	–	–	–	1,772	–	–	–	–	–	1,772
Actuarial gains on defined-benefit obligations		–	–	–	–	–	–	–	1,834	–	–	–	1,834
Change in fair value of assets recorded at fair value through OCI		–	–	–	–	(2,047)	–	–	–	–	–	–	(2,047)
Cash flow hedges fair value gains/(losses), net of tax		–	–	–	–	56	–	–	–	–	–	–	56
Total comprehensive income		**–**	**–**	**–**	**–**	***(1,991)***	***46,024***	**–**	***1,834***	**–**	***242,034***	***4,365***	***292,266***
Transactions with owners													
Dividends paid		–	–	–	–	–	–	–	–	–	(54,141)	–	(54,141)
Contribution from the parent		–	–	–	6,798	–	–	–	–	–	–	–	6,798
Exercise of 7,878,150 stock options		–	–	–	(14,896)	9,513	–	14,896	–	–	–	–	9,513
Purchase of treasury shares		–	–	–	–	–	–	(13,991)	–	–	–	–	(13,991)
Employee share option: value of employee services		–	–	–	1,384	–	–	–	–	–	–	444	1,828
Total distribution by and distribution to the owners of the Company		**–**	**–**	**–**	***(6,714)***	***9,513***	**–**	***905***	**–**	**–**	***(54,141)***	***444***	***(49,993)***
Acquisition of Sol de Janeiro		–	–	–	–	–	–	–	–	–	–	26,539	26,539
Non-controlling interests recorded as liabilities		–	–	–	–	–	–	–	–	(78)	(934)	1,012	–
Change in estimates in the valuation of the exercise price of the put options granted to non-controlling interests	(6.3)	–	–	–	–	–	–	–	–	3,064	–	–	3,064
New put options granted to non-controlling interests	(6.3)	–	–	–	–	–	–	–	–	(154,534)	–	–	(154,534)
Acquisition of non-controlling interests of Elemis	(6.2)	–	–	–	–	–	–	–	–	(7,701)	–	(68,878)	(76,579)
New non-controlling interests in Symbiose France	(6.2)	–	–	–	–	–	–	–	–	853	–	147	1,000
Increase in the percentage interest in L'Occitane Nordic		–	–	–	–	–	–	–	–	(944)	–	944	–
Reconsolidation of L'Occitane Inc.	(6.2)	–	–	–	–	–	–	–	–	–	–	1,310	1,310
Total transactions with owners		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	***(159,340)***	***(934)***	***(38,926)***	***(199,200)***
Balance at 31 March 2022		**1,476,964,891**	**44,309**	**342,851**	**24,245**	**15,117**	**(8,948)**	**(15,476)**	**2,113**	**(232,068)**	**1,097,881**	**44,582**	**1,314,606**

Consolidated Statement of Changes in Shareholders' Equity

		Attributable to equity owners of the Company											
					Other reserves								
In thousands of euros (except "Number of Shares")	*Notes*	Number of shares	Share capital	Additional paid-in capital	Share-based payments	Other items	Cumul. currency transl. diff.	Treasury shares	Actuarial gain/(loss)	Excess of consideration paid in transaction with non-controlling interests	Profit for the period	Non-controlling interests	TOTAL EQUITY
Balance at 31 March 2022		**1,476,964,891**	**44,309**	**342,851**	**24,245**	**15,117**	**(8,948)**	**(15,476)**	**2,113**	**(232,068)**	**1,097,881**	**44,582**	**1,314,606**
Comprehensive income													
Profit for the year		–	–	–	–	–	–	–	–	–	115,110	3,083	118,193
Other comprehensive income													
Currency translation differences		–	–	–	–	–	(1,421)	–	–	–	–	1,371	(50)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		–	–	–	–	–	(600)	–	–	–	–	–	(600)
Reclassification of currency translation differences relating to the sale of L'Occitane Russia		–	–	–	–	–	10,805	–	–	–	–	–	10,805
Actuarial gains on defined-benefit obligations		–	–	–	–	–	–	–	1,410	–	–	–	1,410
Change in fair value of assets recorded at fair value through OCI		–	–	–	–	(2,380)	–	–	–	–	–	(101)	(2,481)
Total comprehensive income		-	-	-	-	***(2,380)***	***8,784***	-	***1,410***	-	***115,110***	***4,353***	***127,277***
Transactions with owners													
Dividends paid		–	–	–	–	–	–	–	–	–	(96,843)	(405)	(97,248)
Exercise of 1,473,429 stock options		–	–	–	(3,372)	2,686	–	3,372	–	–	–	–	2,686
Contribution from the parent		–	–	–	2,146	–	–	–	–	–	–	–	2,146
Employee share option: value of employee services		–	–	–	814	–	–	–	–	–	–	–	814
Total distribution by and distribution to the owners of the Company		-	-	-	***(412)***	***2,686***	-	***3,372***	-	-	***(96,843)***	***(405)***	***(91,602)***
Change in estimates in the valuation of the exercise price of the put options granted to non-controlling interests	(6.3)	–	–	–	–	–	–	–	–	(121,253)	–	–	(121,253)
New put options granted to non-controlling interests of Grown Alchemist	(6.3)	–	–	–	–	–	–	–	–	(45,532)	–	–	(45,532)
Acquisition of Grown Alchemist	(6.1)	–	–	–	–	–	–	–	–	–	–	3,505	3,505
Other movements		–	–	–	–	–	–	–	–	–	3,998	(3,998)	–
Total transactions with owners		-	-	-	-	-	-	-	-	***(166,785)***	***3,998***	***(493)***	***(163,280)***
Balance at 31 March 2023		**1,476,964,891**	**44,309**	**342,851**	**23,833**	**15,423**	**(164)**	**(12,104)**	**3,523**	**(398,853)**	**1,120,146**	**48,037**	**1,187,001**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March *In thousands of euros*	*Notes*	**2023**	**2022**
Cash flows from operating activities			
Profit for the year from continuing operations		118,193	241,909
Adjustments to reconcile profit for the year to net cash from operating activities			
Depreciation, amortisation and impairment	(24.3)	232,843	177,863
Tax expenses	(28.1)	61,424	53,975
Share-based payment	(19)	2,960	8,626
Unwinding of discount on lease liabilities	(8.2)	7,609	8,857
Interests (income)/expense	(26)	10,003	5,665
Change in the fair value of derivatives	(17), (27)	(1,366)	(1,308)
Other losses/(gains) on sale of assets, net	(30.1)	288	445
Net movements in provisions	(30.2)	3,829	2,620
Share of (profit)/loss from associates and joint ventures accounted for using the equity method	(11)	16,590	13,640
Other operating (income)/expenses arising from the change in the % interest in associates and joint ventures	(11)	(1,700)	(20,117)
Reconsolidation of L'Occitane Inc.	(6.2)	–	(12,873)
Capital loss from the sale of L'Occitane Russia before reclassification of currency translation differences	(6.1)	3,632	–
Change in the fair value of financial assets	(6.1)	35,901	–
Reclassification to income statement of the charge previously recognized in other comprehensive income (currency translation differences)	(6.1)	10,805	–
Total of non-cash items		**382,818**	**237,393**
Interests paid	(26)	(10,003)	(3,941)
Income tax paid	(28.1)	(69,610)	(50,523)
Changes in working capital			
Inventories	(14)	(54,957)	(20,954)
Trade receivables	(15)	(67,893)	(47,451)
Trade payables	(22)	9,183	(19,120)
Salaries, wages, related payroll items and other tax liabilities		(2,543)	4,718
Other assets and liabilities, net		(4,980)	(16,008)
Changes in working capital		**(121,190)**	**(98,815)**
Net cash inflow/(outflow) from operating activities		**300,208**	**326,023**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	(6.1), (6.2)	(3,549)	(322,356)
Investments in associates	(11)	(13,456)	(8,659)
Acquisition of property, plant and equipment	(7)	(43,901)	(31,726)
Acquisition of intangible assets	(10)	(8,798)	(8,796)
Acquisition of financial assets	(3.3)	(7,066)	(17,660)
Proceeds from sale of intangible assets and property, plant and equipment	(31.1)	3,769	1,227
Reconsolidation of L'Occitane Inc.	(6.2)	–	20,874
Deconsolidation of L'Occitane Russia	(6.1)	(11,654)	–
Change in deposits and key money paid to lessors		58	995
Change in non-current receivables and liabilities		2,537	302
Net cash inflow/(outflow) from investing activities		**(82,060)**	**(365,799)**

Consolidated Statement of Cash Flows

Year ended 31 March *In thousands of euros*	*Notes*	**2023**	**2022**
Cash flows from financing activities			
Proceeds from non-controlling interests		–	1,000
Dividends paid to equity owners of the Company	(19.5)	(96,843)	(54,141)
Dividends paid to non-controlling interests		(405)	–
Proceeds from the sale of treasury shares	(19.2)	2,686	9,513
Proceeds from the exercise of stock options	(19.2)	–	(13,991)
Principal components of lease payments		(113,744)	(108,536)
Proceeds from borrowings	(20.4)	398,312	656,315
Repayments of borrowings	(20.4)	(550,222)	(507,499)
Payment for acquisition of non-controlling interests in a non-wholly owned subsidiary	(6.2)	(76,579)	–
Net cash inflow/(outflow) from financing activities		**(436,795)**	**(17,339)**
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts	(30.4)	5,003	(3,202)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**(213,644)**	**(60,317)**
Cash, cash equivalents and bank overdrafts at beginning of the year		**360,899**	**421,216**
Cash and cash equivalents		*360,899*	*421,216*
Cash, cash equivalents and bank overdrafts at end of the year		**147,255**	**360,899**
Cash and cash equivalents		*147,255*	*360,899*

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1. THE GROUP

1.1. General information

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

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

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

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

These consolidated financial statements were approved by the Board of Directors for issue on 26 June 2023.

1.2. Main events of the year

Comparison with the comparative period ended 31 March 2022

The comparison of the consolidated financial statements is impacted by the reconsolidation of L'Occitane Inc. on 31 August 2021, the acquisition of Sol de Janeiro on 23 December 2021, the acquisition of Grown Alchemist on 1 April 2022 and the sale of L'Occitane Russia on 3 June 2022.

Sale of L'Occitane Russia

On 19 May 2022, the Group decided to exit from its subsidiary L'Occitane Russia. This former subsidiary accounted for 3.5% of the consolidated net sales for the year on 31 March 2022 and 2.1% of the total assets of the Group as at 31 March 2022. On 3 June 2022, a share purchase agreement was signed between the Group and the four key directors of the subsidiary. Each of the four key directors hold between 23% and 31% of the total shares formerly held by the Group (Notes 3.3 and 6.1).

This sale resulted in a capital loss of €3.6 million. In addition, €10.8 million correspond to the related currency translation difference previously recognised in other comprehensive income that has been reclassified to income statement. The goodwill was derecognised for €28.5 million (Note 6.1).

Impairment test of LimeLife and Melvita businesses

To take into account the slower than expected development of LimeLife and Melvita, Management has revised down its sales and EBITDA (operating profit before depreciation, amortisation and impairment) objectives over the plan. In this context, a total impairment loss of €75.4 million was recorded in the line "Other operating expenses" within the operating profit (Note 4.1).

1. THE GROUP *(CONTINUED)*

1.3. Consideration of climate risks

The Group's current exposure to the consequences of climate change is limited. Therefore, at this stage, the impacts of climate change on the consolidated financial statements are not significant.

There is no change in market demand for cosmetic products that could indicate that the property, plant and equipment might be impaired or that the useful lives or that the residual values of property, plant and equipment and intangible assets would need to be reassessed.

Operating performance may be impacted by prices of raw materials, the costs of production, transmission and distribution, and related costs at the end of the product's life.

The long-term effects of these changes are not currently quantifiable and management considers that there are no short-term effects.

The Group undertook to contribute to global carbon neutrality by becoming a net-zero company by 2030. The first milestone will be to achieve net-zero emissions at our two French production sites by 2025. The brands are also working on their own neutrality targets. In parallel, the Group signed its first sustainability-linked loan for €600 million (revolving facility) maturing on 31 March 2026, whose terms are indexed to sustainability indicators:

- Preserving and regenerating nature
- Cultivating biodiversity
- Mitigating the climate crisis and supporting the communities in which the Group is involved.

The Group committed to invest in two environmental funds such as Livelihoods Carbon fund Sicav and Mirova fund Sicav (Note 33.2).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation and changes in accounting principles

The consolidated financial statements of the Group and the individual Company balance sheet have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and as adopted by the European Union. For operations conducted by the Group, they are similar. IFRS are available on the European Commission's website.

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

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates. Areas involving a higher degree of judgement or complexity are disclosed in Note 4 of the consolidated financial statements.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1. Basis of preparation and changes in accounting principles *(continued)*

(a) New and amended standards

The Group has applied the following new and amended standards that are effective for the first time for the Group for the financial period beginning 1 April 2022:

Other new and amended standards

Several other amendments became effective for annual reporting periods beginning on or after 1 April 2022, but do not have a material impact on the consolidated financial statements:

- Onerous contracts: the amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.
- Business combinations: the amendment to IFRS 3 confirms that contingent assets should not be recognised at the acquisition date.
- Property, plant and equipment: the amendment to IAS 16, Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.
- Annual Improvements to IFRS Standards 2018–2020:
  - o Financial Instruments: the amendment to IFRS 9 clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
  - o Leases: the amendment to IFRS 16 indicates that the illustration of payments from the lessor relating to leasehold improvements should be removed to prevent any confusion about the treatment of lease incentives. Financial Reporting Standards: the amendment to IFRS 1 allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

(b) Impact of standards issued but not yet applied by the Group

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2. Principles of consolidation

The financial statements of all companies included within the scope of consolidation have a 31 March year-end.

(a) ***Subsidiaries***

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liability incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement at the acquisition date. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

If the business combination is achieved in stages, the acquisition date carrying amount of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the statement of income.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of income.

(b) ***Separate financial statements***

For the individual Company balance sheet as presented in Note 34, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. Earnings of subsidiaries are accounted for by the Company on the basis of dividends and receivables.

Impairment tests are performed each year based on the recoverable value of each investment. The recoverable value is the highest amount between the share of net equity in the subsidiary or the value in use. The value in use is estimated using projected cash flows as per the budget approved by management at L'Occitane International S.A. level, discounted according to the weighted average cost of capital (WACC) as at 31 March 2023. This value in use is compared to the net carrying amount of the shares. If the value in use is lower than the net carrying amount, impairment is recorded for the difference.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2. Principles of consolidation *(continued)*

(c) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying amount of the subsidiary's net assets is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Put option arrangements

The Group has written put options on the equity of some of its subsidiaries which entitle their holders to sell their shares in the subsidiary back to the Group at their fair value on specified dates.

Puts on non-controlling interests are accounted for as follows:

- The present value of the cash payments related to the potential exercise of put options issued by the Group on non-controlling interests are accounted for as other financial liabilities.
- The initial amount is recognised at the present value of the redemption amount within other financial liabilities, with a corresponding debit directly to "Equity — Excess consideration in transactions with non-controlling interests". The change in estimates in the estimated value of the financial liability and the exchange difference are also recorded with a corresponding adjustment to "Equity — Excess consideration in transactions with non-controlling interests".
- In the event that the option expires unexercised, the liability is derecognised with a corresponding credit to "Equity — Excess consideration in transactions with non-controlling interests".

When the put option is written as part of a business combination and when control over the subsidiary is acquired, no non-controlling interests are recognised in respect of the shares subject to the put option.

Such options are subsequently measured at amortised cost using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. This unwinding of discount is also recorded in "Equity — Excess consideration in transactions with non-controlling interests".

(d) Associates and joint arrangements

Associates

Associates are all entities over which the Group has significant influence but not control or joint control.

This is generally the case where the Group holds between 20% and 50% of the voting rights.

Joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. Joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures and no joint operations.

Interests in associates and joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2. Principles of consolidation *(continued)*

(d) Associates and joint arrangements (continued)

Equity method

Under the equity method of accounting, investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income.

Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. The elimination of upstream and downstream transactions between the Group and the associates/joint ventures is as follows:

- Downstream and upstream transactions (sales from the Group to associates and joint ventures): the elimination of unrealised gains is recorded as a decrease in the investment in the joint venture and a reduction in "Share of profit/(loss) from associates and joint ventures accounted for using the equity method";
- Upstream transactions (sales from the associates and joint ventures to the Group): the elimination of unrealised gains is recorded as a decrease in the investment in the joint venture and a decrease to "Share of profit/(loss) from associates and joint ventures accounted for using the equity method".

Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use.

(e) Change in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2. Principles of consolidation *(continued)*

(e) ***Change in ownership interests** (continued)*

When the Group ceases to consolidate or equity-account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss (only those which are subject to recycling in profit or loss).

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss, where appropriate.

2.3. Foreign currency translation

(a) ***Functional and presentation currency***

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros.

(b) ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation of items are remeasured. The exchange rates prevailing at these dates are approximated by a single rate per currency for each day (unless these rates are not reasonable approximations of the cumulative effect of the rates prevailing on the transaction dates). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income under the line "Foreign currency gains/(losses)", except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of income as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.3. Foreign currency translation *(continued)*

(c) Group companies

None of the Group's entities has the functional currency of a hyperinflationary economy.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii. Income and expenses for each statement of income are translated at an estimated monthly average exchange rate (unless this rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

iii. All resulting exchange differences are recognised in other comprehensive income.

On consolidation, foreign exchange differences arising from the translation of the net investment in foreign operations including monetary items forming part of the reporting entity's net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are included in "Cumulative currency translation differences" within shareholders' equity. When a foreign operation is sold, exchange differences recorded in equity are recognised in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

2.4. Segment reporting

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

The Chairman and the CEO primarily review the Group's internal reporting in order to assess performance and allocate resources from a brand perspective. Four operating segments have been 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 through wholesale, e-commerce, department stores, QVC, professional spas and maritime sales ("Wholesale & other" channel).
- **Sol de Janeiro** — the sale of fragrances, skincare, haircare and bodycare from Sol de Janeiro brand. Sales are mainly driven by consumers through its website ("Retail" and "Online" channels) and through various premium retailers, marketplaces and department stores ("Wholesale & other" channel).
- **Other brands** — the sale of Erborian, L'Occitane au Brésil, Grown Alchemist, LimeLife 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, customer, distribution channel ("Retail", "Online" channels and "Wholesale & other" channel), and financial performance, and they do not individually or cumulatively exceed the quantitative criteria defined in IFRS 8.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.4. Segment reporting *(continued)*

For the fiscal year ended 31 March 2022 LimeLife was presented as a separate operating segment. Considering the increase in the contribution of Elemis and Sol de Janeiro, the relative contribution of LimeLife is less relevant and management decided to group LimeLife with other brands in the 'Other brands' operating segment.

Management uses a measure of revenue (net sales) and operating profit/(loss) to assess the performance of the operating segments (Note 5). Other information, including assets and liabilities per segment, is not regularly provided to the chief operating decision-maker.

2.5. Intangible assets

(a) ***Goodwill***

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes. Goodwill is monitored at brand level.

For the L'Occitane en Provence trademark, goodwill relates to past acquisitions of exclusive distributors and is monitored by country.

(b) ***Contractual customer relationships and backlog***

These assets were acquired as part of business combinations. They are recognised at fair value at the date of the acquisition. The fair value at the acquisition date is determined through the excess profit method (the value of the customer relationship or backlog is calculated based on the present value of cash flows derived from the asset after deduction of the portions of the cash flows that can be attributed to supporting and contributory assets such as trademarks and net working capital). Contractual customer relationships and backlog are amortised on a straight-line basis over the average period of the expected relationship with the customer, which usually ranges between 3 and 10 years (ELEMIS backlog).

(c) ***Trademarks***

Separately acquired trademarks are accounted for at historical cost. Trademarks acquired in business combinations are recognised at fair value at the acquisition date. The fair value at the acquisition date is determined through the royalty method (the value of the trademark is calculated based on the present value of the royalty stream that the business is saving by owing this asset). The acquired trademarks recognised as intangible assets relate to Melvita, Erborian, ELEMIS and Sol de Janeiro. The valuation of these assets takes into account various factors, including brand awareness and royalty rate. The Group intends to continuously renew trademarks and sell products under the acquired trademarks. There is no foreseeable limit to the period over which the trademarks are expected to generate net cash inflows for the Group. Therefore, trademarks are considered to have an indefinite useful life and are not amortised but are tested annually for impairment. An annual review is performed to determine whether events and circumstances continue to support their useful life assessment. There is no change in the commercial and marketing strategy that modifies the indefinite useful commercial life.

Trademarks are allocated to CGUs for the purpose of impairment testing (see Note 2.5). The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the trademark.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.5. Intangible assets *(continued)*

(d) ***Computer software***

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives (not exceeding 5 years).

Costs directly associated with the production and testing of identifiable and unique software products controlled by the Group and that are expected to generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Directly attributable costs include employee costs for software development and an appropriate portion of relevant overheads. These costs are amortised on a straight-line basis over their estimated useful lives. The Group's main enterprise resource planning (ERP) tool, SAP, is amortised over 10 years.

Costs associated with maintaining computer software programmes and costs related to configuration and customisation of software as part of a SaaS (Software as a service) arrangement are recognised as an expense as incurred.

Commercial websites

Development costs directly attributable to the design and testing of commercial websites are recognised as intangible fixed assets and are amortised over their estimated useful lives, which does not exceed 3 years.

(e) ***Research and development costs***

Research costs are expensed when incurred.

Development costs relating to project development are recognised as an intangible asset when the following criteria are met:

- It is technically feasible to complete the project so that it will be available for use or sale;
- Management intends to complete the project and use or sell it;
- There is an ability to use or sell the project;
- It can be demonstrated how the project will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the project are available;
- The expenditure attributable to the project during its development can be reliably measured.

In view of the large number of development projects and uncertainties concerning the decision to launch products relating to these projects, the Group considers that some of these capitalisation criteria are not met and the development costs are expensed when incurred.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.6. Property, plant and equipment

All property, plant and equipment (PP&E) are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other property, plant and equipment is calculated on a straight-line basis to allocate their cost to their residual values over their estimated useful lives, as follows:

PP&E	Estimated useful lives
Buildings	20 years
Equipment and machinery	Between 5 and 10 years
Information system equipment and cash registers	3 years
Leasehold improvements	Between 5 and 10 years
Leasehold improvements related to stores	5 years
Furniture and office equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2.7. Leases

The Group leases various offices, retail stores, equipment and vehicles. Leases are typically signed for terms of 2 to 15 years but may have extension options as described below. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured based on the present value. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.7. Leases *(continued)*

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the incremental borrowing rate is used, which is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment and under similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. Finance costs are charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, which comprises the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Any costs to restore the asset.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Variable lease payments
Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100 per cent of lease payments are on the basis of variable payment terms and a wide range of sales percentages are applied. Variable payment terms are used for a variety of reasons, including minimising the fixed cost base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options
The lease term corresponds to the non-cancellable period for which a lessee has the right to use an underlying asset, together with both:

- Periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and
- Periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.7. Leases *(continued)*

***Extension and termination options** (continued)*

Extension and termination options are included in a number of property and equipment leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group divides the underlying assets into two categories:

- Stores: the lease term corresponds to the initial term of the lease on the signature date, namely without taking into account any extension options, as the Group views the ability to take advantage of opportunities to relocate its stores throughout the term of the lease to be a key part of its store network management policy. Consequently, options to extend or even terminate leases are only accounted for if the Group has exercised the extension option. In the specific case of "3-6-9"-type commercial leases in France, granting the lessee an option to terminate the lease after 3 or 6 years, the Group does not consider the extension option for the same reasons;
- Other properties (offices, logistics platforms): the lease term corresponds to the initial term of the lease.

Certain leases include automatic renewal clauses or have indefinite terms. The Group is unable to reliably estimate the lease term for these leases beyond their strictly contractual period. Accordingly, they are accounted for as leases with no extension option. The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment is reviewed if a significant event or a significant change in circumstances occurs that affects this assessment and that is within the control of the lessee.

The Group has chosen to adopt the amendment to IFRS 16 — Leases, which was adopted by the International Accounting Standards Board (IASB) on 28 May 2020 and by the European Union on 12 October 2020. The impact on the consolidated financial statements is described in Note 24.

2.8. Impairment of non-financial assets

(a) ***Goodwill and trademarks***

Goodwill and trademarks are allocated to groups of CGUs by operating segment.

CGUs to which goodwill and trademarks have been allocated are tested for impairment annually, or more frequently when there is an indication that they may be impaired. If the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

(b) ***Other intangible assets (other than goodwill and trademarks), property, plant and equipment and right-of-use assets***

Amortisable intangible assets, property, plant and equipment and right-of-use assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In assessing the fair value, an external valuation is obtained or management's best estimate is used to the extent the assumptions used by management reflect market expectations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.8. Impairment of non-financial assets *(continued)*

*(b) **Other intangible assets (other than goodwill and trademarks), property, plant and equipment and right-of-use assets** (continued)*

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (i.e., cash-generating units, or CGUs):

- For testing the carrying amount of the stores (mainly right-of-use assets, architect/decorator costs, leasehold improvements, furniture), the cash-generating unit is the store;
- For corporate assets (assets other than those related to the stores) where a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to an individual CGU, or otherwise to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified (country or global brand in the case of the headquarters).

Intangible assets (other than goodwill and trademarks), property, plant and equipment and right-of-use assets that have been subject to impairment in the previous year are reviewed for a possible reversal of the impairment at each reporting date (Notes 7, 8 and 10). Where an impairment loss is subsequently reversed, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years.

2.9. Deposits

Deposits are recorded at their historical value. Impairment is recorded if the net present value is higher than the estimated recoverable amount. The impact of not discounting is not material.

2.10. Assets held for sale and assets directly associated with discontinued operations

Non-current assets or disposal groups are classified as assets held for sale or directly associated with discontinued operations and stated at the lower of the carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable.

2.11. Inventories

Inventories are carried at the lower of cost and net realisable value (net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses); with cost determined principally on a weighted average cost basis. The cost of inventories includes the cost of raw materials, direct labour, depreciation of machinery and production overheads (based on normal operating capacity). It excludes borrowing costs.

Inventories also include (a) the distribution and marketing of promotional goods that are intended to be sold to third parties and (b) miniature products, pouches and boxes that are essentially bundled and sold together with regular products.

The Group regularly reviews inventory quantities on hand for excess stock, discontinued products, obsolescence and a decline in net realisable value below cost and records an allowance within “cost of sales” against the inventory balance for any such decline.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.12. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The amount of the loss on a trade receivable is recognised in the statement of income within "Distribution expenses".

2.13. Financial assets

Under IFRS 9, the Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through OCI ("FVOCI") — debt instruments;
- Fair value through OCI ("FVOCI") — equity instruments; or
- Fair value through profit or loss ("FVTPL").

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The classification of financial assets under IFRS 9 is generally based on the business model according to which a financial asset is managed and the contractual terms of cash flows. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Type of financial asset	Nature of classification	Measurement
At amortised cost		
Trade receivables	Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration (plus transactions costs that are directly attributable to the acquisition of the financial asset) that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore subsequently measures them at amortised cost using the effective interest method.	These assets are subsequently measured at amortised cost using the effective cost interest method. Impairment losses are deducted. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.13. Financial assets *(continued)*

Type of financial asset	Nature of classification	Measurement
Other financial assets at amortised cost	The Group classifies its financial assets as at amortised cost only if both of the following criteria are met: • The asset is held within a business model whose objective is to collect the contractual cash flows, and • The contractual terms give rise to cash flows that are solely payments of principal and interest.	These assets are subsequently measured at amortised cost using the effective cost interest method. Impairment losses are deducted. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gains or losses on derecognition are recognised in profit or loss (Note 25).
At fair value through OCI or profit or loss		
Financial assets at fair value through other comprehensive income — Debt instruments	These relate to debt securities for which the contractual cash flows are solely payment of principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.	At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI (movements in the carrying amount). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss (Note 25).

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.13. Financial assets *(continued)*

Type of financial asset	Nature of classification	Measurement
Financial assets at fair value through other comprehensive income — Equity instruments	On initial recognition of an equity instrument, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.	At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The Group subsequently measures all equity instruments at fair value. Changes in the fair value of financial assets at fair value OCI. Dividends from such investments continue to be recognised in the income statement as other income when the Group's right to receive payments is established. Where the Group's management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment (Note 25).
Financial assets at fair value through profit or loss	All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.	At initial recognition, the Group measures a financial asset at its fair value. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss (Note 25).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.13. Financial assets *(continued)*

Impairment of financial assets

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses that uses a lifetime expected loss allowance for all trade receivables.

To measure expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the number of days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit on the line "General and administrative expenses". Subsequent recoveries of amounts previously written off are credited against the same line item.

Debt investments

All of the entity's debt investments at amortised cost and FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

2.14. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

At inception of the transaction, the Group documents the economic relationship between the hedging instruments and the hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in the fair values or cash flows of hedged items.

The fair value of the various derivative instruments used for hedging purposes is disclosed in Note 17. Movements in the hedging reserve in other comprehensive income are shown in the consolidated statement of changes in shareholders' equity.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.14. Derivative financial instruments and hedging activities *(continued)*

(a) ***Fair value hedges***

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group does not use fair value hedges.

(b) ***Cash flow hedges***

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gains or losses relating to the ineffective portion are recognised immediately in the statement of income within "finance income" or "finance costs" for interest derivatives and within "foreign currency gains/(losses)" for currency derivatives.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward component of the contract that relates to the hedged item is recognised within OCI in "Other reserves-Other items" within equity. In some cases, the Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified to the statement of income in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the statement of income within "finance income" or "finance costs".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income within "finance income" or "finance costs" for interest derivatives and within "foreign currency gains/(losses)" for currency derivatives.

The Group does not use cash flow hedges.

(c) ***Net investment hedge***

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of income within "Foreign currency gains/(losses)".

Gains and losses accumulated in equity are included in the statement of income when the foreign operation is partially divested or sold.

The Group does not use net investment hedges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.14. Derivative financial instruments and hedging activities *(continued)*

(d) ***Derivatives at fair value through profit and loss***

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised immediately in the statement of income within "Finance income", "Finance costs" or "Foreign currency gains/(losses)".

2.15. Cash and cash equivalents

Cash and cash equivalents include cash in hand, short-term deposits and other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.16. Share capital

Ordinary shares are classified as equity. There are no preference shares.

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where a Group entity purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to owners of the Company. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

2.17. Dividend distribution

Dividends paid to the Group's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

2.18. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year of less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19. Provisions

Within the normal framework of their activities, the Group and its subsidiaries are subject to various forms of litigation and legal proceedings. The Group sets aside a provision based on its past experience and on facts and circumstances known at the balance sheet date. Provisions for customer and warranty claims, dismantling and restoration obligations, restructuring costs and legal claims are recognised when:

- The Group has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.19. Provisions *(continued)*

Restructuring provisions comprise lease termination penalties and employee termination payments where appropriate. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provision for dismantling and restoration costs

When the lease agreement includes an obligation to restore the leased property to its original condition at the end of the lease term or to compensate for dilapidation, a provision for the estimated discounted dismantling, restoration or compensation costs is recorded over the lease term.

Depending upon the nature of the obligation in the lease agreement, it may be considered that the alterations occurred when entering the lease. In this case the liability is immediately recorded at the inception of the lease and the same amount is included in right-of-use assets. This item is then depreciated over the lease term.

2.20. Employee benefits

(a) ***Pension obligations***

The Group operates various pension schemes under both defined-benefit and defined-contribution plans:

- A defined-benefit plan is a pension plan that defines an amount of pension benefits that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation;
- A defined-contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. In a defined-contribution plan, the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Defined-benefit plans

The only significant defined-benefit plans concern retirement indemnities in France. Employees receive a lump sum varying according to their seniority and other components of the collective agreement governing their employment.

The liability recognised in the balance sheet in respect of defined-benefit pension plans is the present value of the defined-benefit obligation at the balance sheet date. The defined-benefit obligation is calculated annually using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses resulting from experience adjustments and changes in the actuarial assumptions that are used to calculate the obligations (excluding the estimated return on plan assets) are fully recognised within "Other comprehensive income" in the period in which they arise (see Note 2.1).

Past-service costs are recognised immediately in the statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.20. Employee benefits *(continued)*

(a) Pension obligations (continued)

Defined-contribution plans

For defined-contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised in employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Other post-employment obligations

The Group does not provide any other post-employment obligations.

(c) Share-based payment

L'Occitane Groupe S.A., the parent of the Company, operates a number of share-based payment plans granted to employees of the Group and its subsidiaries.

The Group has also authorised free share and stock option plans on its own equity instruments, the characteristics of which are described in Note 19.3.

Equity-settled share-based payment

The fair value of the employee services received in exchange for equity instruments granted is recognised as an expense over the vesting period.

The total amount of the expense is determined by reference to the fair value of the equity instruments granted:

- Including any market performance conditions (for example, an entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity in other reserves.

Market conditions are taken into account in the valuation of the option at the grant date and are not updated at subsequent reporting dates. The number of shares expected to vest is estimated based on non-market vesting conditions.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and additional paid-in capital when the equity instruments are exercised.

The grant by the parent company of equity-settled share-based payments to the employees of the Company or subsidiaries in the Group is treated as a capital contribution from the parent company. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as a share-based payment expense, with a corresponding impact in equity attributable to the owners of Company within "Contribution from the parent".

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.20. Employee benefits *(continued)*

(d) ***Termination benefits***

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: a) when the Group can no longer withdraw the offer of those benefits; and b) when the entity recognises costs for a restructuring within the scope of IAS 37 which involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(e) ***Profit-sharing and bonus plans***

The Group recognises a provision where legally or contractually obliged, or where there is a past practice that has created a constructive obligation.

(f) ***Employee leave entitlements***

Employee entitlements to annual leave are recognised when they are accrued. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.21. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings using the effective interest method.

Fees paid on arranging loan facilities are recognised as loan transaction costs to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. If there is no evidence that some or all of the facility will likely be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.22. Revenue recognition

Revenue (net sales) comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's business. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating intraGroup transactions.

Revenue from sales invoiced when the transfer of control has not occurred is deferred in the balance sheet as deferred revenue within other current liabilities.

Revenue is recognised as follows:

(a) ***Sales of goods — Retail channel***
The Group operates a chain of retail stores. Revenue from the sale of goods is recognised when the Group sells a product to the customer at the store.

Payment of the transaction price is due immediately when the customer purchases the products and takes delivery in store.

It is not the Group's policy to sell its products to end retail customers with a right of return. However, in some countries, the entity may retain an insignificant risk of ownership through a retail sale when a refund is offered or when return goods are accepted if the customer is not satisfied. Revenue in such cases is recognised at the time of the sale provided the entity can reliably estimate future returns and the Group recognises a liability in "Other current liabilities" for returns against revenue based on previous accumulated experience and other relevant factors.

(b) ***Sale of goods — Online channel***
Sales are recognised when control of the products has transferred, i.e., when the products are delivered to the final customer.

(c) ***Sales of goods — Wholesale & other channel***
Sales are recognised when control of the products has transferred, i.e., when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Products are sometimes sold with conditional discounts. Sales are recorded based on the price specified in the sales contracts/invoices, net of the estimated conditional discounts.

No element of financing is deemed present as the sales are made with a maximum credit term of 90 days.

When the customer has a right to return the product within a given period, the Group is obliged to refund the purchase price. A refund liability for the expected refunds to customers is recognised as adjustment to net sales in "Other current liabilities".

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.22. Revenue recognition *(continued)*

(d) ***Sale of gift cards***

In some regions, in the ordinary course of the Group's business, the Group sells gift cards. Revenue is recognised when the customer redeems the gift cards for buying goods (the product is delivered to the customer).

As long as customers do not redeem the cards, the revenue for sales is deferred in the balance sheet.

Gift cards exceeding the validity period are recognised in the statement of income.

(e) ***Loyalty programme***

The Group accounts for award credits as a separately identifiable component of the sales transaction(s) in which they are granted. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the components, i.e., the goods sold (revenue) and the award credits granted (deferred revenue). The allocation is made by reference to the relative standalone values of the components, i.e., the amounts for which each component could be sold separately.

The fair value of the award credits is estimated by reference to the discount that the customer would obtain when redeeming the award credits for goods. The nominal value of this discount is reduced to take into account:

- Any discount that would be offered to customers who have not earned award credits from an initial sale;
- The proportion of award credits that are expected to be forfeited by customers.

The Group recognises revenue in respect of the award credits in the periods, and reflecting the pattern, in which award credits are redeemed. The amount of revenue recognised is based on the number of award credits that have been redeemed relative to the total number expected to be redeemed.

The part of the consideration allocated to goods sold is recorded in gross sales of products in the statement of income and the deferred revenue is recorded in "Other current liabilities" in the balance sheet.

(f) ***Consideration paid to distributors***

In some cases, the Group can enter into arrangements with distributors where payments are made to compensate for certain promotional initiatives.

As such payments cannot usually be separated from the supply relationship, the Group recognises the consideration paid as a deduction from revenue.

2.23. Distribution expenses

The "Distribution expenses" line in the statement of income includes expenses relating to stores, mainly: employee benefits, rent and occupancy, depreciation and amortisation, freight on sales, promotional goods, credit card fees, maintenance and repair, telephone and postage, travel and entertainment, doubtful receivables, start-up costs and closing costs.

Distribution promotional goods include testers and bags and are expensed when the Group has access to those items.

Distribution expenses also include the amortisation of the ELEMIS backlog over 10 years (Note 2.5) which was based on the contractual period of the distribution agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.24. Marketing expenses

The "Marketing expenses" line in the statement of income includes mainly the following expenses: employee benefits, advertising expenses and promotional goods.

Marketing promotional goods include press kits, gifts with purchases, samples, commercial brochures and decoration items used to prepare the windows and are expensed when the Group has access to those items.

2.25. Research and development expenses

The "Research & development expenses" line in the statement of income mainly corresponds to employee benefits and professional fees.

2.26. Start-up and pre-opening costs of stores

Start-up costs and pre-opening costs of the stores are expensed as incurred under "Distribution expenses" in the statement of income. These costs mainly include broker and/or lawyer fees, rent paid before the opening date, and travel expenses relating to the opening team.

2.27. Other operating income and other operating expenses

(a) ***Other operating income***
Other operating income notably includes:

- Impacts of the deconsolidation/reconsolidation of subsidiaries;
- Capital gains arising on changes in the percentage of interests in associates and joint ventures;
- Net profits on sales of assets;
- Excess of the fair value of acquired net assets over the cost of an acquisition (negative goodwill).

(b) ***Other operating expenses***
Other operating expenses notably include:

- Impairment loss on goodwill and trademarks;
- Dilution losses arising from changes in the percentage of interests in associates and joint ventures;
- Restructuring expenses;
- Net losses on sales of assets.

(c) ***Government grants***
Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of income over the period necessary to match them with the costs they are intended to cover.

Government grants relating to property, plant and equipment are first deferred in non-current liabilities and then classified as a reduction of property, plant and equipment when the asset concerned comes into service. Grants are then credited to the statement of income on a straight-line basis over the expected lives of the related assets.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.28. Foreign currency gains/(losses)

The "Foreign currency gains/(losses)" line in the statement of income relates to:

- Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the year-end translation of the exchange rates of monetary assets and liabilities denominated in foreign currencies (Note 2.4 (b)). These foreign currency gains and losses are mainly related to the financing of the subsidiaries;
- Gains or losses arising from changes in the fair value of the foreign exchange derivatives at fair value through profit or loss (Note 2.15 and Note 17);
- Gains or losses arising from the ineffective portion of changes in the fair value of foreign exchange derivatives that are designated as hedging instruments (Note 2.15 and Note 17).

2.29. Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and recognises provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, no deferred income tax is accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the same entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.30. Earnings per share

Basic earnings per share are calculated by dividing profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

3. FINANCIAL RISK MANAGEMENT

3.1. Financial risk factors

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

(a) Market risk

Foreign exchange risk

The Group conducts its distribution activities worldwide. Sales made by the subsidiaries are denominated in their local currency. The production sites are located in France and a major portion of production and purchasing costs is therefore denominated in EUR for L'Occitane en Provence and Melvita. For ELEMIS, LimeLife and Sol de Janeiro, transactions relating to the cost of sales are respectively carried out with third parties in GBP and USD, and production and purchasing in GBP and USD. For Grown Alchemist, transactions relating to the cost of sales are carried out in AUD. The Group is thus exposed to foreign exchange risk on its commercial transactions (both known and forecasted).

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

As at 31 March 2023, the exposure to foreign exchange risk on the consolidated balance sheet is as follows:

In thousands of euros	EUR	JPY	HKD	USD	GBP	CNY	BRL	TWD	CHF	CAD	Other	Total
Trade receivables	44,568	15,999	21,222	82,361	24,514	35,389	12,103	4,604	257	843	14,693	**256,553**
Other current receivables	45,402	781	70	9,547	5,223	2,820	13,674	464	46	241	6,471	**84,740**
Cash and cash equivalents	30,536	1,867	2,233	45,655	13,878	15,097	1,825	1,687	20,359	2,088	12,031	**147,255**
Monetary assets	**120,507**	**18,647**	**23,525**	**137,563**	**43,615**	**53,306**	**27,602**	**6,755**	**20,663**	**3,172**	**33,195**	**488,548**
Borrowings	503,488	–	–	–	–	–	–	4,227	4,916	679	5,550	**518,859**
Trade payables	82,860	10,813	7,550	49,069	21,420	17,097	5,778	1,953	392	1,989	11,182	**210,103**
Social and tax liabilities	43,564	4,361	5,815	17,351	3,219	3,727	7,073	1,098	149	183	11,921	**98,461**
Monetary liabilities	**629,912**	**15,174**	**13,365**	**66,420**	**24,639**	**20,824**	**12,851**	**7,278**	**5,457**	**2,851**	**28,653**	**827,423**
Gross exposure in the statement of balance sheet	**(509,405)**	**3,473**	**10,160**	**71,143**	**18,976**	**32,482**	**14,751**	**(523)**	**15,206**	**321**	**4,542**	**(338,875)**

Notes to the Consolidated Financial Statements

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1. Financial risk factors *(continued)*

(a) Market risk *(continued)*

Foreign exchange risk *(continued)*

As at 31 March 2022, the exposure to foreign exchange risk on the consolidated balance sheet was as follows:

In thousands of euros	EUR	JPY	HKD	USD	GBP	CNY	BRL	TWD	CHF	CAD	Other	Total
Trade receivables	32,223	17,744	9,436	39,520	29,678	35,626	11,794	4,712	334	923	17,633	199,623
Other current receivables	37,172	510	284	12,376	5,248	6,729	9,430	379	207	622	9,978	82,935
Cash and cash equivalents	162,142	22,883	2,458	32,504	62,313	22,723	3,679	1,071	1,397	5,715	44,014	360,899
Monetary assets	**231,537**	**41,137**	**12,178**	**84,400**	**97,239**	**65,078**	**24,903**	**6,162**	**1,938**	**7,260**	**71,625**	**643,457**
Borrowings	652,056	–	–	–	5,792	–	–	3,997	3,896	–	5,189	670,930
Trade payables	71,409	12,563	3,657	33,889	37,301	30,174	4,476	1,531	702	2,908	11,293	209,903
Social and tax liabilities	47,973	5,613	4,687	12,055	3,981	6,833	6,627	1,256	47	248	15,487	104,807
Monetary liabilities	**771,438**	**18,176**	**8,344**	**45,944**	**47,074**	**37,007**	**11,103**	**6,784**	**4,645**	**3,156**	**31,969**	**985,640**
Gross exposure in the statement of balance sheet	**(539,901)**	**22,961**	**3,834**	**38,456**	**50,165**	**28,071**	**13,800**	**(622)**	**(2,707)**	**4,104**	**39,656**	**(342,183)**

Commercial transactions

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

Economic risk (amounts forecasted) is hedged depending on market conditions and management expectations. All decisions to hedge economic risk are formally approved by the Director of Group Cash Management and Financing.

The Group uses forward contracts to hedge the main part of its foreign exchange risk exposure and currency options hedging up to 40% of its exposure on its main currencies (USD, GBP, JPY, HKD and CNY). All decisions to use foreign exchange derivatives-based products are formally approved by the Group Treasury Manager. The Group does not use hedge accounting.

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

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1. Financial risk factors *(continued)*

(a) Market risk (continued)

Foreign exchange risk *(continued)*

Financing operations

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

For those currencies not covered by multicurrency bank facilities, the Group's risk management policy is to finance subsidiaries in their local currencies whenever possible, and to hedge the corresponding exposure.

During the financial years ended 31 March 2023 and 2022, if the euro had weakened/strengthened by 10% in comparison to the currencies listed below with all other variables held constant, equity, net sales and post-tax profit for the year would have been higher/lower as illustrated below:

In thousands of euros	Currency translation differences (other comprehensive income)		Net sales		Profit for the year	
31 March	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
USD	91,057	88,569	60,598	27,316	8,969	5,959
JPY	11,812	13,679	18,120	20,603	7,837	9,180
HKD	(278)	(6,988)	(16,125)	(9,793)	(1,459)	(7,746)
CNY	20,758	26,172	29,810	32,799	13,904	19,611
GBP	46,964	49,032	22,752	23,480	7,604	11,943

The above sensitivity does not take into consideration the effect of a higher/lower euro on the fair market value of the foreign currency derivative instruments and on realised exchange gains and losses. The fair value of these derivatives at year-end is not material.

Cash flow and fair value interest rate risk

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

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. An analysis of borrowings by type of interest rate is provided in Note 20.3.

The Group can manage its cash flow interest rate risk by using floating-to-fixed interest rate swaps. These swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the differences between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts. The Group does not have any floating-rate interest swap.

In accordance with the financial covenants described in Note 20.2, the margin of certain bank borrowings is liable to change.

Notes to the Consolidated Financial Statements

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1. Financial risk factors *(continued)*

(a) *Market risk (continued)*

Cash flow and fair value interest rate risk ***(continued)***

Based on the simulations performed as of 31 March 2023 and 2022, if interest rates had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been lower/higher, mainly as a result of higher/lower interest expense on floating-rate borrowings (Note 26).

In thousands of euros	**2023**	**2022**
Sensitivity of finance costs	4,971	1,091
Sensitivity of finance income	1,419	401
Sensitivity of post-tax profit	438	212

The sensitivity of equity would be the same as the impact on post-tax profit, except for the effects mentioned below for derivatives.

Price risk

The Group is not significantly exposed to commodity price risk.

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

The amounts recognised in the consolidated statement of income or in the consolidated statement of comprehensive income in relation to the investments held by the Group are disclosed in Note 3.3.

(b) *Credit risk*

Credit risk is managed on a Group basis, except where it relates to trade receivables balances. Each local entity is responsible for monitoring and analysing the credit risk of its customers. Standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), derivative financial instruments and deposits with bank and financial institutions, as well as credit exposures to wholesale, retail customers and to the former four key directors of L'Occitane Russia (Notes 3.3 and 6.1).

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

- For customers in the "Wholesale & other" channel, sales are made with credit terms generally between 60 and 90 days. The Group maintains adequate allowances for potential credit losses and monitors the solvency of its counterparties. As at 31 March 2023 and 2022, the Group did not have any significant concentrations of business with a particular customer that could, if suddenly eliminated, severely impact its operations;

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

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

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1. Financial risk factors *(continued)*

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of its underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) based on expected cash flows. The liquidity reserves as at 31 March 2023 were as follows:

31 March	**2023**	**2022**
In thousands of euros		
Cash and cash equivalents and bank overdrafts	147,255	360,899
Undrawn borrowing facilities (Note 20.3)	461,523	268,177
Liquidity reserves	**608,778**	**629,076**

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

The repayment of certain bank borrowings is subject to a financial covenant (Note 20.2).

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining time to contractual maturity at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows:

In thousands of euros	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Borrowings (Note 20)	194,040	302,768	18,840	3,211	518,859
Trade payables (Note 22)	210,103	–	–	–	210,103
Lease liabilities (Note 8.2)	82,393	66,993	92,925	33,391	275,702
Interests payments on borrowings	12,095	8,791	1,392	21	22,299
Total as at 31 March 2023	**498,631**	**378,552**	**113,157**	**36,623**	**1,026,963**
Borrowings (Note 20)	289,611	2,749	373,245	5,325	670,930
Trade payables (Note 22)	209,903	–	–	–	209,903
Lease liabilities (Note 8.2)	93,722	65,812	88,800	25,898	274,232
Interests payments on borrowings	3,267	3,099	3,348	70	9,784
Total as at 31 March 2022	**596,503**	**71,660**	**465,393**	**31,293**	**1,164,849**

The interest payments on borrowings are based on existing interest rates as at 31 March 2023. The net carrying amount approximates the fair value.

Notes to the Consolidated Financial Statements

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.2. Capital risk management

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

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

3.3. Fair value estimate

Fair value of financial instruments

The table below presents the net carrying amount and fair value of some of the Group's financial instruments, with the exception of cash, trade receivables and trade payables as well as accrued expenses (their carrying amount less impairment of trade receivables and payables is assumed to approximate their fair values given their short maturities):

	31 March 2023		**31 March 2022**	
In thousands of euros	**Net carrying amount**	**Fair value**	**Net carrying amount**	**Fair value**
Assets				
Financial assets at fair value through other comprehensive income (FVOCI)	37,880	37,880	33,117	33,117
Financial assets at fair value through profit or loss (FVPL)	8,645	8,645	–	–
Derivative financial instruments	2,337	2,337	1,931	1,931
Total assets	**48,862**	**48,862**	**35,048**	**35,048**
Liabilities				
Floating rate	518,859	518,859	670,930	670,930
Total borrowings	**518,859**	**518,859**	**670,930**	**670,930**
Derivative financial instruments	248	248	1,208	1,208
Other financial liabilities	338,650	338,650	171,865	171,865
Total liabilities	**338,898**	**338,898**	**173,073**	**173,073**

The fair value of financial instruments was determined as indicated below.

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3. Fair value estimate *(continued)*

Fair value measurement hierarchy

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

- Quoted prices in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs) (level 3).

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

	31 March 2023				31 March 2022			
In thousands of euros	**Level 1**[(a)]	**Level 2**[(b)]	**Level 3**[(c)]	**Total**	**Level 1**[(a)]	**Level 2**[(b)]	**Level 3**[(c)]	**Total**
Assets								
Derivatives at fair value (Note 17)	–	2,337	–	2,337	–	1,931	–	1,931
Financial assets at fair value through profit or loss (Note 6.1)	–	–	8,645	8,645	–	–	–	–
Financial assets at fair value through other comprehensive income (FVOCI) (Note 13)	9,416	2,847	25,617	37,880	9,079	2,306	21,732	33,117
Total assets	**9,416**	**5,184**	**34,262**	**48,862**	**9,079**	**4,237**	**21,732**	**35,048**
Liabilities								
Derivatives at fair value (Note 17)	–	248	–	248	–	1,208	–	1,208
Other financial liabilities (Note 6.3)	–	–	338,650	338,650	–	–	171,865	171,865
Total liabilities	**–**	**248**	**338,650**	**338,898**	**–**	**1,208**	**171,865**	**173,073**

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

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

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

As at 31 March 2022, some data used to measure the fair value of some investments classified in level 2 were not directly based on observable and identifiable market data. Therefore, the Group modified the classification of Financial assets at fair value through other comprehensive income and the corresponding investments were reclassified from level 2 to level 3 as at 31 March 2022 for an amount of €21.7 million. There is no impact on the fair value of those investments.

Notes to the Consolidated Financial Statements

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3. Fair value estimate *(continued)*

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

On 10 May 2021, the Group acquired shares in Carbios S.A., which is specialised in recycling plastic and packaging products, for a net amount of €10,000,000 and including total depreciation of €584,000 (less than 3% of the total shares), of which €337,000 was reversed in the year ended 31 March 2023.

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

The following table presents the change in level 2 instruments for the period ended 31 March 2023:

In thousands of euros	Financial assets as at 31 March 2022	Transfer from level 2 to level 3	New financial assets	Disposals	Gain/(loss) recognised through OCI	Gain/(loss) recognised through profit and loss	Exchange difference	Financial assets as at 31 March 2023
Derivative financial instruments (Note 17)	1,931	–	–	–	–	406	–	2,337
Other investments at fair value through other comprehensive Income (FVOCI)	2,306	(325)	1,068	–	(230)	–	28	2,847
Sub-total financial assets at FVOCI	**2,306**	**(325)**	**1,068**	**–**	**(230)**	**–**	**28**	**2,847**
Total financial Assets (level 2)	**4,237**	**(325)**	**1,068**	**–**	**(230)**	**406**	**28**	**5,184**

In thousands of euros	Financial liabilities as at 31 March 2022	Transfer from level 2 to level 3	New financial liabilities	Disposals	Gain/(loss) recognised through OCI	Gain/(loss) recognised through profit and loss	Exchange difference	Financial liabilities as at 31 March 2023
Derivative financial instruments (Note 17)	1,208	–	–	–	–	(960)	–	248
Total financial Liabilities (level 2)	**1,208**	**–**	**–**	**–**	**–**	**(960)**	**–**	**248**

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3. Fair value estimate *(continued)*

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the change in level 3 instruments for the year ended 31 March 2023:

Level 3

In thousands of euros	Financial assets as at 31 March 2022	Transfer from level 2 to level 3	New financial assets	Disposals	Gain/(loss) recognised through OCI	Gain/(loss) recognised through profit or loss	Unwinding of discount	Exchange difference	Changes in estimates in the valuation of the exercise price	Financial assets as at 31 March 2023
Financial assets at fair value through profit and loss (FVPL)										
Fair value of the receivable from the sale of L'Occitane Russia (Note 13)	–	–	44,546	–	–	(35,901)	–	–	–	8,645
Financial assets at fair value through other comprehensive income (FVOCI)										
SCPI FI Commerce (real estate investment fund)	9,520	–	–	–	(441)	–	–	–	–	9,079
Truffle investment	10,413	–	5,400	–	(2,056)	–	–	–	–	13,757
Other investments	1,799	325	820	(38)	(125)	–	–	–	–	2,781
Sub-total financial assets at FVOCI	**21,732**	**325**	**6,220**	**(38)**	**(2,622)**	**-**	**-**	**-**	**-**	**25,617**
Total financial assets (level 3)	**21,732**	**325**	**50,766**	**(38)**	**(2,622)**	**(35,901)**	**-**	**-**	**-**	**34,262**

In thousands of euros	Financial liabilities as at 31 March 2022	Transfer from level 2 to level 3	New financial liabilities	Disposals	(Gain)/loss recognised through OCI	(Gain)/loss recognised through profit and loss	Unwinding of discount	Exchange difference	Changes in estimates in the valuation of the exercise price	Financial liabilities as at 31 March 2023
Other financial liabilities (Note 6.3)	171,865	–	45,532	–	–	–	2,732	2,561	115,960	338,650
Total financial liabilities (level 3)	**171,865**	**-**	**45,532**	**-**	**-**	**-**	**2,732**	**2,561**	**115,960**	**338,650**

Assets at fair value through other comprehensive income

Among the financial assets at fair value through other comprehensive income, other investments correspond to one investment of €1,400,000 and 12 other investments individually representing less than €200,000; for all investments, the percentage of voting shares is lower than 20%.

Notes to the Consolidated Financial Statements

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3. Fair value estimate *(continued)*

Considerations for assessing the fair value of the receivable from the sale of L'Occitane Russia

Main characteristics

As described in Note 6.1, the main characteristics of the transaction are as follows:

- Payment for the shares will be made through four instalments between June 2025 and June 2028;
- Payment for the shares is secured by a pledge agreement signed on 3 June 2022;
- There is a call option exercisable for the Group on 3 June 2025, 2026, 2027, 2028 and 2029. The exercise price is based on the fair value of the Russian business will be determined by an independent expert.

Classification of the receivable from the sale of L'Occitane Russia

Under IFRS 9, the receivable from the sale of L'Occitane Russia does not meet the SPPI criteria and is considered as a non-recourse loan. Therefore, the receivable cannot be measured at amortised cost and is valued at fair value through profit and loss.

Assessment of the fair value

To assess the fair value of the receivable, the following scenarios were considered:

- Investors can pay the contractual instalments: the Group will receive the cash flows;
- Investors cannot pay the contractual instalments: the Group will receive the collateral, i.e., the shares of the Russian entity.

The main factors impacting the value of the receivable are the equity value of the Russian entity in RUB and the FX rate, and the related volatility.

The optional nature of the payment requires diffusion models to assess the risk factors; a Monte-Carlo model is used to determine the fair value.

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3. Fair value estimate *(continued)*

***Considerations for assessing the fair value of the receivable from the sale of L'Occitane Russia** (continued)*

Assessment of the fair value

The fair value of the receivable was assessed based on the following key assumptions:

Key assumptions	As at 3 June 2022	As at 31 March 2023
Assumptions used to estimate the equity value in RUB (enterprise value estimated based on the discounted future cash flows — net debt)		
Business plan time frame in years	4	3
Annual growth in net sales over the plan	2.5%	2.5%
Average EBITDA (%) over the 4-year plan (EBITDA: operating profit before depreciation, amortisation and impairment)	31.8%	32.4%
Long-term growth rate	4.5%	4.0%
Post-tax discount rate	28.0%	30.0%
Equity value (in thousands of RUB)	5,050,000	4,183,222
Assumptions used to estimate the fair value of the receivable under the Monte Carlo diffusion model		
Market inputs		
EUR and RUB risk-free interest rates	EUR rates and forward points between 1 and 6 years	EUR rates and forward points between 1 and 6 years
RUB/EUR implied volatility	Between 13% (2 years) and 48% (1 week)	Between 13% (2 years) and 25% (1 week)
Exchange spot rate (EUR/RUB)	67.41	84.59
Other inputs		
Subsidiary/foreign exchange spot correlation	0%	0%
Volatility based on historical volatility of market indices (MOEX) (1)	35%	35%
Fair value of the receivable before liquidity discount (in thousands of euros)	52,407	43,227
Liquidity discount (2)	15%	80%
Fair value of the receivable (in thousands of euros)	44,546	8,645

(1) Given the lack of a directly observable market for the volatility of the subsidiary, its volatility is estimated based on the historical volatility of the MOEX benchmark index over a 3-year period (given the first option is long dated with an expiry date in 2025).

(2) The liquidity discount has been increased to consider higher uncertainty due to the ongoing war and sanctions.

Based on this model, the fair value of the receivable from the sale of L'Occitane Russia amounts to €44.5 million as of 3 June 2022 and to €8.6 million as of 31 March 2023. The change in the fair value of the receivable from the sale of L'Occitane Russia is recorded as a financial item within "Finance costs" for a loss of €35.9 million (Note 26).

Notes to the Consolidated Financial Statements

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3. Fair value estimate *(continued)*

***Considerations for assessing the fair value of the receivable from the sale of L'Occitane Russia** (continued)*

Sensitivity analysis

The relationship of key inputs to the fair value of the receivable are as follows:

- Increasing the CAGR to 5% over the business plan time frame would increase the fair value of the receivable (pre-liquidity discount) by €7.6 million as at 3 June 2022 and by €11.5 million as at 31 March 2023;
- Decreasing the CAGR to 0% over the business plan time frame would decrease the fair value of the receivable (pre-liquidity discount) by €11.3 million as at 3 June 2022 and by €9.1 million as at 31 March 2023;
- Increasing the discount rate by 5% would decrease the fair value of the receivable (pre-liquidity discount) by €3.3 million as at 3 June 2022 and by €3.7 million as at 31 March 2023;
- Decreasing the discount rate by 5% would increase the fair value of the receivable (pre-liquidity discount) by €4.0 million as at 3 June 2022 and by €4.5 million as at 31 March 2023;
- Increasing the EBITDA rate by 5% would increase the fair value of the receivable (pre-liquidity discount) by €5.0 million as at 3 June 2022 and by €9.1 million as at 31 March 2023;
- Decreasing the EBITDA rate by 5% would decrease the fair value of the receivable (pre-liquidity discount) by €6.7 million as at 3 June 2022 and by €7.7 million as at 31 March 2023;
- Decreasing the volatility rate to 25% would increase the fair value of the receivable (pre-liquidity discount) by €3.6 million as at 3 June 2022 and by €2.1 million as at 31 March 2023;
- Increasing the volatility rate to 45% would decrease the fair value of the receivable (pre-liquidity discount) by €4.1 million as at 3 June 2022 and by €2.5 million as at 31 March 2023;
- Increasing the RUB/EUR foreign exchange volatility by 5% would decrease the fair value of the receivable (pre-liquidity discount) by €1.3 million as at 3 June 2022 and by €0.9 million as at 31 March 2023.

Other financial liabilities (Note 6.3)

Other financial liabilities correspond to the put options granted by the Group to non-controlling interests:

- Put option on Sol de Janeiro non-controlling interests for €285.1 million;
- Put option on 14 Group S.A non-controlling interests for €23.4 million;
- Put option on Grown Alchemist Holdings Pty Ltd. non-controlling interests for €10.0 million;
- Put option on Elemis non-controlling interests for €13.8 million;
- Put option on Symbiose Cosmetics France non-controlling interests for €4.4 million;
- Put option on L'Occitane GmbH non-controlling interests for €1.9 million.

Fair value of other financial instruments (unrecognised)

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and judgements concerning the future. By definition, the resulting accounting estimates rarely match actual results.

Estimates are used for, but not limited to, depreciation, amortisation and impairment of non-current assets (Notes 2.6, 2.7 and 2.8), allocation of the excess of the cost of an acquisition over the carrying amount of the net assets acquired to contractual customer relationships and backlog (Note 2.5), indefinite life of trademarks (Note 2.5), measurement of lease liabilities (Note 2.7), measurement of inventories (Note 2.11), inventory allowance (Note 2.11), measurement of provisions (Note 2.19), trade receivables allowance (Note 2.12), revenue recognition (Note 2.22), current and deferred income taxes (Note 2.29), fair value of derivative instruments (Note 2.14), valuation of share-based payments (Note 19.3), valuation of put options (Note 6.3), contingencies (Note 31), the allocation of the purchase price for Grown Alchemist (Note 6.1) and the estimated fair value of the receivable from the sale of L'Occitane Russia, representing a new significant estimate for the period (Notes 3.3 and 6.1).

Estimates and judgements are continually assessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are explained below.

4.1. Impairment test of non-current assets

Impairment tests of intangible assets (including goodwill and trademarks), property, plant and equipment and right-of-use assets are performed in accordance with the accounting policy presented in Note 2.8.

Goodwill and trademarks are allocated to operating segments defined as one or several brands under the responsibility of a dedicated management team.

The recoverable amounts of the group of cash-generating units (CGUs) monitored at brand level were determined on the basis of value-in-use calculations.

Value in use is determined with respect to projected future cash flows, taking into account the time value of money and the specific risks attributable to the CGUs. Future cash flow projections are based on medium-term budgets and plans. These plans are drawn up for a period of 4 to 5 years. Cash flows beyond the 4 or 5-year period are extrapolated using the estimated long-term growth rates stated below. These long-term growth rates are determined consistently with the strategy to operate the trademark and with the analysis of the forecasts included in industry reports specific to the sector in which each CGU operates.

The plan takes into account the inflationary context which can impact costs but which is also reflected in the sale price of products. Therefore Management considers that its activities will not be significantly affected by the inflation context.

Notes to the Consolidated Financial Statements

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

4.1. Impairment test of non-current assets *(continued)*

The main key assumptions used for value-in-use calculations of the recoverable amounts of the main goodwill and trademarks are as follows:

31 March 2023 *in millions of euros*		**Elemis**	**LimeLife**	**Melvita**	**Sol de Janeiro**
Business plan time frame in years		5	5	5	5
Compound annual growth rate in net sales over the plan		19.6%	14.7%	20.8%	17.8%
Average percentage of EBITDA over the plan		23.2%	5.8%	(2.6)%	19.8%
Long-term growth rate		1.9%	1.9%	1.9%	1.9%
Post-tax discount rate		9.6%	8.7%	9.5%	8.7%
Carrying amounts of assets before impairment test					
	Goodwill	530.4	122.0	35.9	213.2
	Trademark	285.8	–	14.1	165.9
	Other items	94.7	21.8	2.2	7.2
Recoverable amount		1,214.5	91.3	29.4	908.4
Headroom available/(impairment loss)		303.7	(52.5)	(22.8)	518.1

For LimeLife and Melvita, to take into account the low performance of the business which was lower than expectations over the last periods, Management has revised down its sales and EBITDA objectives over the plan to estimate the value-in-use. Management has determined that the fair value less costs to sell would not be higher than the value-in-use calculations.

For Melvita, the carrying amount of the CGU has been reduced to its recoverable amount through recognition of a total impairment loss of €22.8 million against goodwill. For LimeLife, the carrying amount of the CGU has been reduced to its recoverable amount through recognition of a total impairment loss of €52.5 million against goodwill.

No other class of assets was impaired. Those losses are included in the line "Other operating expenses" within the operating profit and are allocated to "Other brands" within the segment information (Note 5).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

4.1. Impairment test of non-current assets *(continued)*

31 March 2022 *in millions of euros*		**Elemis**	**LimeLife**	**Melvita**	**Sol de Janeiro**
Business plan time frame in years		4	5	5	5
Compound annual growth rate in net sales over the plan		27.3%	32.7%	21.0%	60.0%
Average percentage of EBITDA over the plan		24.1%	6.8%	10.7%	22.3%
Long-term growth rate		2.1%	2.0%	1.4%	2.1%
Post-tax discount rate		8.7%	8.5%	8.2%	8.5%
Carrying amounts of assets before impairment test					
	Goodwill	538	169	36	253
	Trademark	284	–	14	163
	Other items	67	21	9	(17.6)*
Recoverable amount		1,279	255	80	397
Headroom available		390	64	21	219

(*) Mainly comprising the deferred tax assets recognized on the trademark for €33.6 million (Note 6.2).

Assumptions	**Approach used to determine values**
Compound annual growth rate in net sales ("CAGR")	Average annual growth rate over the plan based on past performance, management's expectations of market development, strategic positioning, current industry trends and including long-term inflation forecasts for each region. The projected annual growth rate can be higher than the historical performance and current average industry trends due to the expected effects of strategic positioning measures implemented and the international development of brands.
Budgeted EBITDA	The EBITDA is defined as follows: operating profit before depreciation, amortisation and impairment. Due to IFRS 16 impacts, budgeted EBITDA does not include lease expenses. Weighted EBITDA is expressed as a percentage of net sales over the forecast period. Budgeted EBITDA is based on past performance and management's expectations for the future, taking into account business development strategies for each country and distribution channel/sub-channel (Retail, Online channels, Wholesale & others).
Long-term growth rate	Weighted average growth rate used to extrapolate cash flows beyond the budget period. The growth rates are consistent with forecasts in view of the country mix, the rise in the cost of raw materials and inflation.

Notes to the Consolidated Financial Statements

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

4.1. Impairment test of non-current assets *(continued)*

Assumptions	Approach used to determine values
Post-tax discount rate	WACC per country in which the trademark is operated. This reflects the specific risks relating to the relevant segments and the countries in which the Group operates.
Terminal value	The sustainable long-term cash flow was determined by extrapolating the estimated cash flow in the FY28 plans for ELEMIS, Melvita, LimeLife and Sol de Janeiro.
Other assumptions	Management used other assumptions such as working capital requirements (inventory turnover ratio, DSO and DPO) and annual capital expenditure based on historical management experience and the planned strategy.
Headroom/(impairment loss)	Headroom or impairment loss is calculated as the difference between the recoverable value and all the assets used by the Group to operate the trademark: goodwill, trademark net of the corresponding deferred tax liability, right-of use assets, PP&E and working capital.

Sensitivity analysis

The recoverable amount of the ELEMIS and Sol de Janeiro CGUs would equal its carrying amount if the key assumptions were to change individually as follows:

	ELEMIS	Sol de Janeiro
CAGR	16.8%	8.4%
EBITDA % for each year of the business plan decreased by	5.1 points	10.2 points
WACC	12.0%	16.9%
Long-term growth rate	–1.4%	–13.6%

The recoverable amount of the LimeLife and Melvita CGUs would decrease if the key assumptions were to change individually as follows:

Additional impairment loss due to:	LimeLife	Melvita
100 basis-point decrease in CAGR	€3.3 million	€1.4 million
50 basis-point decrease in the EBITDA % for each year	€4.0 million	€3.8 million
50 basis-point increase in WACC	€6.2 million	€2.9 million
50 basis-point decrease in long-term growth rate	€4.8 million	€2.3 million

For L'Occitane en Provence, the estimated value in use significantly exceeds the carrying amount of goodwill to an extent that no reasonably possible change in any of the key assumptions would eliminate the headroom.

4.2. Depreciation and amortisation periods

The Group's main intangible assets and property, plant and equipment with a definite useful life relate to the stores. Right-of-use assets are depreciated on a straight-line basis in accordance with the accounting policy presented in Note 2.7, and are tested for impairment in accordance with the accounting policy presented in Note 2.8.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

4.3. Other financial liabilities

The Group has several put options on non-controlling interests resulting from business combinations and other transactions with non-controlling shareholders. The liabilities resulting from the put options are estimated based on the contractual formula, mainly using EBITDA or EBIT (as estimated based on the plan for the company excluding the effects of IFRS 16) to determine the price. The value is discounted reflecting the current market assessment of the time value and the risk specific to the liabilities.

4.4. Business combinations

The accounting for acquisitions during the year included estimated values for acquired assets and liabilities and, in particular, newly recognised intangible assets. This valuation process was supported by external experts and incorporated assumptions relating to future profit growth rates, EBIT margins and other commercial considerations. Useful economic lives were also estimated for these new assets. Changes to the estimates made, including both adjustments to provisional values and through prospective changes to the useful economic lives of the assets, may result in changes to the amounts reported in the balance sheet and statement of income as a result of the acquisition.

4.5. Income tax

The Group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income tax. There are many transactions and calculations for which the ultimate tax assessment is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such assessment is made.

4.6. Investments at fair value

The Group measures some financial instruments at their fair value through other comprehensive income. This estimate relates to those classified in level 2 and 3 (Note 3.3).

4.7. Receivable from the sale of L'Occitane Russia

The Group measures the receivable from the sale of L'Occitane Russia at fair value through profit and loss, based on diffusion models to assess the risk factors and a Monte-Carlo model to determine the fair value (Note 3.3).

Notes to the Consolidated Financial Statements

5. SEGMENT INFORMATION

For accounting policies related to segment information, see Note 2.4.

5.1. Operating segments

Management measures the profit or loss for each operating segment according to its operating profit/(loss). Operating segment information is as follows:

31 March 2023 *In thousands of euros*	**L'Occitane en Provence**	**ELEMIS**	**Sol de Janeiro**	**Other brands**	**Total**
Net sales	**1,421,214**	**255,945**	**266,989**	**190,541**	**2,134,689**
In % of total	*66.6%*	*12.0%*	*12.5%*	*8.9%*	*100%*
Gross profit	**1,201,277**	**186,730**	**190,369**	**139,766**	**1,718,141**
% of net sales	*84.5%*	*73.0%*	*71.3%*	*73.4%*	*80.5%*
Distribution expenses	(596,614)	(58,334)	(43,094)	(86,660)	(784,702)
Marketing expenses	(208,184)	(52,959)	(61,529)	(45,037)	(367,709)
Research & development expenses	(15,544)	(2,236)	(1,267)	(3,434)	(22,481)
General and administrative expenses	(144,682)	(21,523)	(18,815)	(16,478)	(201,498)
Share of profit/(loss) from associates and joint ventures	(16,590)	–	–	–	(16,590)
Other operating income	3,211	64	–	785	4,060
Other operating expenses	(14,709)	(39)	–	(75,341)	(90,089)
Operating profit/(loss)	**208,165**	**51,703**	**65,664**	**(86,399)**	**239,132**
% of net sales	*14.6%*	*20.2%*	*24.6%*	*(45.3%)*	*11.2%*

31 March 2022 *In thousands of euros*	**L'Occitane en Provence**	**ELEMIS**	**Sol de Janeiro**	**Other brands**	**Total**
Net sales	**1,360,991**	**226,317**	**26,081**	**167,969**	**1,781,358**
In % of total	*76.4%*	*12.7%*	*1.5%*	*9.4%*	*100.0%*
Gross profit	**1,154,563**	**167,507**	**18,176**	**123,169**	**1,463,415**
% of net sales	*84.8%*	*74.0%*	*69.7%*	*73.3%*	*82.2%*
Distribution expenses	(563,867)	(46,575)	(2,224)	(85,701)	(698,367)
Marketing expenses	(194,463)	(48,764)	(8,101)	(29,503)	(280,831)
Research & development expenses	(14,570)	(1,595)	(92)	(2,650)	(18,907)
General and administrative expenses	(131,060)	(18,853)	(7,324)	(15,764)	(173,001)
Share of profit/(loss) from associates and joint ventures	(13,640)	–	–	–	(13,640)
Other operating income	38,990	4	–	130	39,124
Other operating expenses	(6,779)	(206)	–	(94)	(7,079)
Operating profit/(loss)	**269,174**	**51,518**	**435**	**(10,413)**	**310,714**
% of net sales	*19.8%*	*22.8%*	*1.7%*	*(6.2%)*	*17.4%*

There are no significant inter-segment transfers or transactions.

5. SEGMENT INFORMATION *(CONTINUED)*

5.2. Geographic areas

(a) ***Net sales by location***

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

	2023		2022	
In thousands of euros	**Total**	**In %**	**Total**	**In %**
Asia	896,231	*42.0%*	875,420	*49.1%*
Including China	*298,096*	*14.0%*	*327,994*	*18.4%*
Americas	695,016	*32.6%*	343,306	*19.3%*
Including the United States	*581,267*	*27.2%*	*251,725*	*14.1%*
EMEA	543,443	*25.5%*	562,632	*31.6%*
Net sales	**2,134,689**	***100%***	**1,781,358**	***100%***

In the EMEA total there are the net sales for Luxembourg. The amount was nil in FY23 and in FY22.

(b) ***Non-current assets by location***

The following table shows the breakdown of non-current assets by location, allocated based on the location of the subsidiary owning the asset.

	2023			2022		
In thousands of Euros	**Property, Plant and Equipment**	**Right-of-use assets**	**Intangible assets**	**Property, Plant and Equipment**	**Right-of-use assets**	**Intangible assets**
Asia	28,528	74,959	1,556	25,980	71,648	1,438
Including China	*7,079*	*7,151*	*707*	*6,852*	*6,995*	*757*
Americas	22,654	71,058	450,577	26,005	79,391	445,191
Including the United States	*10,796*	*43,266*	*449,638*	*12,460*	*50,167*	*444,401*
EMEA	74,053	125,639	38,055	76,739	113,895	40,726
Including Luxembourg	*5*	*220*	*1,419*	*810*	*9,399*	*20,087*
Total	**125,234**	**271,656**	**490,188**	**128,724**	**264,934**	**487,355**

Notes to the Consolidated Financial Statements

6. INFORMATION RELATING TO GROUP STRUCTURE

6.1. For the year ended 31 March 2023

6.1.1 Exit from Russia

On 19 May 2022, the Group decided to exit from its subsidiary L'Occitane Russia. This subsidiary accounted for 3.5% of consolidated net sales for the year to 31 March 2022 and 2.1% of the Group's total assets as at that date. On 3 June 2022, a share purchase agreement was signed between the Group and the four key directors of the subsidiary. Each of the four key directors hold between 23% and 31% of the total shares formerly held by the Group.

Payment for the shares will be made through four instalments between June 2025 and June 2028 (Note 3.3) and is secured by a pledge agreement signed on 3 June 2022. There is a call option exercisable for the Group on 1 April 2025, 2026, 2027, 2028 and 2029. The exercise price is based on the fair value to be determined by an independent expert.

Based on these agreements, the Group no longer has exclusive control of the Russian entity and does not have significant influence. The exit from the Group was completed on 31 May 2022 (the three days between 31 May 2022 and the date of agreements were assessed by management as not material).

Derecognition of the assets and liabilities of L'Occitane Russia

The following assets (including goodwill) and liabilities of L'Occitane Russia were derecognised:

Assets *In millions of euros*	**31 March 2022**
Property, plant and equipment	2.1
Right-of-use assets	15.9
Goodwill	28.5
Intangible assets	0.6
Deferred income tax assets	2.8
Other non-current assets	1.2
Non-current assets	**51.0**
Inventories	10.2
Trade receivables	8.1
Other current assets	2.7
Cash and cash equivalents	11.7
Current assets	**32.7**
Total assets	**83.8**
Lease liabilities	9.8
Other non-current liabilities	0.2
Non-current liabilities	**10.0**
Trade payables	15.3
Social and tax liabilities	3.3
Lease liabilities	6.5
Other current liabilities	1.0
Provisions	0.0
Other current liabilities	**26.1**
Total liabilities	**36.1**
Net assets	**47.6**

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.1. For the year ended 31 March 2023 *(continued)*

6.1.1 Exit from Russia (continued)

Derecognition of the assets and liabilities of L'Occitane Russia ***(continued)***

The impact on the consolidated financial statements of the two months of activity in April and May is €10.4 million in net sales and €1.2 million in profit.

Loss resulting from the sale of L'Occitane Russia

The capital loss on disposal estimated as at 3 June 2022 amounts to €14.4 million and is composed of (in millions of euros):

Fair value of the receivable after illiquidity discount	44.6
(-) Net assets of the Russian entity as at 3 June 2022	47.6
(-) Net amount of loss on trade receivables and reversal of consolidation entries	(0.6)
Capital loss from the sale of L'Occitane Russia before reclassification of currency translation differences	**(3.6)**
(-) Reclassification to statement of income of the charge previously recognised in other comprehensive income (currency translation differences)	(10.8)
Capital loss from the sale of L'Occitane Russia	**(14.4)**

The capital loss is recorded within "Other operating expenses" in the statement of income (see Note 3.3 for details on the fair value of the receivable).

6.1.2 Acquisition of Grown Alchemist

On 1 April 2022, L'Occitane International S.A. acquired from LOG Investment (a subsidiary of the parent company L'Occitane Group S.A.), 49.24% of the equity interests (representing 76.18% of the voting rights) in 14 Groupe S.A.. 14 Groupe S.A holds 65% of the equity interests and voting rights of Grown Alchemist for an amount of €5,033,000. L'Occitane International S.A holds 32.01% of the equity interests of Grown Alchemist.

As the transaction is a business combination under common control, the Group applied IFRS 3 by analogy and used the acquisition method of accounting.

Grown Alchemist is an Australian brand with cross-category success across skincare, bodycare, haircare and nutricosmetics supplements.

Consideration for the acquisition in thousands of euros

The breakdown of the consideration was as follows:

Cash paid	5,033
Ordinary shares issued	–
Contingent consideration	–
Percentage interest	32.01%
Net identifiable assets acquired by the Group	1,645
Provisional goodwill	**3,388**

Notes to the Consolidated Financial Statements

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.1. For the year ended 31 March 2023 *(continued)*

6.1.2 Acquisition of Grown Alchemist (continued)

Assets acquired and liabilities assumed in millions of euros

ASSETS *In millions of euros*	**Carrying amount — April 1, 2022**	**Fair value adjustment**	**Fair value**
Property, plant and equipment, net	1.0	–	1.0
Intangible assets, net	0.2	–	0.2
Other non-current receivables	0.1	–	0.1
Non-current assets	**1.3**	**–**	**1.3**
Inventories	5.6	–	5.6
Trade receivables	1.9	–	1.9
Other current assets	0.4	–	0.4
Cash and cash equivalents	1.5	–	1.5
Current assets	**9.3**	**–**	**9.3**
Total assets	**10.6**	**–**	**10.6**
LIABILITIES *In thousands of euros*			
Borrowings	2.7	–	2.7
Non-current liabilities	**2.7**	**–**	**2.7**
Trade payables	1.5	–	1.5
Social and tax liabilities	0.4	–	0.4
Other current liabilities	0.9	–	0.9
Current liabilities	**2.8**	**–**	**2.8**
Total liabilities	**5.5**	**–**	**5.5**
Net identifiable assets acquired	5.1	–	5.1
Deduct: non-controlling interests	(3.5)	–	(3.5)
Add: goodwill	–	–	3.4
Net assets acquired	**1.6**	**–**	**5.0**

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.1. For the year ended 31 March 2023 *(continued)*

6.1.2 Acquisition of Grown Alchemist (continued)

Assets acquired and liabilities assumed in millions of euros ***(continued)***

The Group recognises non-controlling interests in an acquired entity based on the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

The put options granted by the Group to non-controlling interests are measured according to accounting policy (Note 2.2).

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

Contribution to net sales and profit

The acquired business contributed to €15.0 million to the Group's net sales and a loss for €4.2 million in the consolidated financial statements.

6.1.3 Investment in L'Occitane Middle East

On 1 June 2022, the Group invested an additional amount of €13.5 million in cash in L'Occitane Middle East to develop its activity in Saudi Arabia. The percentage interest remained stable at 51% (Note 11).

6.2. For the year ended 31 March 2022

6.2.1 Acquisition of Sol de Janeiro

On 23 December 2021, the Group acquired 82.86% of Sol de Janeiro for a total consideration of €378.7 million (see also Note 6.3 on put options granted to non-controlling shareholders).

Consideration for the acquisition in millions of euros

The breakdown of the consideration was as follows:

Cash paid	330,877
Ordinary shares issued	–
Contingent consideration	–
Percentage interest	82.86%
Net identifiable assets acquired by the Group	154,799
Provisional goodwill	**202,618**

As at 31 March 2023, the final goodwill amounted to €203 million.

Notes to the Consolidated Financial Statements

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.2. For the year ended 31 March 2022 *(continued)*

6.2.1 Acquisition of Sol de Janeiro (continued)

Assets acquired and liabilities assumed

ASSETS *In thousands of euros*	**Carrying amount — December 31, 2021**	**Fair value adjustment**	**Fair value**
Property, plant and equipment, net	0.9	–	0.9
Intangible assets, net	1.1	156.7	157.8
Deferred income tax assets	2.7	–	2.7
Other non-current receivables	0.3	–	0.3
Non-current assets	**5.0**	**156.7**	**161.7**
Inventories	20.2	–	20.2
Trade receivables	5.9	–	5.9
Other current assets	6.3	–	6.3
Cash and cash equivalents	8.7	–	8.7
Current assets	**41.1**	**–**	**41.1**
Total assets	**46.0**	**156.7**	**202.7**
LIABILITIES *In thousands of euros*			
Deferred income tax liabilities	–	35.3	35.3
Non-current liabilities	**–**	**35.3**	**35.3**
Trade payables	9.3	–	9.3
Social and tax liabilities	0.4	–	0.4
Other current liabilities	3.0	–	3.0
Current liabilities	**12.7**	**–**	**12.7**
Total liabilities	**12.7**	**35.3**	**47.9**
Net identifiable assets acquired	**33.3**	**121.4**	**154.8**
Deduct: non-controlling interests	(5.7)	(20.8)	(26.5)
Add: goodwill	–	–	202.6
Net assets acquired	**27.6**	**100.6**	**330.9**

The Group recognises non-controlling interests in an acquired entity based on the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

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

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.2. For the year ended 31 March 2022 *(continued)*

6.2.1 Acquisition of Sol de Janeiro (continued)

Purchase price allocation and fair value adjustments

The purchase price allocation led to the measurement of the identifiable assets and liabilities of Sol de Janeiro at fair value as at 31 December 2021.

The fair value adjustments were as follows:

- The fair value of the trademark was estimated based on the royalty method with a net royalty rate of 7.7% and a post-tax discount rate of 10.3%, including a positive tax amortisation effect;
- Deferred tax liabilities were recognized on the fair value adjustment of the trademark.

As at 31 March 2022, the above fair values had been determined on a provisional basis. The net identifiable assets acquired are based on the net carrying amount of assets and liabilities as at 31 December 2021. As at 31 March 2023, the above fair values are final.

The impact between the acquisition date at 23 December 2021 and the consolidation as from 31 December 2021 was not material.

Contribution to net sales and profit

The acquired business contributed €26.1 million to the Group's net sales and €2.0 million to its profit for the period from 31 December 2021 to 31 March 2022.

If the acquisition had occurred on 1 April 2021, consolidated unaudited pro-forma net sales and profit for the year ended 31 March 2022 would have been €90.5 million and €15.5 million, respectively.

Acquisition-related costs

Acquisition-related costs amounted to €2.9 million and were recognised as administrative expenses. Acquisition costs comprise insurance costs for €0.5 million, corresponding to the liability guarantee clause covered by the insurer and paid by the Company.

6.2.2 L'Occitane Inc. Chapter 11 proceedings

Context

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

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

Notes to the Consolidated Financial Statements

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.2. For the year ended 31 March 2022 *(continued)*

6.2.2 L'Occitane Inc. Chapter 11 proceedings (continued)

Context ***(continued)***

As of 31 August 2021, the Chapter 11 proceedings were closed by the Court and this date was considered as the effective date for the reconsolidation of L'Occitane Inc., since the Court had no control of L'Occitane Inc. At this date, the L'Occitane Group therefore regained exclusive control of the subsidiary, which was reconsolidated in its consolidated financial statements.

In the consolidated financial statements, the impact of the operations of L'Occitane Inc. was presented as follows:

- As an investment accounted for using the equity method from 1 April 2021 to 31 August 2021: the net loss in the consolidated statement of income amounts to €8.9 million and was presented within "Share of profit/(loss) from associates and joint ventures accounted for using the equity method" (Note 11);
- As a fully consolidated subsidiary for the month from September 2021. Net sales and net profit for the period from September 2021 to March 2022 amounted to €89.7 million and €2.5 million, respectively.

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

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

The key underlying assumptions for the zero fair value estimate of L'Occitane Inc. were as follows:

- The enterprise value was estimated in a range of $40.0 million–$44.9 million based on the discounted cash flow (DCF) method (50%) and the public companies multiples method (50%);
- Under the DCF method, the annual growth rate (CAGR) and the EBIT margin were estimated at 2% and 2.5%, respectively. The WACC used was 9.5 %. The terminal value takes into account a long-term growth rate of 2% in line with the inflation forecast data for the United States;
- For the public companies multiples method, the revenue multiple applicable was estimated in a range of 0.23x–0.27x, while the EBIT multiple applicable was estimated in a range of 10.6x–11.6x;
- Net debt was deducted from the enterprise value in an amount of $42.3 million to take into account the intercompany loan, cash, the normalisation of the net working capital and the cash-outs related to the finalisation of Chapter 11 proceedings (accounts payable to landlords, rejected part of accounts payable to landlords and professional fees).

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.2. For the year ended 31 March 2022 *(continued)*

6.2.2 L'Occitane Inc. Chapter 11 proceedings (continued)

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

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

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

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

LIABILITIES *In thousands of euros*			
Borrowings	–	–	–
Lease liabilities	45.0	–	45.0
Other non-current liabilities	0.3	–	0.3
Non-current liabilities	**45.3**	**–**	**45.3**
Trade payables	50.3	–	50.3
Social and tax liabilities	3.4	–	3.4
Borrowings	19.9	–	19.9
Lease liabilities	12.6	–	12.6
Other current liabilities	3.7	–	3.7
Provisions	0.1	–	0.1
Current liabilities	**90.1**	**–**	**90.1**
Total liabilities	**135.4**	**–**	**135.4**
Net assets acquired/(liabilities assumed)	**(5.3)**	**–**	**(5.3)**
Non-controlling interests	1.3	–	1.3
Fair value of L'Occitane	–	–	–
Goodwill	**6.6**	**–**	**6.6**

Notes to the Consolidated Financial Statements

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.2. For the year ended 31 March 2022 *(continued)*

6.2.2 L'Occitane Inc. Chapter 11 proceedings (continued)

Purchase price allocation and fair value adjustments

During the purchase price allocation process, the identifiable assets and liabilities of L'Occitane Inc. were measured at fair value as at 31 August 2021.

The bases for fair value adjustments were as follows:

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

Goodwill resulting from this business combination was attributable to future synergies, mainly thanks to the acquisition of a reorganised stores network with renegotiated lease arrangements.

There was no deductible goodwill for tax purposes.

6.2.3 Investment in Carbios

On 10 May 2021, the Group acquired shares in Carbios S.A., specialising in plastic and packaging product recycling, for an initial amount of €10,000,000. The shares acquired represent less than 3% of the total share capital (Note 3.3).

6.2.4 Investment in L'Occitane Middle East

On 1 October 2021, the Group invested an additional amount of €4,924,138 in L'Occitane Middle East to develop its activity in Dubai. The percentage interest remained stable at 51%.

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.2. For the year ended 31 March 2022 *(continued)*

6.2.5 Acquisition of a non-controlling interest in Elemis

On 28 March 2022, the Group repurchased 926 Elemis shares (corresponding to 7.72% of the total issued share capital of LOI Elemis Sarl) for a purchase price of €76.6 million from Chasselas Equity S.A. These shares were sold to Chasselas Equity S.A on 6 March 2019. Following this acquisition, the Group's percentage interest increased from 90.9% to 98.62%.

The Group recognised a decrease in non-controlling interests and a decrease in equity attributable to owners of the Group. The effect of this acquisition can be summarized as follows:

In thousands of euros	**31 March 2022**
Carrying amount of non-controlling interests acquired	68,878
Consideration paid to non-controlling interests	76,579
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity (attributable to owners of the Company)	**(7,701)**

6.2.6 New non-controlling interest in Symbiose France

On 16 December 2021, the general manager of Symbiose France acquired 2.21% (corresponding to 31 shares) of Symbiose France for a purchase price of €1 million. The percentage interest decreased from 100% to 97.79%.

The Group recognised an increase in non-controlling interests and an increase in equity attributable to owners of the Group. The effect of this acquisition can be summarized as follows:

In thousands of euros	**31 March 2022**
Carrying amount of non-controlling interests sold	147
Consideration received from non-controlling interests	1,000
Excess of consideration received recognised in the transactions with non-controlling interests reserve within equity (attributable to owners of the Company)	**853**

A put option was granted to the non-controlling shareholder and general manager of Symbiose France in an amount of €4,071,000 as at 31 March 2022. The put option can be exercised in 2025.

Notes to the Consolidated Financial Statements

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.3. Other financial liabilities

Changes in other financial liabilities

Other financial liabilities correspond mainly to put option arrangements. The following put options have been granted by the Group to non-controlling interests:

			Excess of consideration in transactions with non-controlling interests				
				Change in the valuation of the exercise price of the put options granted to non-controlling interests			
In thousands of euros	% non-controlling shareholders with put options	31 March 2022	New put options	Changes in estimates in the valuation of the exercise price	Unwinding of discount	Exchange differences	31 March 2023
Put on Sol de Janeiro non-controlling interests	17.30%	150,463	–	127,365	1,505	5,805	285,138
Put on 14 Groupe SA non-controlling interests	50.76%	–	27,900	(3,023)	793	(2,270)	23,400
Put on Grown Alchemist non-controlling interests	35.00%	–	17,632	(6,832)	210	(974)	10,036
Put on Elemis non-controlling interests	1.40%	15,435	–	(1,775)	111	–	13,771
Put on Symbiose France non-controlling interests	2.20%	4,071	–	225	61	–	4,357
Put on L'Occitane GmbH non-controlling interests	30%	1,896	–	–	52	–	1,948
Total other financial liabilities		**171,865**	**45,532**	**115,960**	**2,732**	**2,561**	**338,650**

The Group records all changes related to (i) changes in estimates, (ii) exchange differences and (iii) unwinding of discounts in equity within "Excess of consideration in transactions with non-controlling interests".

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.3. Other financial liabilities *(continued)*

Inputs used by management to determine the present value of the put options

The following table summarises quantitative information about significant unobservable inputs used in the measurement of the present value of the redemption amount of the main put options granted to non-controlling interests:

in thousands of euros	Present value of the redemption amount		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to present value of redemption amount
	31 March 2022	31 March 2023		31 March 2022	31 March 2023	
Put on Sol de Janeiro non-controlling interests	150,463	285,138	Annual EBIT growth rate	17% / 27%	15% / 19%	Increasing the annual EBIT growth rate by 100 basis points would increase the present value by €2,851,000. Decreasing the annual EBIT growth rate by 100 basis points would decrease the present value by €2,851,000.
			Annual EBITDA growth rate	27%	19%	
			Average % EBIT over the plan	22%	20%	
Put on Elemis non-controlling interests	15,435	13,771	Annual EBITDA growth rate	Same unobservable inputs as the ones used in the Elemis business and disclosed in note 4.1		Increasing the annual EBITDA growth rate by 100 basis points would increase the present value by €138,000. Decreasing the annual EBITDA growth rate by 100 basis points would decrease the present value by €138,000.
			Compound annual growth rate ("CAGR")			
			% EBITDA over the plan FY24			
Put on Symbiose Cosmetics non-controlling interests	4,071	4,357	Annual EBITDA growth rate	17 / 27%	-6% / 26%	Increasing the annual EBITDA growth rate by 100 basis points would increase the present value by €19,000. Decreasing the annual EBITDA growth rate by 100 basis points would decrease the present value by €19,000.
			Compound annual growth rate ("CAGR")	9%	9%	
			Average % EBITDA over the plan	18%	20%	

Notes to the Consolidated Financial Statements

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.3. Other financial liabilities *(continued)*

***Inputs used by management to determine the present value of the put options** (continued)*

in thousands of euros	Present value of the redemption amount 31 March 2022	Present value of the redemption amount 31 March 2023	Unobservable inputs	Range of inputs 31 March 2022	Range of inputs 31 March 2023	Relationship of unobservable inputs to present value of redemption amount
Put on L'Occitane GmbH non-controlling interests	1,896	1,948	Annual EBITDA growth rate	3% / 5%	1% / 5%	Increasing the annual EBITDA growth rate by 100 basis points would increase the present value by €19,000. Decreasing the annual EBITDA growth rate by 100 basis points would decrease the present value by €19,000.
			Compound annual growth rate ("CAGR")	3%	2%	
			Average % EBITDA over the plan	26%	26%	
Put option arrangement in 14 Groupe S.A non-controlling interests	–	23,400	Annual EBITDA growth rate	–	27% / 33%	Increasing the discount rate by 100 basis points and decreasing the annual EBITDA growth rate by 100 basis points would decrease the present value by €683,000.
			Compound annual growth rate ("CAGR")	–	15%	Decreasing the discount rate by 100 basis points and increasing the annual EBITDA growth rate by 100 basis points would increase the present value by €718,000.
			Average % EBITDA over the plan	–	20%	
Put option arrangement in Grown Alchemist Holdings Pty Ltd non-controlling interests	–	10,036	At the acquisition date, a put option was granted to the non-controlling shareholders of Grown Alchemist Holdings Pty Ltd for an amount of €17.6m. On May 4, 2023, the Board approved the acquisition of the shares held by the non-controlling shareholders for an amount of €10m. As at March 31, 2023, the fair value of the put option corresponds to the purchase price for the shares.			

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.3. Other financial liabilities *(continued)*

Other considerations regarding the put options

Assumptions	Approach used to determine values
Discount rate	Reflect current market assessments of the time value and the risk specific to the liability.
Timing	Management assumed exercise of the put option as from the beginning of the exercisable period: • Put on Sol de Janeiro: exercise windows between 2025 and 2027 • Put on Elemis: from April 1st, 2024 • Put on Symbiose: exercise windows between 2024 and 2037 • Put on L'Occitane GmbH: from March 1st, 2027 • Put on 14 Group S.A.: exercise windows between 2025 and 2027
Annual EBITDA growth factor	The EBITDA is defined as follows: operating profit before depreciation, amortisation and impairment. Estimated based on the plan for the company excluding the effects of IFRS 16
Annual EBIT growth factor	The EBIT corresponds to the operating profit. Estimated based on the plan for the company excluding the effects of IFRS 16
Put option arrangement in Sol de Janeiro	The put option granted to Sol de Janeiro non-controlling interests can be exercised at different periods at an exercise price based on an EBIT multiple (between 20x and 17x). Under certain circumstances of departure of the non-controlling shareholder, the multiple is decreased to a minimum of 17x. This contingent consideration arrangement in which the payment is decreased if employment terminates for specific reasons corresponds to remuneration for post-combination services recorded as a social liability and recognised as remuneration expense over the 3-year vesting period (Note 24).
Put option arrangement in 14 Groupe S.A.	The put option granted to 14 Groupe S.A non-controlling interests can be exercised in FY 2027 at an exercise price based on an EBITDA multiple. The EBITDA multiple increases in line with the increase in EBITDA (from 10x to 17x).

Notes to the Consolidated Financial Statements

7. PROPERTY, PLANT AND EQUIPMENT

7.1. Year ended 31 March 2023

As at 31 March 2023, property, plant and equipment can be analysed as follows:

In thousands of euros	Land	Buildings	Machinery and equipment	Other PP& E	Leasehold and improvements related to stores	Other PP&E related to stores	PP&E in progress	Total
Cost as at 31 March 2022	**3,476**	**61,026**	**71,725**	**113,140**	**136,815**	**34,982**	**5,502**	**426,666**
Additions	–	4	4,252	13,366	19,576	3,241	3,230	43,669
Disposals	–	(332)	(1,720)	(6,484)	(12,112)	(3,263)	(798)	(24,709)
Acquisition of subsidiaries	–	–	381	38	597	–	–	1,016
Deconsolidation of L'Occitane Russia	–	–	–	(2,522)	(3,438)	(3,231)	(87)	(9,278)
Other movements	–	18	4,560	1,203	6,968	2,914	(3,118)	12,545
Exchange differences	(43)	(200)	(158)	(573)	(3,673)	(224)	19	(4,852)
Cost as at 31 March 2023	**3,433**	**60,516**	**79,040**	**118,168**	**144,733**	**34,419**	**4,748**	**445,057**
Accum. depreciation as at 31 March 2022	–	**(32,054)**	**(51,337)**	**(94,170)**	**(93,841)**	**(26,540)**	**–**	**(297,942)**
Depreciation	–	(3,401)	(6,287)	(14,667)	(15,852)	(3,182)	–	(43,389)
Reversal of impairment loss	–	–	–	–	918	–	–	918
Disposals	–	262	1,721	6,137	10,886	3,217	–	22,223
Deconsolidation of L'Occitane Russia	–	–	–	1,547	2,990	2,664	–	7,201
Other movements	–	–	(3,536)	(351)	(6,081)	(2,556)	–	(12,524)
Exchange differences	–	31	73	604	2,809	173	–	3,690
Accum. depreciat. as at 31 March 2023	**–**	**(35,162)**	**(59,366)**	**(100,900)**	**(98,171)**	**(26,224)**	**–**	**(319,823)**
Net carrying amount as at 31 March 2023	**3,433**	**25,354**	**19,674**	**17,268**	**46,562**	**8,195**	**4,748**	**125,234**

Additions of the period mainly relate to 87 store openings and refurbishments for €19,576,000.

Disposals of the period mainly relate to 106 store closures.

Excluding non-cash items, total cash additions amount to €43,901,000.

7. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

7.2. Year ended 31 March 2022

As at 31 March 2022, property, plant and equipment can be analysed as follows:

In thousands of euros	Land	Buildings	Machinery and equipment	Other PP& E	Leasehold and improvements related to stores	Other PP&E related to stores	PP&E in progress	Total
Cost as at 31 March 2021	**3,246**	**59,169**	**67,828**	**105,793**	**127,170**	**32,737**	**5,417**	**401,360**
Additions	35	41	2,737	8,184	13,295	2,982	3,457	30,731
Disposals	–	–	(320)	(4,599)	(17,734)	(5,097)	(124)	(27,874)
Acquisition of subsidiaries	–	–	457	2,627	7,413	2,704	–	13,201
Other movements	–	722	574	(1,757)	3,172	456	(3,353)	(186)
Exchange differences	195	1,094	449	2,892	3,499	1,200	105	9,434
Cost as at 31 March 2022	**3,476**	**61,026**	**71,725**	**113,140**	**136,815**	**34,982**	**5,502**	**426,666**
Accum. depreciation as at 31 March 2021	**–**	**(28,129)**	**(44,894)**	**(82,845)**	**(89,889)**	**(25,256)**	**–**	**(271,013)**
Depreciation	–	(3,805)	(6,516)	(13,434)	(16,483)	(5,414)	–	(45,652)
Impairment loss	–	–	–	–	(3,784)	–	–	(3,784)
Reversal of impairment loss	–	–	–	41	1,144	–	–	1,185
Disposals	–	–	275	4,607	16,999	4,965	–	26,846
Acquisition of subsidiaries	–	–	–	–	–	–	–	–
Other movements	–	–	(6)	(1,280)	1,052	(4)	–	(238)
Exchange differences	–	(120)	(196)	(1,259)	(2,880)	(831)	–	(5,286)
Accum. depreciat. as at 31 March 2022	**–**	**(32,054)**	**(51,337)**	**(94,170)**	**(93,841)**	**(26,540)**	**–**	**(297,942)**
Net carrying amount as at 31 March 2022	**3,476**	**28,972**	**20,388**	**18,970**	**42,974**	**8,442**	**5,502**	**128,724**

Additions of the period mainly relate to 80 store openings and refurbishments for €13,295,000.

Disposals of the period mainly relate to 110 store closures.

Excluding non-cash items, total cash additions amount to €31,726,000.

Notes to the Consolidated Financial Statements

7. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

7.3. Classification of PP&E depreciation in the statement of income

Depreciation of the Group's property, plant and equipment was charged to the consolidated statement of income as follows:

31 March *In thousands of euros*	**2023**	**2022**
Cost of sales	9,250	10,189
Distribution expenses	27,511	29,251
Marketing expenses	118	114
Research and development expenses	583	890
General and administrative expenses	5,927	5,208
Depreciation expense	**43,389**	**45,652**

7.4. Impairment tests of property, plant and equipment

31 March *In thousands of euros*	**2023**	**2022**
Accumulated impairment provision as of the beginning of the year	**(6,479)**	**(3,701)**
Impairment provision	–	(3,784)
Reversal of impairment loss (used)	918	125
Reversal of impairment loss (unused)	–	1,060
Acquisition of subsidiaries	–	(154)
Exchange differences	–	(25)
Accumulated impairment provision as at 31 March	**(5,561)**	**(6,479)**

Property, plant and equipment are allocated to the Group's cash-generating units (CGUs) and are tested for impairment as described in Note 2.6.

An impairment loss amounting to €3,784,000 as at 31 March 2022 was recorded within "cost of sales" and "distribution expenses" to adjust the carrying amount of fixed assets related to the stores.

The reversal of used impairment provisions corresponds to stores that are closed.

8. LEASES

This note provides information on leases where the Group is a lessee.

8.1. Right-of-use assets

Amounts recognised in the consolidated balance sheet

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

In thousands of euros	Stores	Offices	Other	Total
Net book value as at 31 March 2022	**199,975**	**46,201**	**18,758**	**264,934**
Additions	104,593	17,976	16,958	139,527
Change in estimated lease term	(14,982)	(1,310)	(372)	(16,664)
Depreciation (Note 24.3)	(80,176)	(13,292)	(7,044)	(100,512)
Sale of L'Occitane Russia (Note 6.1)	(12,812)	(2,398)	(665)	(15,875)
Impairment loss net of reversals (note 24.3)	(418)	–	–	(418)
Reclassification	179	(22)	20	177
Exchange differences	220	541	(274)	487
Net book value as at 31 March 2023	**196,579**	**47,696**	**27,381**	**271,656**

During the year ended 31 March 2023, additions mainly relate to new stores (€12,521,000) and other effects such as the extension or renewal of contracts or new offices (€113,534,000).

During the financial year ended 31 March 2022, the Group reassessed the lease term of the store on the Champs-Elysées, Paris, France as a shorter period until the next exit option in July 2023. This resulted in a decrease in the net carrying amount of the right-of-use assets and of lease liabilities. On 19 December 2022, an agreement was reached in which the Group waives its right to the exit option in July 2023 and is eligible for a rent-free period of 8 months in an amount of €3.1 million from 1 April 2023. The contract and the lease term are then extended until July 2026 which resulted in an increase in the net carrying amount of the right-of-use assets and of lease liabilities by €10.7 million.

The key money for the flagship store on the Champs-Elysées is pledged for an amount of €15,599,273 as security for the 2019 Long-Term Loan.

Amounts recognized in the consolidated statement of income

The consolidated statement of income shows the following amounts relating to leases:

31 March 2023 *In thousands of euros*	Stores	Offices	Other	Total
Distribution expenses	(80,176)	–	–	(80,176)
General and administrative expenses	–	(13,292)	(7,044)	(20,336)
Depreciation expense	**(80,176)**	**(13,292)**	**(7,044)**	**(100,512)**

31 March 2022 *In thousands of euros*	Stores	Offices	Other	Total
Distribution expenses	(73,524)	–	–	(73,524)
General and administrative expenses	–	(16,868)	(5,723)	(22,591)
Depreciation expenses	**(73,524)**	**(16,868)**	**(5,723)**	**(96,115)**

Notes to the Consolidated Financial Statements

8. LEASES *(CONTINUED)*

8.1. Right-of-use assets *(continued)*

Impairment tests for right-of-use assets

31 March 2023

In thousands of euros	**2023**	**2022**
Accumulated impairment as of the beginning of year	**(27,561)**	**(9,792)**
Impairment loss	(4,064)	(19,923)
Reversal of impairment loss (used)	3,646	2,155
Exchange differences	143	(1)
Accumulated impairment provision as at March	**(27,836)**	**(27,561)**

Right-of-use assets are allocated to the Group's cash-generating units (CGUs) and are tested for impairment as described in Note 2.7. Note 4.1 describes the key assumptions used for the value-in-use calculations.

An impairment loss amounting to €4,064,000 as at 31 March 2023 was recorded within "Distribution expenses" to adjust the carrying amount of certain right-of-use assets related to stores.

The reversal of used impairment provisions corresponds to stores that are closed.

8.2. Lease liabilities

Amounts recognised in the consolidated balance sheet

Maturities of lease liabilities can be analysed as follows:

In thousands of euros	**2023**	**2022**
Within 1 year	82,393	93,722
Between 1 and 2 years	66,993	65,812
Between 2 and 5 years	92,925	88,800
Over 5 years	33,391	25,898
Period ended 31 March	**275,702**	**274,232**
Total current portion	**82,393**	**93,722**
Total non-current portion	**193,309**	**180,510**

The total cash outflow for leases for the year ended 31 March 2023 was €113,553,000.

Amounts recognised in the consolidated statement of income

The consolidated statement of income shows the following amounts relating to leases:

In thousands of euros	**31 March 2023**	**31 March 2022**
Interest expense (included in finance costs)	7,609	8,861
Expense related to short-term leases (included in distribution expenses)	4,021	5,956
Expense related to leases of low-value assets that are not shown above as short-term leases (included in cost of sales and administrative expenses)	3	8
Expense related to variable lease payments not included in lease liabilities (included in distribution expenses)	67,155	74,119
Total	**78,788**	**88,944**

The variable lease payments are mainly linked to sales generated from stores.

9. GOODWILL

Goodwill is monitored by management at the level of the trademarks (Note 2.8).

9.1. Change in goodwill and breakdown

Change in goodwill can be analysed as follows:

In thousands of Euros		31 March 2021	Additions	Reconsolidation of L'Occitane Inc.	Exchange differences	31 March 2022	Additions	Sale of L'Occitane Russia	Impairment loss	Exchange differences & Other	31 March 2023
Elemis		524,301	–	–	13,355	537,656	–	–	–	(7,263)	530,393
Sol de Janeiro		–	202,618	–	6,260	208,878	–	–	–	4,333	213,211
LimeLife		113,392	–	–	6,362	119,754	–	–	–	2,484	122,238
L'Occitane [(a)]											
of which:	*Russia*	24,776	–	–	(695)	24,081	–	(28,491)	–	4,410	–
	Japan	19,979	–	–	(779)	19,200	–	–	–	(1,283)	17,917
	Malaysia	9,201	–	–	386	9,587	–	–	–	(264)	9,323
	Norway	5,016	–	–	147	5,163	–	–	–	(762)	4,401
	United States	–	–	6,620	372	6,992	–	–	–	145	7,137
	Other countries	20,863	–	–	1,000	21,863	–	–	–	(409)	21,454
Melvita		35,931	–	–	–	35,931	–	–	–	–	35,931
Erborian		2,384	–	–	–	2,384	–	–	–	–	2,384
Grown Alchemist		–	–	–	–	–	3,388	–	–	–	3,388
Total cost		**755,843**	**202,618**	**6,620**	**26,408**	**991,489**	**3,388**	**(28,491)**	**-**	**1,391**	**967,777**
Accumulated impairment loss [(b)]		(1,000)	–	–	–	(1,000)	–	–	(75,364)	2,129	(74,235)
Net carrying amount		**754,843**	**202,618**	**6,620**	**26,408**	**990,489**	**3,388**	**(28,491)**	**(75,364)**	**3,520**	**893,542**

(a) Goodwill related to L'Occitane en Provence results from past acquisitions of exclusive distributors in the above-mentioned countries.

(b) Impairment loss is related to the goodwill of Melvita for €22.8m and LimeLife for €52.5m.

9.2. Goodwill impairment testing

The key assumptions and sensitivity analysis are disclosed in Note 4.1.

Notes to the Consolidated Financial Statements

10. INTANGIBLE ASSETS

10.1. Year ended 31 March 2023

Intangible assets include:

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

Changes in intangible assets can be analysed as follows:

In thousands of euros	Websites	Trademarks	Software	Contractual customer relation ships	Intangible assets progress	Other intangible assets	Total
Cost as at 31 March 2022	**819**	**434,844**	**76,992**	**34,567**	**5,675**	**25,464**	**578,361**
Additions	578	60	2,403	–	3,150	2,607	8,798
Disposals (Note 30.1)	(69)	(149)	(1,437)	–	(322)	(438)	(2,415)
Acquisition of subsidiaries	–	236	8	–	–	–	244
Deconsolidation of L'Occitane Russia (Note 6.2)	(229)	–	(587)	–	–	(1)	(817)
Other movements	1,546	–	(550)	–	(5,328)	4,120	(212)
Exchange differences	(50)	8,699	(71)	621	(17)	(27)	9,155
Cost as at 31 March 2023	**2,595**	**443,690**	**76,758**	**35,188**	**3,158**	**31,725**	**593,114**
Accumulated amortisation and impairment at 31 March 2022	**(348)**	**13**	**(64,286)**	**(12,171)**	**–**	**(14,214)**	**(91,006)**
Amortisation (Note 10.3)	(831)	–	(6,035)	(3,402)	–	(3,746)	(14,014)
Disposals (Note 30.1)	37	–	1,224	–	–	444	1,705
Deconsolidation of L'Occitane Russia	41	–	215	–	–	1	257
Other movements	(739)	–	788	–	–	(35)	14
Exchange differences	68	–	32	(18)	–	36	118
Accumulated amortisation and impairment as at 31 March 2023	**(1,772)**	**13**	**(68,062)**	**(15,591)**	**–**	**(17,514)**	**(102,926)**
Net carrying amount as at 31 March 2023	**823**	**443,703**	**8,696**	**19,597**	**3,158**	**14,211**	**490,188**

Additions mainly concerned:

- Assets in progress for €3,150,000 related mainly to software (excluding SaaS costs);
- Software for an amount of €2,403,000.

10. INTANGIBLE ASSETS *(CONTINUED)*

10.2. Year ended 31 March 2022

Intangible assets include:

- Acquired trademarks with indefinite useful lives (Sol de Janeiro, Elemis, Melvita);
- Internally used software, including enterprise resource planning (ERP) systems, point-of-sale systems, etc.

Changes in intangible assets can be analysed as follows:

In thousands of euros	Websites	Trademarks	Software	Contractual customer relation ships	Intangible assets progress	Other intangible assets	Total
Cost as at 31 March 2021	**56**	**259,155**	**73,321**	**33,191**	**6,102**	**23,456**	**395,281**
Additions	141	27	3,858	–	4,495	275	8,796
Disposals (Note 30.1)	(446)	(637)	(3,661)	(334)	(1)	–	(5,079)
Acquisition of subsidiaries (Note 6.2)	–	157,761	41	–	106	148	158,056
Other movements	1,069	–	2,684	–	(5,076)	1,539	216
Exchange differences	(1)	18,538	749	1,710	49	46	21,091
Cost as at 31 March 2022	**819**	**434,844**	**76,992**	**34,567**	**5,675**	**25,464**	**578,361**
Accumulated amortisation and impairment at 31 March 2021	**(7)**	**(611)**	**(59,283)**	**(8,574)**	**–**	**(10,857)**	**(79,332)**
Amortisation (Note 10.3, 10.4)	(183)	–	(8,731)	(3,478)	–	(3,337)	(15,729)
Disposals (Note 30.1)	446	624	3,476	334	–	–	4,880
Other movements	(603)	–	698	–	–	–	95
Exchange differences	(1)	–	(446)	(453)	–	(20)	(920)
Accumulated amortisation and impairment as at 31 March 2022	**(348)**	**13**	**(64,286)**	**(12,171)**	**–**	**(14,214)**	**(91,006)**
Net carrying amount as at 31 March 2022	**471**	**434,857**	**12,706**	**22,396**	**5,675**	**11,250**	**487,355**

Additions mainly concerned:

- Assets in progress for €4,495,000 related mainly to software (excluding SaaS costs);
- Software for an amount of €3,858,000.

Notes to the Consolidated Financial Statements

10. INTANGIBLE ASSETS *(CONTINUED)*

10.3. Classification of the amortisation of intangible assets in the consolidated statement of income

Intangible asset amortisation was charged to the statement of income as follows:

31 March *In thousands of euros*	**2023**	**2022**
Cost of sales	13	12
Distribution expenses	4,357	4,775
Marketing expenses	15	288
General and administrative expenses	9,629	10,654
Amortisation expense	**14,014**	**15,729**

10.4. Impairment tests of intangible assets

Intangible assets with an indefinite useful life are allocated to the Group's cash-generating units (CGUs) as described in Note 2.8 and tested for impairment. Note 4.1 describes the key assumptions used for the value-in-use calculations.

31 March *In thousands of euros*	**2023**	**2022**
Accumulated impairment provision as at the beginning of the year	**(27)**	**(27)**
Accumulated impairment provision as at 31 March	**(27)**	**(27)**

11. ASSOCIATES AND JOINT VENTURES

11.1. Interests in associates and joint ventures

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

In thousands of euros Name of entity	Place of business	% of ownership interest	Nature of relationship	Measurement method	Share of profit/(loss) FY23	Carrying amount FY23
Good Glamm Group	India	15.53%	Associate	Equity method	(9,419)	16,839
L'Occitane Middle East	Middle East	51%	Joint Venture	Equity method	(7,024)	22,760
CAPSUM	Europe/USA	26%	Associate	Equity method	(147)	26,525
Total Investments in associates and joint ventures					**(16,590)**	**66,124**

Changes in the carrying amount of equity-accounted investments are as follows:

	Good Glamm Group	L'Occitane Middle East	Capsum	TOTAL
31 March 2022	24,677	15,890	26,672	67,239
Increase in capital	–	13,456	–	13,456
Capital gain arising from the change in the % interest in associates and joint ventures (Note 25)	1,700	–	–	1,700
Profit/(loss) for the period	(9,419)	(7,024)	(147)	(16,590)
Currency translation effects	(1,038)	438	–	(600)
Other	919	–	–	919
31 March 2023	**16,839**	**22,760**	**26,525**	**66,124**

Notes to the Consolidated Financial Statements

11. ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

11.2. Summary balance sheet for associates and joint ventures

In thousand of euros	**Good Glamm Group 31 March 2023**	**L'Occitane Middle East 31 March 2023**	**Capsum 31 March 2023**
Current assets			
Cash and cash equivalents	16,150	4,860	775
Other current assets	78,290	28,812	22,831
Total current assets	**94,440**	**33,672**	**23,606**
Non-current assets	82,650	22,441	48,036
Current liabilities	(56,870)	(25,777)	(30,271)
Non-current liabilities	(12,020)	(24,225)	(15,824)
Net assets	**108,200**	**6,111**	**25,547**

In thousands of euros **Reconciliation of carrying amounts**	**Good Glamm Group 31 March 2023**	**L'Occitane Middle East 31 March 2023**	**CAPSUM 31 March 2023**
Net assets	**108,200**	**6,111**	**25,547**
Group's share in %	15.53%	51%	26%
Group's share in thousands of euros	16,803	3,117	6,642
Notional goodwill	36	19,643	19,883
Carrying amount	**16,839**	**22,760**	**26,525**

11. ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

11.3. Summary statement of comprehensive income for associates and joint ventures

31 March 2023 *In thousands of euros*	**Good Glamm Group**	**L'Occitane Middle East**	**CAPSUM**
Net sales	77,070	47,180	46,421
Cost of sales	(28,920)	(17,496)	(35,483)
Gross profit	**48,150**	**29,684**	**10,938**
Distribution expenses	–	(17,293)	(3,330)
Marketing expenses	–	(6,733)	–
General and administrative expenses	(98,680)	(10,107)	(7,115)
Other gains/(losses), net	(900)	–	31
Other financial interest	(5,440)	(759)	(192)
Income tax expense	–	–	(899)
Profit/(loss) for the period	**(56,870)**	**(5,208)**	**(567)**
Other comprehensive income	–	–	–
Total comprehensive income	**(56,870)**	**(5,208)**	**(567)**

The statement of income of Good Glamm Group is presented by nature. Accordingly, all operating expenses were classified in only one line of the above income statement.

11.4. Commitments and contingent liabilities in respect of associates and joint ventures

There are no commitments to provide funding for joint ventures or associates and no contingent liabilities (contingent liabilities incurred jointly with other investors or liabilities for which the Group is severally liable).

Notes to the Consolidated Financial Statements

12. INTERESTS IN OTHER ENTITIES

The summary financial information for each subsidiary that has non-controlling interests (NCI) material to the Group is set out below.

The materiality of non-controlling interests was determined based on a mix of quantitative and qualitative factors, notably the percentage of the subsidiary's contribution in the Group's consolidated financial statements, the amount of the non-controlling interests at year-end, and the importance of the subsidiary to the Group's strategy.

The amounts disclosed for each subsidiary are before inter-company eliminations.

Summary balance sheet

	31 March 2023			31 March 2022		
In thousands of euros	**LimeLife**	**ELEMIS**	**Sol de Janeiro**	**LimeLife**	**ELEMIS**	**Sol de Janeiro**
Current assets	32,605	230,682	126,899	42,237	198,468	385,597
Current liabilities	53,997	42,246	44,943	50,168	51,380	354,910
Net current assets/(liabilities)	**(21,392)**	**188,436**	**81,956**	**(7,931)**	**147,088**	**30,687**
Non-current assets	88,602	832,762	387,117	131,604	841,968	379,515
Non-current liabilities	9,048	53,729	37,097	7,228	54,725	39,367
Net non-current assets/(liabilities)	**79,554**	**779,033**	**350,020**	**124,376**	**787,243**	**340,148**
Net assets/(liabilities)	**58,162**	**967,469**	**431,976**	**116,445**	**934,331**	**370,835**
% interest owned by the Group	58.0%	98.6%	82.9%	58.0%	98.6%	82.9%
Accumulated non-controlling interests	72	13,101	37,310	3,433	12,371	28,307

Summary statement of comprehensive income

	31 March 2023			31 March 2022		
In thousands of euros	**LimeLife**	**ELEMIS**	**Sol de Janeiro**	**LimeLife**	**ELEMIS**	**Sol de Janeiro**
Net sales	55,295	225,097	268,225	71,103	206,860	25,487
Profit/(loss) for the year	(63,237)	41,607	51,156	(7,372)	44,988	1,964
Other comprehensive income/(expense)	5,196	(8,468)	1,467	6,797	28,184	11,109
Total comprehensive income/(expense)	**(58,041)**	**33,139**	**52,623**	**(575)**	**73,172**	**13,073**

Other comprehensive income is mainly related to currency translation adjustments on goodwill, trademarks and intangible assets.

Other comprehensive income for LimeLife mainly relates to currency translation adjustments on goodwill.

12. INTERESTS IN OTHER ENTITIES *(CONTINUED)*

Summary statement of cash flows

In thousands of euros	31 March 2023 LimeLife	31 March 2023 ELEMIS	31 March 2023 Sol de Janeiro	31 March 2022 LimeLife	31 March 2022 ELEMIS	31 March 2022 Sol de Janeiro
Cash flows from operating activities	(9,994)	28,178	30,853	(13,747)	10,769	(3)
Cash flows from investing activities	(1,152)	(4,875)	(2,228)	(368)	(7,993)	8,017
Cash flows from financing activities	5,271	(28,504)	(37,269)	18,261	(5,027)	3,285
Net increase/(decrease) in cash and cash equivalents	**(5,875)**	**(5,201)**	**(8,644)**	**4,146**	**(2,251)**	**11,299**

13. OTHER NON-CURRENT ASSETS

Other non-current assets can be analysed as follows:

31 March *In thousands of euros*	**2023**	**2022**
Deposits	23,227	24,800
Equity investments at fair value through other comprehensive income (FVOCI) (Note 3.3)	37,880	33,117
Fair value of the receivable from the sale of L'Occitane Russia (Note 3.3)	8,645	–
Tax receivables	5,575	7,315
Other	1,308	2,546
Other non-current assets	**76,636**	**67,778**

14. INVENTORIES

Inventories can be analysed as follows:

31 March *In thousands of euros*	**2023**	**2022**
Raw materials and supplies	55,104	37,480
Finished goods and work in progress	285,379	249,304
Inventories, gross	**340,483**	**286,784**
Less allowance	(23,286)	(23,622)
Inventories	**317,197**	**263,162**

Notes to the Consolidated Financial Statements

15. TRADE RECEIVABLES

Trade receivables can be analysed as follows:

31 March *In thousands of euros*	**2023**	**2022**
Trade receivables, gross	261,056	204,939
Less allowance for doubtful receivables	(4,503)	(5,316)
Trade receivables	**256,553**	**199,623**

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

The trade receivables ageing analysis is as follows:

31 March *In thousands of euros*	**2023**	**2022**
Current and past due within 3 months	236,155	191,999
3 to 6 months	15,333	7,872
6 to 12 months	3,464	2,337
Over 12 months	6,104	2,731
Trade receivables, gross	**261,056**	**204,939**

Movements in the Group's impairment allowance for trade receivables are as follows:

31 March *In thousands of euros*	**2023**	**2022**
At the beginning of the year	(5,316)	(3,982)
Impairment allowance	(3,581)	(1,891)
Reversal of impairment	3,601	1,301
Sale of L'Occitane Russia (Note 6.1)	931	–
Acquisition of Sol de Janeiro	–	(554)
Exchange differences	(138)	(190)
At the end of the year	**(4,503)**	**(5,316)**

The accrual and reversal of a receivables impairment allowance was included in distribution expenses.

15. TRADE RECEIVABLES *(CONTINUED)*

The ageing of the receivables impairment allowance by due date is as follows:

31 March *In thousands of euros*	**2023**	**2022**
Within 3 months	1,003	1,349
3 to 6 months	615	1,343
6 to 12 months	335	725
Over 12 months	2,550	1,899
Impaired receivables	**4,503**	**5,316**

Individually impaired receivables relate to wholesalers facing unexpectedly difficult economic circumstances.

The ageing analysis of trade receivables past due but not impaired as at 31 March 2023 and 2022 is as follows:

31 March *In thousands of euros*	**2023**	**2022**
Within 3 months	23,000	28,907
3 to 6 months	14,718	6,527
6 to 12 months	3,129	1,612
Over 12 months	3,554	833
Trade receivables past due but not impaired	**44,401**	**37,879**

These trade receivables relate to a number of customers for whom there is no significant financial difficulty based on past experience. The overdue amounts can be recovered.

The Group considers that there is no recoverability risk on these past due receivables.

16. OTHER CURRENT ASSETS

The following table presents details of other current assets:

In thousands of euros	**2023**	**2022**
Value added tax receivable and other taxes and social items receivable	31,318	23,095
Prepaid expenses	19,504	21,515
Income tax receivable [a]	11,528	10,844
Advance payments to suppliers	6,813	12,168
L'Occitane Middle East current account [b]	7,277	7,112
Other current assets	8,300	8,201
Total other current assets	**84,740**	**82,935**

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

(b) The group has granted three loans to L'Occitane Middle East. The loans are denominated in US dollar and repayable in full on April 24, 2023, September 15, 2023 and January 4, 2024. The average interest rates during the year were respectively 3.3%, 3.6% and 3.3%. There are no collateral as security against the loans.

Notes to the Consolidated Financial Statements

17. DERIVATIVE FINANCIAL INSTRUMENTS

17.1. Analysis of derivative financial instruments

Derivative financial instruments can be analysed as follows:

In thousands of euros	31 March 2023		31 March 2022	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Foreign exchange derivatives at fair value through profit or loss	2,337	249	1,931	1,208
Sub-total derivative financial instruments at fair value through profit or loss	**2,337**	**249**	**1,931**	**1,208**
Interest rate derivatives at fair value through other comprehensive income	–	(0)	–	–
Sub-total derivative financial instruments designated as hedging instruments	**–**	**(0)**	**–**	**–**
Current portion of derivative financial instruments	**2,337**	**248**	**1,931**	**1,208**

Trading derivatives are classified as current assets or current liabilities. The fair value of a derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the maturity of the hedged item is less than 12 months.

Hedged highly probable forecast transactions denominated in foreign currencies are expected to occur at various dates over the next 12 months. Gains and losses recognised in the hedging reserve within other comprehensive income on forward foreign exchange contracts designated as hedging instruments as of the end of the period will be recognised in the statement of income in the period or periods during which the hedged forecast transaction will itself affect the statement of income. This is generally within the 12 months from the balance sheet date.

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

17.2. Derivatives at fair value through profit or loss

The change in the fair value of derivatives at fair value through profit or loss is as follows:

31 March *In thousands of euros*	**2023**	**2022**
— within 'foreign currency gains/(losses)' for currency derivatives (Note 28)	1,366	1,308
Total change in the fair value of derivatives at fair value through profit or loss: gains/(losses)	**1,366**	**1,308**

17. DERIVATIVE FINANCIAL INSTRUMENTS *(CONTINUED)*

17.3. Notional amounts of derivatives

Notional principal amounts of outstanding forward foreign exchange derivatives are as follows:

31 March *In thousands of euros*	**2023**	**2022**
Sale of currencies		
CNY	63,077	51,971
HKD	26,427	23,931
USD	17,995	29,810
AUD	13,128	1,494
JPY	11,052	13,947
MXN	6,817	4,597
KRW	4,906	–
GBP	3,473	9,161
THB	2,631	2,653
PLN	586	256
CZK	483	312
CAD	407	–
HUF	367	200
CHF	201	–
NOK	166	578
SEK	50	92
RUB	–	8,586
SGD	–	799
ZAR	–	204
Purchase of currencies		
GBP	41,970	–
USD	22,151	–
CNY	16,437	–
JPY	15,223	6,056
AUD	2,010	–
CAD	1,527	–
CHF	1,505	–
NOK	1,241	–
SEK	939	–
CZK	809	–
HKD	656	–
PLN	–	–
MXN	–	308
HUF	–	57

Notes to the Consolidated Financial Statements

18. CASH AND CASH EQUIVALENTS

The following table presents details of cash and cash equivalents:

31 March *In thousands of euros*	**2023**	**2022**
Cash at bank and on hand	146,266	358,230
Cash equivalents	990	2,669
Cash and cash equivalents	**147,255**	**360,899**

Cash equivalents include highly liquid investments in short-term bank deposits.

The effective interest rates on cash at bank and in hand are as follows:

	2023	**2022**
Cash in euros	€STR or Euribor + margin	€STR or Euribor + margin
Cash in foreign currencies	Local market rate + margin	Local market rate + margin

The effective interest rates on cash equivalents are as follows:

	2023	**2022**
Cash equivalents in euros (short-term bank deposits)	Euribor/Local market rate	Euribor/Local market rate

19. CAPITAL AND RESERVES

L'Occitane International S.A. is a société anonyme incorporated in the Grand Duchy of Luxembourg. The Company's authorised capital is €1,500,000,000, of which €44,309,000 was issued as at 31 March 2022. At the same date, 72.28% of the Company's share capital was held by L'Occitane Groupe S.A., incorporated in Luxembourg ("LOG" or the "parent company"). CIME S.C.A. is the ultimate parent company, incorporated in Luxembourg.

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

19.1. Share capital and additional paid-in capital

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

	Number of shares	**Share capital**	**Additional paid-in capital**
As at 31 March 2022	**1,476,964,891**	**44,309**	**342,851**
As at 31 March 2023	**1,476,964,891**	**44,309**	**342,851**

19.2. Treasury shares

As at 31 March 2022, the Company holds 6,829,070 shares in treasury and the aggregate price of the purchased shares is deducted from equity as "Treasury shares reserve" for an amount of €15,476,000.

As at 31 March 2023, the Company holds 5,355,641 shares in treasury and the aggregate price of the purchased shares is deducted from equity within the "Treasury shares reserve" for an amount of €12,104,000.

19. CAPITAL AND RESERVES *(CONTINUED)*

19.3. Share-based payment

The Company grants three types of share-based payments:

- Share-based payments related to LOI equity instruments;
- Share-based payments related to LimeLife equity instruments until March 31, 2022;
- Share-based payments related to LOG equity instruments.

Fair value of options granted

The fair value at grant date is independently determined using an adjusted Black-Scholes model, which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the share price at the grant date, the expected dividend yield, the risk-free interest rate over the term of the option, and the correlations and volatilities of the peer group companies.

Main characteristics and description of the plans settled in LOI instruments

Stock options

The stock option plans can be summarised as follows:

	31 March 2023		31 March 2022	
	Average exercise price in HKD per share option	**Number of options**	**Average exercise price in HKD per share option**	**Number of options**
At the beginning of the period	14.63	6,696,600	15.94	12,512,350
Granted during the year	20.67	8,186,000	–	–
Exercised during the period	14.56	(1,473,429)	15.69	(5,544,450)
Cancelled/lapsed during the period	17.70	(458,000)	15.12	(271,300)
At the end of the year	**18.35**	**12,951,171**	**14.63**	**6,696,600**

A new share-based payment plan settled in LOI equity instruments was granted on October 27, 2022 for a total of 8,186,000 share options

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

Stock options outstanding at the end of the years have the following vesting dates and exercise prices:

			Number of share options	
Grant date	**Vesting date**	**Exercise price**	**31 March 2023**	**31 March 2022**
21 March 2016	21 March 2020	14.36 HKD	520,500	520,500
02 February 2017	02 February 2021	15.16 HKD	1,347,800	1,473,350
29 March 2018	29 March 2022	14.50 HKD	3,134,671	4,702,750
27 October 2022	27 October 2026	20.67 HKD	7,948,200	–
Total			**12,951,171**	**6,696,600**

Notes to the Consolidated Financial Statements

19. CAPITAL AND RESERVES *(CONTINUED)*

19.3. Share-based payment *(continued)*

Free shares

The free share plans can be summarised as follows:

	31 March 2023		31 March 2022	
	Average exercise price in HKD per free share	**Number of free shares**	**Average exercise price in HKD per free share**	**Number of free shares**
As at April 1st	–	–	14.50	3,360,300
Vested during the period	–	–	14.50	(2,333,700)
Forfeited during the period	–	–	14.50	(1,026,600)
At the end of the period		**–**		**–**

Main characteristics and description of the plans settled in LimeLife equity instruments

L'Occitane International S.A. granted rights to LimeLife equity instruments to LimeLife's non-controlling shareholders. This free share plan was based on a four-year presence condition starting 12 December 2017. There were no performance criteria.

The plan was vested as at 31 March 2022.

This plan can be summarised as follows:

	31 March 2023		31 March 2022	
	Average fair value in EUR per free share	**Number of free shares**	**Average fair value in EUR per free share**	**Number of free shares**
As at 1 April	–	–	6.4	1,266,891
Vested during the year	–	–	6.4	422,297
As at 31 March	**–**	**–**	**6.4**	**1,689,188**

		Number of free shares	
Grant date	**Vesting date**	**31 March 2023**	**31 March 2022**
12 December 2017	12 December 2018	–	422,297
12 December 2017	12 December 2019	–	422,297
12 December 2017	12 December 2020	–	422,297
12 December 2017	12 December 2021	–	422,297
Total		**–**	**1,689,188**

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

19. CAPITAL AND RESERVES *(CONTINUED)*

19.3. Share-based payment *(continued)*

Main characteristics and description of the plans settled in LOG equity instruments

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

The free share plans are summarized below:

	2023		2022	
	Average exercise price in EUR per free share	**Number of free shares**	**Average exercise price in EUR per free share**	**Number of free shares**
As at 1 April	88.11	314,900	77.29	422,600
Granted during the year	–	–	144.21	37,600
Vested during the year	–	–	72.26	(103,800)
Forfeited during the year	95.09	(52,900)	68.40	(41,500)
As at 31 March	**86.70**	**262,000**	**88.11**	**314,900**

Free shares outstanding at the end of the year have the following expiry date and exercise prices:

		Number of free shares	
Grant date	**Expiry date**	**2023**	**2022**
01 October 2019	30 September 2023	16,800	25,200
30 September 2020	29 September 2024	223,900	252,100
29 June 2021	29 June 2025	20,500	36,400
30 June 2021	30 June 2025	800	1,200
Total		**262,000**	**314,900**

Notes to the Consolidated Financial Statements

19. CAPITAL AND RESERVES *(CONTINUED)*

19.3. Share-based payment *(continued)*

Total share-based payment expense

In the years ended 31 March 2022 and 31 March 2023, the share-based payment expense recognised within employee benefits was as follows:

In thousands of euros	**2023**	**2022**
LOI equity instruments	814	772
LOG equity instruments	2,146	6,798
LimeLife instruments	–	1,056
Social charges	2,532	983
Total (note 24)	**5,492**	**9,609**

As at 31 March 2022, an amount of €1,056,000 has been recorded within share-based payments for non-controlling shareholders of LimeLife.

The total remaining share-based payment expense to be recognised within future employee benefits is as follows:

In thousands of euros	**2023**	**2022**
LOI equity instruments	4,069	–
LOG equity instruments	2,805	7,230
Total	**6,874**	**7,230**

19.4. Distributable reserves

On 31 March 2023, the distributable reserves of L'Occitane International S.A. amounted to €672,542,590 (€839,965,536 as at 31 March 2022).

19.5. Dividend per share

On 28 September 2022, the Annual General Meeting approved the distribution of a €96.8 million dividend, or €0.06585 per share (excluding 6,829,070 treasury shares), which was paid on 22 October 2022.

19.6. Additional paid in capital

Additional paid in capital includes:

- Additional paid in capital recognised in the individual Company financial statements;
- The impact of marking to market the shares issued in consideration for acquisitions;
- The difference between the carrying amount net of tax and the nominal amount of the compound financial instruments converted to equity on 26 February 2007.

19.7. Currency translation differences

At 31 March 2023, currency translation differences are mainly composed of currency translation differences relating to subsidiaries with a functional currency in USD, GBP, RUB, JPY and CNY, and arising mainly on goodwill and some non-current assets.

20. BORROWINGS

Borrowings can be analysed as follows:

In thousands of euros	31 March 2023	31 March 2022
FY 2022 Term loan	300,031	300,354
FY 2021 Revolving Facility	11,132	64,604
FY 2020 NEU CP Facility	187,000	282,800
FY 2019 Long-term loan	13,587	15,602
FY 2012 bank borrowing	2,860	3,571
Other bank borrowings	4,245	3,996
Bank overdraft	4	3
Total	**518,859**	**670,930**
FY 2022 Term loan	(32)	(354)
FY 2021 Revolving Facility	(5)	275
FY 2020 NEU CP Facility	(187,000)	(282,800)
FY 2019 Long-term loan	(2,037)	(2,018)
FY 2012 bank borrowing	(717)	(714)
Other bank borrowings	(4,245)	(3,997)
Bank overdraft	(4)	(3)
Total current portion	**(194,040)**	**(289,611)**
Total non-current portion	**324,819**	**381,319**

20.1. Maturity of non-current borrowings

For the years ended 31 March 2023 and 2022, the maturity of non-current borrowings, excluding the current portion, can be broken down as follows:

In thousands of euros	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
FY 2022 Term loan	300,000	–	–	300,000
FY 2021 Revolving facility	–	11,127	–	11,127
FY 2019 Long Term Loan	2,054	6,284	3,211	11,550
FY 2012 bank borrowing	714	1,429	–	2,143
Maturity as at 31 March 2023	**302,769**	**18,840**	**3,211**	**324,819**
FY 2022 Term loan	–	300,000	–	300,000
FY 2021 Revolving facility	–	64,879	–	64,879
FY 2019 Long Term Loan	2,035	6,223	5,326	13,584
FY 2012 bank borrowing	714	2,142	–	2,856
Maturity as at 31 March 2022	**2,749**	**373,244**	**5,326**	**381,319**

Notes to the Consolidated Financial Statements

20. BORROWINGS *(CONTINUED)*

20.2. Credit facility agreements

FY2023 Bilateral Cash Pooling Facility

On 30 September 2022, the Group signed an unsecured bilateral cash pooling facility in US dollars (USD) for an amount up to USD 40million with a one-year maturity and an automatic yearly extension option. An amount of €0 (euro equivalent) had been drawn as at 31 March 2023

The FY2023 Bilateral Cash Pooling Facility is periodically contractually repriced. The interest rates depend on the leverage ratios set out below, calculated annually following publication of the consolidated financial statements. The interest rate is repriced in line with the change in the ratio, as follows:

Leverage ratio	**Repricing**
Ratio higher than 2.5	MFFR + Margin
Ratio between 2.0 and 2.5	MFFR + Margin — 0.25
Ratio between 1.5 and 2.0	MFFR + Margin — 0.45
Ratio between 1.0 and 1.5	MFFR + Margin — 0.55
Ratio between 0.5 and 1.0	MFFR + Margin — 0.65
Ratio lower than 0.5	MFFR + Margin — 0.75

As at 31 March 2023, the interest rate was based on the Mid Fed Funds Rate (MFFR) + Margin — 0.65.

The margin is consistently increased by 15 bps until 31 December 2022 and by 35 bps from January 2023 if the FY2023 Bilateral Cash Pooling Facility is drawn in USD.

The FY2023 Bilateral Cash Pooling Facility is subject to a financial covenant: if the Company fails to maintain its leverage ratio below a given level, this will trigger a default event and the early repayment of the loan. The leverage ratio, which is based on the Group's annual consolidated financial statements, is calculated by dividing consolidated net debt by EBITDA. The following definitions are used to measure this ratio:

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

The leverage ratio must be lower than 2.5 (and can be temporarily extended to 3.0 twice in the event of a business combination). The covenant was respected as at 31 March 2023.

20. BORROWINGS *(CONTINUED)*

20.2. Credit facility agreements *(continued)*

FY2022 Term loan

On 21 December 2021, the Company signed a Term Loan Agreement for an amount of €300,000,000 with a three-year maturity. An amount of €300,000,000 (euro equivalent) had been drawn as at 31 March 2023.

The FY 2022 Term Loan Agreement is periodically contractually repriced. The interest rates depend on the above described leverage ratio, calculated annually following publication of the Group's consolidated financial statements. The interest rate is repriced in line with the change in the ratio, as follows:

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

During the year ended 31 March 2023, the interest rate was based on Euribor + Margin — 0.65

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

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

The leverage ratio must be lower than 2.5. The covenant was respected as at 31 March 2023.

The directly attributable transaction costs related to the issuance of this FY2022 Term Loan Agreement amounted to €1,550,000. As this financing is a term loan, the fees were capitalised as a deferred charge and amortised over the term of the loan.

Notes to the Consolidated Financial Statements

20. BORROWINGS *(CONTINUED)*

20.2. Credit facility agreements *(continued)*

FY2021 Revolving Credit Facility

On 31 March 2021, and to refinance both the FY2015 Revolving Credit Facility and the FY2021 Revolving Facility (COVID-19), the Company signed an unsecured multi-currency revolving facility agreement for an amount of €600 million with a five-year maturity and an option to extend for two additional years. The first extension for one additional year till 31st March 2027 has been activated on 28th February 2022. An amount of €11,126,962 had been drawn as at 31 March 2023.

The FY2021 Revolving Credit Facility is periodically contractually repriced. The interest rates depend on the below-described leverage ratio calculated annually after the consolidated financial statements of the Group are issued. The interest rate is repriced in line with the change in the ratio, as follows:

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

In the year ended 31 March 2023, the interest rate was based on Euribor + Margin — 0.62.

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

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

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

As at 31 March 2023, the Group reached three KPIs out of four KPIs. The impact was a decrease in the margin of 0.03 bps.

20. BORROWINGS *(CONTINUED)*

20.2. Credit facility agreements *(continued)*

FY2021 Revolving Credit Facility (continued)

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

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

The leverage ratio must be lower than 2.5 (and can be temporarily extended to 3.0 on two occasions in the event of a business combination). The covenant was respected at 31 March 2023.

The directly attributable transaction costs related to the issuance of this FY2021 Revolving Credit Facility Agreement amounted to €3,514,000. As there is no evidence that some or all the facility will likely be drawn down, the fees were capitalized as a deferred charge and amortized over the term of the facility.

FY2020 NEU CP facility

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

Multiple short-term marketable debt instruments were drawn during the year.

As at 31 March 2023, the balance amounts to €187,000,000 for a weighted average rate of 3.0% for initial maturities comprising between 5 and 199 days.

FY2019 Long-Term Loan

On 4 September 2018, the Group signed a long-term loan agreement for an amount of €22.5 million with an 11-year maturity that can be drawn by M&L Distribution France. As at 31 October 2018, the bank borrowing had been fully drawn. This loan is repaid quarterly and four repayments were made in June 2022, September 2022, December 2022 and March 2023, for amounts of €501,921, €503,138, €504,358 and €505,581 respectively.

The outstanding amount as at 31 March 2023 is €13,584,275.

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

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

Notes to the Consolidated Financial Statements

20. BORROWINGS *(CONTINUED)*

20.2. Credit facility agreements *(continued)*

FY2012 bank borrowing

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

This loan is repaid in annual instalments, with one repayment made in December 2021 for an amount of €714,286. As at 31 March 2023, the outstanding amount is €2,857,143.

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

The FY 2012 bank borrowing is secured by a pledge over the land and building acquired by Laboratoires M&L to build the new logistics platform in Manosque, France.

20.3. Borrowing facilities

The Group has the following undrawn borrowing facilities:

31 March *In thousands of euros*	**2023**	**2022**
Floating rate:		
— Expiring within one year	59,650	15,856
— Expiring beyond one year	401,873	252,321
Fixed rate:		
— Expiring within one year	–	–
— Expiring beyond one year	–	–
Total	**461,523**	**268,177**

20.4. Changes in cash flows relating to borrowings

The Group recognised changes arising from cash flows and non-cash changes:

		Cash flows		**Other changes**		
In thousands of Euros	**31 March 2022**	**Proceeds**	**Repayments**	**Interest expense**	**Interest Paid**	**31 March 2023**
FY 2022 Term Loan	300,354	–	–	30	(354)	300,031
FY2021 Revolving facility	64,604	69,443	(123,233)	312	5	11,131
FY2020 NEU CP Facility	282,800	317,000	(412,800)	–	–	187,000
FY 2019 Long term loan	15,602	–	(2,015)	2	(3)	13,587
FY 2012 bank borrowing	3,571	–	(714)	3	(0)	2,860
Other bank borrowings	3,996	11,869	(11,460)	6	(164)	4,247
Bank overdrafts	3	–	–	4	(3)	4
Total	**670,930**	**398,312**	**(550,222)**	**358**	**(519)**	**518,859**

21. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities include the following:

31 March *In thousands of euros*	**2023**	**2022**
Retirement indemnities	10,963	12,135
Long-term employment benefits	1,144	1,068
Provisions for dismantling and restoration costs	8,708	8,390
Other	1,528	1,359
Total non-current liabilities	**22,343**	**22,952**
Grants to a foundation	74	172
Deferred revenue [(a)]	31,920	19,844
Sale of ELEMIS non-controlling shareholders [(b)]	–	76,579
Provisions for dismantling and restoration costs	2,475	2,019
Right to return goods	1,996	2,145
Total current liabilities	**36,466**	**100,759**

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

(b) The liability relating to the acquisition of non-controlling interests in Elemis was paid on 1 April 2022.

21.1. Provision for retirement benefits

Subsidiaries of the Group generally contribute to the national pension system, which is a defined-contribution obligation. The expense recognised in connection with these defined-contribution plans is classified in “social security” within “employee benefits” (Note 24.1).

In addition to these defined-contribution plans, a defined-benefit plan exists in France. A lump-sum payment is made on the date the employee reaches retirement age, such award being determined for each individual based upon factors such as years of service and projected final salary. There are no plan assets.

Notes to the Consolidated Financial Statements

21. OTHER CURRENT AND NON-CURRENT LIABILITIES *(CONTINUED)*

21.1. Provision for retirement benefits *(continued)*

Amounts recognised in the balance sheet and in the statement of income

The amounts recognised in the balance sheet are determined as follows:

31 March *In thousands of euros*	**2023**	**2022**
Present value of unfunded obligations	10,963	12,135
Liability in the balance sheet	**10,963**	**12,135**

Movements in the defined-benefit obligation over the year are as follows:

In thousands of euros	**2023**	**2022**
As at 1 April	12,135	13,146
Current service cost	907	1,634
Past service cost	–	–
Interest cost	148	60
Change in IAS19	–	(1,347)
Actuarial (gains)/losses	(1,884)	(1,073)
Exchange differences	(162)	(34)
Benefits paid	(182)	(251)
As at 31 March	**10,963**	**12,135**

The amounts recognised in the income statement are as follows:

31 March *In thousands of euros*	**2023**	**2022**
Current service cost	907	1,634
Interest cost	148	60
Total included in employee benefit expenses (Note 24)	**1,055**	**1,694**

21. OTHER CURRENT AND NON-CURRENT LIABILITIES *(CONTINUED)*

21.1. Provision for retirement benefits *(continued)*

Main assumptions

The principal actuarial assumptions used were as follows:

31 March *In %*	**2023**	**2022**
Discount rate	3.60	1.80
Inflation rate	2.10	2.00
Future salary increases	3.50	3.00
Retirement age (in number of years)	62–65	62–65

The discount rate is set with reference to a corporate bond yield: iBoxx Euro zone AA rated corporate bonds + 10 years.

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for France (the most important country in terms of employee headcount) are based on the Insee TD/TV 2009-11 table.

Assumptions regarding employee turnover are based on historical statistics recorded by the French subsidiaries in previous years.

The sensitivity of the overall pension liability to changes in the principal assumptions is not material: an increase/decrease of 0.25% in the discount rate would result in an increase/decrease of €254,000 in the defined-benefit obligation.

21.2. Provision for dismantling and restoration costs

As at 31 March 2023, provisions for dismantling and restoration costs are as follows:

		Charged/(credited) to the statement of income				
In thousands of euros	**31 March 2022**	**Provisions recorded in the statement of income**	**Used during the year**	**Reclassification**	**Exchange differences**	**31 March 2023**
Provisions recorded over the lease term	4,511	979	(29)	(391)	63	5,133
Provisions recorded at inception	5,898	710	(170)	–	(387)	6,051
Total	**10,409**	**1,689**	**(199)**	**(391)**	**(324)**	**11,184**

Notes to the Consolidated Financial Statements

22. TRADE PAYABLES

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

The ageing analysis of trade payables by due date at 31 March 2023 and 2022 is as follows:

31 March *In thousands of euros*	**2023**	**2022**
Current and past due within 3 months	208,063	204,349
Past due from 3 to 6 months	812	1,272
Past due from 6 to 12 months	32	1,093
Past due over 12 months	1,196	3,189
Trade payables	**210,103**	**209,903**

23. PROVISIONS

As at 31 March 2023, provisions can be analysed as follows:

		Charged/(credited) to the statement of income					
In thousands of euros	**31 March 2022**	**Additional provisions**	**Unused amounts reversed**	**Used during the year**	**Reclassification**	**Exchange differences**	**31 March 2023**
Employee-related disputes [(a)]	755	1,259	–	(88)	–	(22)	1,904
Commercial claims [(b)]	1,148	404	–	(31)	–	11	1,532
Tax risks	236	12	(90)	–	107	(18)	247
Total	**2,139**	**1,675**	**(90)**	**(119)**	**107**	**(29)**	**3,683**

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

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

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

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

The unused provisions reversed mainly result from certain risks reaching the end of the applicable limitation period.

24. EXPENSES BY NATURE

24.1. Breakdown of expenses by nature

Expenses by nature include the following amounts:

31 March *In thousands of euros*	**2023**	**2022**
Employee benefit expenses [(a)]	503,168	423,705
Rent and occupancy [(b)]	115,974	109,546
Raw materials and consumables used	355,994	225,594
Change in inventories of finished goods and work in progress	(61,046)	(23,505)
Advertising costs [(c)]	305,758	228,104
Auditors' remuneration [(d)]	2,677	2,531
Professional fees [(e)]	205,897	158,011
Depreciation, amortisation and impairment (Note 23.4)	156,820	177,863
Transportation expenses	106,348	99,673
Other expenses [(f)]	101,348	87,527
Total cost of sales, distribution expenses, marketing expenses, research and development expenses and general and administrative expenses	**1,792,938**	**1,489,049**

(a) *Employee benefits include wages, salaries, bonuses, share-based payment, social security, post-employment benefits and temporary staff expenses.*

(b) *The rent and occupancy amount as at 31 March 2023 mainly includes variable lease payments based on sales for €67,155,000 (€74,119,000 for the financial year ended 31 March 2022) and rent and occupancy costs relating to short-term leases for €4,021,000 (€5,956,000 for the financial year ended 31 March 2022). During the financial year ended 31 March 2022, an amount of €3,423,000 of rent concessions had been recorded as negative variable rents.*

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

(d) *Auditors' remuneration relates to audit services for €2,465,000 (€1,918,000 as at 31 March 2022) and non-audit services for €212,000 (€613,000 as at 31 March 2022), of which €2,171,000 relates to PwC's Audit services (€1,918,000 as at 31 March 2022) and €212,000 relates to PwC's non-audit services (€613 as at 31 March 2022).*

(e) *Professional fees mainly include payments made to warehouse management companies, marketing agencies and lawyers.*

(f) *Other expenses notably include out-of-pocket travel expenses, IT services, telephone and postage.*

Notes to the Consolidated Financial Statements

24. EXPENSES BY NATURE *(CONTINUED)*

24.2. Workforce and employee benefits

Employee benefits include the following amounts:

31 March *In thousands of euros*	**2023**	**2022**
Wages, salaries and bonuses	403,689	332,468
Share-based payment (Note 19.3)	5,492	9,609
Social security	85,155	76,117
Remuneration for post-combination services granted to non-controlling interests (Note 6.3)	4,354	501
Post-employment benefits (Note 21.1)	1,055	1,694
Other	3,423	3,316
Total employee benefits	**503,168**	**423,705**
Workforce (full-time equivalent)	**8,701**	**9,042**

Wages, salaries and bonuses includes the cost of temporary staff.

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

24.3. Breakdown of depreciation, amortisation and impairment

Depreciation, amortisation and impairment include the following:

In thousands of euros	**31 March 2023**	**31 March 2022**
Depreciation of property, plant and equipment (Note 7.3)	43,324	45,652
Impairment of property, plant and equipment (Note 7.4)	–	3,784
Reversal of impairment on property, plant and equipment (Note 7.4)	(918)	(1,185)
Depreciation of right-of-use assets (Note 8.1)	100,512	96,115
Impairment of right-of-use assets (Note 8.1)	418	17,768
Amortisation of intangible assets (Note 10)	14,014	15,729
Depreciation, amortisation and impairment	**157,350**	**177,863**

25. OTHER OPERATING INCOME/EXPENSES

Other operating income/expenses, net can be analysed as follows:

31 March *In thousands of euros*	**2023**	**2022**
Capital gain arising from the change in the % interest in associates and joint ventures (Note 11.1)	1,700	25,062
Government grants [(a)]	1,514	1,044
Other items	846	–
Reconsolidation/deconsolidation of L'Occitane Inc.	–	12,873
Excess of the fair value of acquired net assets over the acquisition cost (negative goodwill)	–	145
Other operating income	**4,060**	**39,124**
Impairment of LimeLife and Melvita goodwill (note 4)	(75,364)	–
Reclassification to income statement of the charge previously recognized in other comprehensive income (currency translation differences) (Note 6.1)	(10,805)	–
Capital loss from the sale of L'Occitane Russia before reclassification of currency translation differences (Note 6.1)	(3,632)	–
Loss on sale of assets (Note 30.1)	(288)	(590)
Dilution loss arising from the change in the % interest in associates and joint ventures (Note 11.1)	–	(4,945)
Restructuring expenses	–	(1,448)
Other items	–	(96)
Other operating expenses	**(90,089)**	**(7,079)**

(a) Government grants correspond to grants for research and development costs and employee profit-sharing schemes.

Notes to the Consolidated Financial Statements

26. FINANCE INCOME AND FINANCE COSTS

Finance income and finance costs break down as follows:

31 March *In thousands of euros*	**2023**	**2022**
Interest on cash and cash equivalents	2,799	1,908
Finance income	**2,799**	**1,908**
Change in the fair value of the receivable from the sale of L'Occitane Russia (Note 3.3)	(35,901)	–
Interest expense	(12,802)	(5,845)
Interest and finance expenses paid/payable for lease liabilities (Note 8.2)	(7,609)	(8,857)
Other	–	(1,728)
Finance costs	**(56,312)**	**(16,430)**
Finance costs, net	**(53,513)**	**(14,522)**

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

27. FOREIGN CURRENCY GAINS/(LOSSES)

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

31 March *In thousands of euros*	**2023**	**2022**
Foreign exchange differences	(7,368)	(1,616)
Fair value gains/(losses) on derivatives (Note 17)	1,366	1,308
Foreign currency gains/(losses)	**(6,002)**	**(308)**

Foreign exchange differences mainly correspond to:

- Net unrealised foreign exchange loss: €10.8 million (net losses amounting to €2.2 million for the year ended 31 March 2022);
- Net unrealised foreign exchange gain: €1.1 million (net gains amounting to €1.8 million for the year ended 31 March 2022).
- Net realised foreign exchange loss: €6.0 million (net losses amounting to €5.0 million for the year ended 31 March 2022);
- Net realised foreign exchange gain: €8.3 million (net gains amounting to €3.8 million for the year ended 31 March 2022).

28. INCOME TAX EXPENSE

28.1. Income tax expense

Income tax expense breaks down as follows:

31 March *In thousands of euros*	**2023**	**2022**
Current income tax	(54,792)	(60,160)
Deferred income tax	(6,632)	6,185
Total income tax expense	**(61,424)**	**(53,975)**

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

31 March *In thousands of euros*	**2023**	**2022**
Profit before tax and share of profit/(loss) from joint ventures accounted for using the equity method	194,507	289,410
Income tax calculated at corporate tax rate *(Luxembourg tax rate of 24.94% as at 31 March 2023 and 2022)*	(48,510)	(72,179)
Effect of different tax rates in foreign countries	20,105	24,491
Changes in tax rates	1,255	(268)
Effect of unrecognized tax assets	(12,746)	(3,919)
Recognition of previously unrecognised tax assets	366	–
Expenses not deductible for taxation purposes [(a)]	(20,706)	(945)
Provision for tax risks	30	(142)
Effect of unremitted tax earnings	(1,208)	(916)
Minimum tax payments	(10)	(97)
Income tax expense	**(61,424)**	**(53,975)**

(a) For the year ended 31 March 2023, expenses not deductible for taxation purposes mainly relate to the impairment losses of LimeLife and Melvita goodwill and to L'Occitane Russia divestiture.

Notes to the Consolidated Financial Statements

28. INCOME TAX EXPENSE *(CONTINUED)*

28.2. Components of deferred income tax assets and liabilities

Nature of deferred income tax assets and liabilities

Net deferred income tax assets recorded at 31 March 2023 and 2022 break down as follows:

In thousands of euros	**2023**	**2022**
ASSETS		
Intercompany margin in inventory	28,002	31,412
Excess tax basis over carrying amount of PP&E	10,288	14,028
Tax losses carried forward	24,675	22,519
Lease liabilities	7,047	7,368
Employee benefits	5,408	7,110
Promotional goods expensed	3,420	3,848
Inventory valuation	6,767	6,591
Loyalty programs	2,167	2,662
New tax regulation	134	269
Deferred tax related to grants to a foundation	1,198	–
Other temporary differences	12,282	11,298
Total assets	**101,388**	**107,105**
To be recovered after more than 12 months	*43,969*	*46,349*
To be recovered within 12 months	*57,419*	*60,756*
LIABILITIES		
Identified trademarks in business combinations (Note 6)	(79,290)	(79,222)
Goodwill tax amortization	(27,939)	(20,825)
Income tax on unremitted earnings (Note 28.4)	(6,728)	(7,718)
Derivative financial instruments	(298)	(244)
Other temporary differences	(1,655)	(1,287)
Total liabilities	**(115,910)**	**(109,296)**
To be recovered after more than 12 months	*(108,884)*	*(101,334)*
To be recovered within 12 months	*(7,026)*	*(7,962)*
Deferred income tax, net	**(14,522)**	**(2,191)**
Deferred income tax assets	*84,966*	*94,005*
Deferred income tax liabilities	*(99,488)*	*(96,196)*

28. INCOME TAX EXPENSE *(CONTINUED)*

28.2. Components of deferred income tax assets and liabilities *(continued)*

Recognition of deferred income tax assets

Deferred income tax assets are recognised to the extent that the realisation of the related benefit through future taxable profits is probable.

As at 31 March 2023, the Group had tax losses of €179,008,000 to be carried forward, generating a potential deferred income tax asset of €51,004,000. As at 31 March 2022, these figures were €172,811,000 and €45,266,000, respectively.

Deferred tax assets include an amount of €23,096,000 relating to carried-forward tax losses of the following main subsidiaries:

- LimeLife US for €10,504,000;
- L'Occitane Inc. for €2,798,000;
- ELEMIS US for €9,767,000

The losses were incurred by these subsidiaries over the last two financial years following the COVID-19 pandemic. The Group concluded that the deferred tax assets will be recoverable using estimates of future taxable profit based on the approved business plans and budgets for each subsidiary. Each subsidiary is expected to generate taxable profit from 2024 onwards. The losses can be carried forward indefinitely and do not expire.

Unrecognised deferred income tax assets at 31 March 2023 amount to €26,329,000 (€22,519,000 at 31 March 2022) and mainly related to Brazil.

28.3. Movements in deferred tax assets and liabilities, net

Movements in deferred tax assets and liabilities, net during the year were as follows:

31 March *In thousands of euros*	**2023**	**2022**
At the beginning of the year	**(2,191)**	**13,068**
(Charged)/credited to income (Note 28.1)	(6,632)	6,185
(Charged)/credited to equity (Note 28.5)	(474)	(564)
Sale of L'Occitane Russia (Note 6.1)	(3,424)	–
Reconsolidation of L'Occitane Inc. (Note 6.2)	–	14,078
Acquisition of subsidiaries (Note 6.2)	–	(32,543)
Exchange differences	(1,801)	(2,415)
At the end of the year	**(14,522)**	**(2,191)**

Notes to the Consolidated Financial Statements

28. INCOME TAX EXPENSE *(CONTINUED)*

28.4. Income tax on unremitted earnings

Deferred income taxes on the unremitted earnings of the Group's foreign subsidiaries and associates are provided for unless the Group intends to indefinitely reinvest the earnings in the subsidiaries. The Group does intend to indefinitely reinvest unremitted earnings of its foreign subsidiaries in most jurisdictions.

For certain subsidiaries for which the Group does not intend to indefinitely reinvest unremitted earnings in these foreign jurisdictions, the corresponding distribution of earnings may trigger taxes. Therefore, the Group provides for deferred income taxes on these earnings where distribution would trigger taxes. The corresponding deferred tax liability amounts to €6,728,000 at 31 March 2023 and €7,718,000 at 31 March 2022.

28.5. Income tax on components of other comprehensive income

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	31 March 2023			31 March 2022		
In thousands of euros	**Before tax**	**Tax (charge)/ credit**	**After tax**	**Before tax**	**Tax (charge)/ credit**	**After tax**
Fair value gains/(losses) on cash flow hedges (Note 17)	1,410	–	1,410	1,890	–	1,890
Actuarial gains/(losses) on defined-benefit obligations (Note 21.1)	1,884	(474)	1,410	2,398	(564)	1,834
Currency translation differences	(650)	–	(650)	50,485	–	50,485
Other comprehensive income	**2,644**	**(474)**	**2,170**	**54,773**	**(564)**	**54,209**

29. EARNINGS PER SHARE

The Group applies the rules governing earnings per share as described in Note 2.30 above.

29.1. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity owners of the Company by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares purchased by the Group and held as treasury shares (Note 19.2).

31 March	**2023**	**2022**
Profit for the year attributable to equity holders of the Company *(in thousands of euros)*	**115,110**	**242,034**
Weighted average number of ordinary shares in issue [(a)]	1,471,609,250	1,470,135,821
Basic earnings per share *(in € per share)*	**0.078**	**0.165**

(a) Treasury shares are deducted from total shares in issue for the purposes of calculating earnings per share.

29.2. Diluted earnings per share

The Group has two categories of dilutive potential ordinary shares: share options and free shares. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2023	**2022**
Profit for the year attributable to equity holders of the Company *(in thousands of euros)*	**115,110**	**242,034**
Weighted average number of ordinary shares in issue [(a)]	1,471,609,250	1,470,135,821
Adjustment for share options	2,039,865	3,017,232
Weighted average number of ordinary shares for diluted earnings per share in issue	1,473,649,115	1,473,153,053
Diluted earnings per share *(in € per share)*	**0.078**	**0.164**

(a) Treasury shares are deducted from total shares in issue for the purposes of calculating earnings per share.

Notes to the Consolidated Financial Statements

30. SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION

30.1. Proceeds from sale of assets

In the consolidated statement of cash flows, proceeds from the sale of assets comprise the following:

	2023				2022			
31 March *In thousands of euros*	**Intangible assets**	**Property, plant and equipment**	**Right-of-use assets**	**Total**	**Intangible assets**	**Property, plant and equipment**	**Right-of-use assets**	**Total**
Disposals — Cost	2,415	24,709	3,703	30,827	5,079	27,874	2,391	35,344
Disposals — Accumulated depreciation and amortisation	(1,705)	(22,223)	(2,893)	(26,821)	(4,880)	(26,846)	(1,801)	(33,527)
Net carrying amount (Note 7 and 10)	**710**	**2,486**	**810**	**4,006**	**199**	**1,028**	**590**	**1,817**
Profit/(loss) on sale of assets (Note 25)	5	(284)	(9)	(288)	73	(809)	146	(590)
Proceeds from sale of assets	**715**	**2,202**	**801**	**3,718**	**272**	**219**	**736**	**1,227**

Profit/(loss) on the sale of assets is presented within "Other operating income/expenses" in the consolidated statement of income (Note 25).

30.2. Net movement in provisions and other liabilities

In the consolidated statement of cash flows, the net movement in provisions and other liabilities recorded in the consolidated statement of income comprises the following:

31 March *In thousands of euros*	*Notes*	**2023**	**2022**
Employee-related disputes	(23)	1,171	(392)
Commercial claims	(23)	373	723
Tax risks	(23)	(78)	(71)
Dismantling and restoration costs	(21.2)	1,490	917
Retirement benefits	(21.1)	873	1,443
Net movement in provisions		**3,829**	**2,620**

30.3. Other non-cash items

The Group has granted share-based payments as described in Note 19.3.

30. SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION *(CONTINUED)*

30.4. Effects of exchange rate fluctuations on the net increase/(decrease) in cash and cash equivalents

The effects of exchange rate fluctuations as stated in the consolidated statement of cash flows include the following:

- The translation at the closing exchange rate of foreign currency cash and cash equivalents;
- The exchange rate effect of the movement in foreign currency cash and cash equivalents from the average exchange rate to the closing exchange rate;
- The exchange movements on intragroup transactions not settled at year-end.

30.5. Cash flows reported on a net basis

In accordance with IAS 7.23, proceeds from and repayments of borrowings in which the turnover is quick, the amounts are large and the maturities are short are reported on a net basis in the consolidated statement of cash flows.

31. CONTINGENCIES

31.1. Legal proceedings

The Group is subject to legal proceedings, claims, taxes, customs, employee-related and other disputes arising in the ordinary course of business. Management does not expect that the ultimate costs required to settle these other matters will have a material adverse effect on the Group's consolidated financial position, statement of income or cash flows.

31.2. Other contingent liabilities

The Group has contingent liabilities in respect of bank, other guarantees and other matters arising in the ordinary course of business. It is not expected that any material liabilities will arise from the contingent liabilities. All guarantees given by the Group are described in Note 31.

Notes to the Consolidated Financial Statements

32. COMMITMENTS

32.1. Capital and other expenditure commitments

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

31 March *In thousands of euros*	**2023**	**2022**
Property, plant and equipment	4,348	4,746
Intangible assets	269	20
Raw materials	5,117	6,717
Total	**9,734**	**11,483**

The amounts as at 31 March 2023 and 31 March 2022 mainly relate to the plants in France.

32.2. Other commitments

31 March *In thousands of euros*	**2023**	**2022**
Pledge over property (land and buildings)	16,441	19,171
Total	**16,441**	**19,171**

The Group has also committed to invest up to €20,000,000 in an investment fund named Truffle Capital (maturity of 5 years with a 2-year renewal option) and to €3,000,000 in an investment fund named Karista (maturity of 5 years). The Group has already invested a cumulative amount of €18,400,000 in Truffle Capital and €1,416,000 in Karista

In FY22, the Group committed to invest in Livelihoods Carbon fund Sicav for a total amount of €5,000,000. Livelihoods was founded in 2008 under the leadership of Danone to restore degraded ecosystems, redevelop local economies and combat climate change. In return, it is expected to receive carbon offsets under the form of dividends in-kind until 2030. As at March 31 2023, an amount of capital calls of €139,000 was recorded in the line "Other non-current assets" in the balance sheet.

During FY23, the Group committed to invest in the Mirova fund Sicav for a total amount of €40,000,000. Mirova was founded in 2012 under the leadership of Natixis Investment Managers to preserve and restore natural capital including sustainable agriculture and sustainable forestry. In return, it is expected to receive carbon offsets under the form of dividends in-kind until 2030. As at March 31 2023, no capital call was recorded in the line "Other non-current assets" in the balance sheet.

33. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are described below.

33.1. Key management compensation

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

Directors' emoluments

Directors are the Board members. Directors' emoluments expensed during the year can be analysed as follows:

31 March 2023 *In thousands of euros*	**Salaries and other benefits in kind**	**Employer's contribution to a retirement benefit scheme**	**Bonuses**	**Directors' fees**	**Share-based payments**	**Services**	**Total**
Executive directors							
Reinold Geiger [(a)]	–	–	150	–	–	622	772
André Hoffmann [(b)]	659	–	280	–	–	–	939
Séan Harrington	600	–	674	–	68	–	1,342
Karl Guénard	124	34	68	–	47	–	273
Thomas Levilion [(c)]	124	26	352	–	–	–	502
Non-executive director							
Thomas Levilion [(c)]	–	–	–	26	–	–	26
Independent Non-executive directors							
Mark Broadley	–	–	–	56	10	–	66
Valérie Bernis [(d)]	–	–	–	31	–	–	31
Christèle Hiss Holliger	–	–	–	10	–	–	10
Jackson Ng	–	–	–	50	10	–	60
Betty Liu	–	–	–	29	–	–	29
Total	**1,507**	**60**	**1,524**	**202**	**135**	**622**	**4,050**

(a) Reinold Geiger is the Chairman

(b) André Hoffman is the Chief Executive Officer

(c) Thomas Levilion has been re-designated from an executive Director to a non-executive Director on 1st July 2022 and he replaced Martial Lopez

(d) Valérie Bernis has been replaced by Betty Liu on 1st January 2023

Notes to the Consolidated Financial Statements

33. TRANSACTIONS WITH RELATED PARTIES *(CONTINUED)*

33.1. Key management compensation *(continued)*

Directors' emoluments (continued)

31 March 2022 *In thousands of euros*	**Salaries and other benefits in kind**	**Employer's contribution to a retirement benefit scheme**	**Bonuses**	**Directors' fees**	**Share-based payments**	**Services**	**Total**
Executive directors							
Reinold Geiger [(a)]	–	–	150	–	–	697	847
André Hoffmann [(b)]	618	–	278	–	–	–	896
Yves Blouin	428	70	115	–	121	–	734
Thomas Levilion	385	94	150	–	127	–	756
Séan Harrington	544	–	805	–	32	–	1,381
Karl Guénard	116	31	120	–	14	–	281
Non-executive director							
Martial Lopez	–	–	–	10	–	–	10
Independent Non-executive directors							
Mark Broadley	–	–	–	45	5	–	50
Pierre Milet [(c)]	–	–	–	18	–	–	18
Valérie Bernis	–	–	–	30	5	–	35
Jackson Ng	–	–	–	39	5	–	44
Betty Liu [(c)]	–	–	–	–	–	–	–
Total	**2,091**	**195**	**1,618**	**142**	**309**	**697**	**5,052**

(a) Reinold Geiger was the Chairman

(b) André Hoffman was the Chief Executive Officer.

(c) Pierre Milet was replaced by Betty Liu on 1st March 2022

There is no defined-benefit obligation for directors.

33. TRANSACTIONS WITH RELATED PARTIES *(CONTINUED)*

33.1. Key management compensation *(continued)*

Directors' material interests in transactions, arrangements or contracts

There were no significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a direct or indirect material interest at the end of the financial year or at any time during the year.

Five highest-paid individuals

The five highest-paid individuals are as follows:

31 March *In thousands of euros*	**2023**	**2022**
Salaries and other benefits in kind	2,640	2,014
Employer's contribution to a retirement benefit scheme	65	105
Bonuses	2,736	1,848
Directors' fees	–	–
Share-based payment	399	182
Services	–	697
Total	**5,840**	**4,846**

Fees for three directors are included in the 31 March 2023 and 2022 amounts.

There is no defined-benefit obligation for the five highest-paid individuals.

The emoluments of the five highest-paid individuals are analysed according to the following bands:

31 March *Number of individuals*	**2023**	**2022**
Nil to €700,000	–	–
€700,000 to €800,000	–	1
€800,000 to €900,000	1	2
€900,000 to €1,000,000	2	1
over €1,000,000	2	1
Total	**5**	**5**

Senior management's emoluments expensed during the year

The emoluments of members of senior management (excluding termination benefits) are as follows:

31 March *In thousands of euros*	**2023**	**2022**
Salaries and other benefits in kind	2,642	3,168
Employer's contribution to a retirement benefit scheme	170	324
Bonuses	1,939	1,172
Directors' fees	–	–
Share-based payment	559	1,339
Total	**5,310**	**6,003**

There is no defined benefit obligation for senior management.

Notes to the Consolidated Financial Statements

33. TRANSACTIONS WITH RELATED PARTIES *(CONTINUED)*

33.1. Key management compensation *(continued)*

***Senior management's emoluments expensed during the year** (continued)*

The emoluments of members of senior management (excluding termination benefits) are analysed according to the following bands:

31 March *Number of individuals*	**2023**	**2022**
Nil to €200,000	–	–
€200,000 to €300,000	3	3
€300,000 to €400,000	–	2
€400,000 to €500,000	3	–
over €500,000	3	7
Total	**9**	**12**

33.2. Sales of products and services

31 March *In thousands of euros*	**2023**	**2022**
Sales of goods and services		
— Sales of L'Occitane products to Les Minimes [(a)]	50	–
— Sales of L'Occitane products to L'Occitane Middle East	18,123	10,612
— Sales of L'Occitane products to Capsum	6	–
— Sales of L'Occitane products to L'Occitane Inc.	–	13,334
— Sales of Erborian products to L'Occitane Middle East	3,699	368
— Sales of Melvita products to L'Occitane Middle East	–	46
— Sales of Elemis products to L'Occitane Middle East	5,261	–
— Management fees to parent [(b)]	231	231
— Sales of services to LOG Investments	374	42
— Interests on loan to L'Occitane Middle East	223	–
Total sales of products	**27,968**	**24,633**
Receivables from related parties in connection with the above sales of products		
— Receivables from parent	418	271
— Receivables from LOG Investments	27	53
— Receivables from L'Occitane Middle East	16,082	6,921
— Receivables from Cloître des Minimes [(a)]	61	–
Total receivables	**16,588**	**7,245**

(a) In the normal course of business, the Group sells L'Occitane products to Les Minimes SAS, which is owned by the parent company (60.6%) ,by Mr. Reinold Geiger (6.6%) and by other shareholders (32.8%)

(b) Management fees invoiced by the Company to the parent company amounted to €231,000 (€231,000 for the financial year ended 31 March 2022).

33. TRANSACTIONS WITH RELATED PARTIES *(CONTINUED)*

33.3. Purchases of goods and services

31 March *In thousands of euros*	**2023**	**2022**
Purchases		
— Services from Parent	–	(109)
— Goods and services from Pierre Hermé [(a)]	–	1,468
— Goods and services from Capsum	2,409	3,489
Total purchases	**2,409**	**4,848**
Payables to related parties in connection with the above services		
— Goods and services from Pierre Hermé [(a)]	–	293
— Goods from L'Occitane Middle East	25	51
— Goods from Capsum	759	230
Total payables	**784**	**574**

The Company runs two stores (in Paris and London) with Pierre Hermé SAS. The Company buys pastries from Pierre Hermé SAS for takeaway sales. Pierre Hermé SAS used to be an associate of L'Occitane Group S.A. until it sold its shares to a third party in December 2021. From that time, Pierre Hermé is no longer a related party of L'Occitane International S:A:

33.4. Borrowings from related parties/loans to related parties

31 March *In thousands of euros*	**2023**	**2022**
Loans to related parties		
— Receivables from L'Occitane Middle East	7,277	6,945
Total loans to related parties	**7,277**	**6,945**

33.5. Formation of joint ventures/Acquisition of additional interests in a subsidiary

There were no transactions with related parties linked to the formation of joint ventures or acquisition of additional interests in subsidiaries other than those listed in Note 6 during the years ended 31 March 2023 and 31 March 2022.

33.6. Commitments and contingencies

The Group has not guaranteed any loans to any key management personnel.

33.7. Other transactions with related parties

Acquisition of Grown Alchemist

On 1 April 2022, L'Occitane International S.A. acquired from LOG Investment (a subsidiary of the parent company L'Occitane Group S.A.) 49.24% of equity interests (representing 76.18% of the voting rights) in 14 Groupe S.A. which holds 65% of the equity interests and voting rights of Grown Alchemist, for an amount of €5.0 million. Grown Alchemist is an Australian brand with cross-category success across skincare, bodycare, haircare and nutricosmetics (supplements) with natural ingredients (Note 6.1).

Notes to the Consolidated Financial Statements

34. COMPANY-LEVEL INFORMATION

34.1. Company balance sheet

ASSETS *In thousands of euros*	**31 March 2023**	**31 March 2022**
Property, plant and equipment	5	810
Right-of-use assets	220	9,399
Intangible assets	3,100	24,045
Investments at costs in subsidiaries	1,296,913	1,542,774
Investments at costs in joint-ventures and associates	76,200	62,744
Investments at fair value through other comprehensive income (FVOCI)	83	9,162
Other non-current receivables due from subsidiaries	–	4,090
Other non-current receivables	11,971	10,073
Non-current assets	**1,388,492**	**1,663,097**
Inventories	–	23,758
Trade receivables due from subsidiaries	2,928	162,439
Trade receivables	269	15,455
Other current assets due from subsidiaries	–	163,735
Other current assets	935	19,151
Derivative financial instruments	–	1,931
Cash and cash equivalents	12,628	252,414
Current assets	**16,760**	**638,883**
TOTAL ASSETS	**1,405,252**	**2,301,980**

EQUITY AND LIABILITIES *In thousands of euros*	**31 March 2023**	**31 March 2022**
Share capital	44,309	44,309
Additional paid-in capital	342,851	342,851
Retained earnings	342,804	669,481
Total equity	**729,964**	**1,056,641**
Borrowings	-	364,878
Lease liabilities	124	7,288
Deferred income tax liabilities	1,656	2,176
Other financial liabilities	338,650	171,865
Non-current liabilities	**340,430**	**546,207**
Trade payables due to subsidiaries	299	96,375
Trade payables	487	13,797
Social and tax liabilities	6,612	28,304
Borrowings	327,358	475,582
Lease liabilities	102	3,004
Other current liabilities due to subsidiaries	–	80,262
Derivative financial instruments	–	1,208
Provisions	–	600
Current liabilities	**334,858**	**699,132**
TOTAL EQUITY AND LIABILITIES	**1,405,252**	**2,301,980**

34. COMPANY-LEVEL INFORMATION *(CONTINUED)*

34.2. Company statement of changes in equity

In thousands of euros	Share capital	Additional paid-in capital	Retained earnings	Total
Balance as at 31 March 2021	**44,309**	**342,851**	**735,688**	**1,122,848**
Profit for the year	–	–	136,256	136,256
Dividend declared	–	–	(54,141)	(54,141)
Employee share option: value of employee services	–	–	3,092	3,092
Change in estimates in the valuation of the exercise price of the put options granted to non-controlling interests	–	–	3,064	3,064
New put options granted to non-controlling interests	–	–	(154,534)	(154,534)
Fair value gains/(losses) on cash flow hedges	–	–	56	56
Balance as at 31 March 2022	**44,309**	**342,851**	**669,481**	**1,056,641**
Profit for the year	–	–	(65,596)	(65,596)
Dividend declared	–	–	(97,248)	(97,248)
Employee share option: value of employee services	–	–	5,646	5,646
Change in estimates in the valuation of the exercise price of the put options granted to non-controlling interests	–	–	(133,349)	(133,349)
New put options granted to non-controlling interests	–	–	(33,436)	(33,436)
Transfer to L'Occitane International (Suisse) S.A. *	–	–	(2,694)	(2,694)
Balance as at 31 March 2023	**44,309**	**342,851**	**342,804**	**729,964**

* *On April 1st 2022, L'Occitane International S.A. transferred its commercial activity and part of its financing activity to L'Occitane International (Suisse) S.A.*

35. POST BALANCE SHEET EVENTS

On 11 May 2023, L'Occitane International S.A. purchased 35% of Group Fourteen Holdings Pty Ltd (holding company of Grown Alchemist activity) for a total consideration of € 10,061,000. The Company percentage of interests of the Company after this transaction is 67%.

On 31 May 2023, L'Occitane International S.A. took part to the last fund raising of Good Glamm Group (accounted for using equity method) for €9,427,000 and increased its percentage of interests to 15.93%.

Notes to the Consolidated Financial Statements

36. LIST OF SUBSIDIARIES AND ASSOCIATES

List of subsidiaries and associates

Subsidiaries and investments accounted for using the equity method		City — Region/Country of incorporation and operation	31 March % of interest 2023	2022	Method of consolidation 31 March 2023	2022
L'Occitane International S.A.		Luxembourg — Luxembourg	Parent	Parent	Full	Full
L'Occitane International (Suisse) S.A.	*	Plan les Ouates — Switzerland	100.0	–	Full	–
Laboratoires M&L	*	Manosque — France	100.0	100.0	Full	Full
M&L Distribution France S.a.r.l.	**	Manosque — France	100.0	100.0	Full	Full
Café & Retail 86	*	Paris — France	100.0	100.0	Full	Full
L'Occitane Inc.	*	New York — USA	100.0	100.0	Full	Full
L'Occitane (Far East) Limited	*	Hong Kong SAR — China	100.0	100.0	Full	Full
L'Occitane Singapore Pte. Limited	**	Singapore — Singapore	100.0	100.0	Full	Full
L'Occitane Japon K.K.	***	Tokyo — Japan	100.0	100.0	Full	Full
Melvita Japon K.K.	**	Tokyo — Japan	100.0	100.0	Full	Full
L'Occitane Do Brasil	*	Jundjai — Brazil	100.0	100.0	Full	Full
Espaço Do Banho	***	Sao Paulo — Brazil	100.0	100.0	Full	Full
L'Occitane Ltd.	*	London — UK	100.0	100.0	Full	Full
L'Occitane GmbH	*	Villach — Austria	70.0	70.0	Full	Full
L'Occitane GmbH	*	Dusseldorf — Germany	100.0	100.0	Full	Full
L'Occitane Italia S.r.l.	*	Milan — Italy	100.0	100.0	Full	Full
L'Occitane Australia Pty Ltd	**	Sydney — Australia	100.0	100.0	Full	Full
L'Occitane (Suisse) S.A.	*	Geneva — Switzerland	100.0	100.0	Full	Full
L'Occitane Espana S.L	*	Madrid — Spain	100.0	100.0	Full	Full
L'Occitane Central Europe s.r.o.	*	Prague — Czech Republic	100.0	100.0	Full	Full
L'Occitane (Taiwan) Limited	***	Taipei — Taiwan Region	100.0	100.0	Full	Full
L'Occitane Belgium Sprl	*	Antwerpen — Belgium	100.0	100.0	Full	Full
L'Occitane Trading (Shanghai) Co. Limited	**	Shanghai — China	100.0	100.0	Full	Full
L'Occitane (Korea) LLC	**	Seoul — Korea	100.0	100.0	Full	Full
L'Occitane Airport Venture LLC	**	Dallas — USA	65.0	65.0	Full	Full
L'Occitane Mexico S.A. de CV	*	Mexico City — Mexico	99.9	99.9	Full	Full
L'Occitane (China) Limited	**	Hong Kong SAR — China	100.0	100.0	Full	Full
L'Occitane Macau Limited	**	Macau SAR — China	100.0	100.0	Full	Full
L'Occitane Rus LLC (Russia)	*	Moscow — Russia	–	100.0	–	Full
Melvita (International) SAS (formerly Verveina SAS)	**	Manosque — France	100.0	100.0	Full	Full
L'Occitane Thailand Ltd.	**	Bangkok — Thailand	100.0	100.0	Full	Full
L'Occitane Ventures (Thailand) Ltd.	**	Bangkok — Thailand	100.0	100.0	Full	Full
L'Occitane Polska Sp.z.o.o	*	Warsaw — Poland	100.0	100.0	Full	Full
L'Occitane Canada Corp	*	Toronto — Canada	100.0	100.0	Full	Full
L'Occitane India Private Limited	**	New Delhi — India	51.0	51.0	Full	Full
L'Occitane Nederland B.V.	*	Amsterdam — The Netherlands	100.0	100.0	Full	Full
L'Occitane Malaysia SDN	**	Kuala Lumpur — Malaysia	100.0	100.0	Full	Full
L'Occitane Ireland Ltd	*	Dublin — Ireland	100.0	100.0	Full	Full
Symbiose Cosmetics France SAS	*	Paris — France	97.8	97.8	Full	Full
Symbiose Cosmetics Korea	**	Seoul — Korea	97.8	97.8	Full	Full
L'Occitane Nordic AB	*	Stockholm — Sweden	100.0	100.0	Full	Full

36. LIST OF SUBSIDIARIES AND ASSOCIATES *(CONTINUED)*

List of subsidiaries and associates *(continued)*

Subsidiaries and investments accounted for using the equity method		City — Region/Country of incorporation and operation	31 March % of interest 2023	2022	Method of consolidation 31 March 2023	2022
L'Occitane South Africa	*	Johannesburg — South Africa	100.0	100.0	Full	Full
L'Occitane International GMBH	*	Dusseldorf — Germany	–	100.0	–	Full
L'Occitane Portugal Unipessoal LDA	*	Lisbon — Portugal	100.0	100.0	Full	Full
L'Occitane Norge AS	*	Oslo — Norway	100.0	100.0	Full	Full
L'Occitane Distribution Asia Pte. Ltd.	**	Singapore — Singapore	100.0	100.0	Full	Full
L'Occitane Opera Industria e Comercio de Cosmeticos LTDA	***	Sao Paulo — Brazil	100.0	100.0	Full	Full
LimeLife Co-Invest Sarl	**	Luxembourg — Luxembourg	58.0	58.0	Full	Full
Limelife USA LLC	**	New York — USA	58.0	58.0	Full	Full
LimeLife Canada Ltd	**	Toronto — Canada	58.0	58.0	Full	Full
Comercio De Cosmeticos e Produtos De Perfumaria LTDA	**	Sao Paulo — Brazil	58.0	58.0	Full	Full
LimeLife Servicos de Cobranca Ltda	**	Sao Paulo — Brazil	–	58.0	–	Full
LimeLife Gesta de sistema de franquia Eireli	**	Sao Paulo — Brazil	–	58.0	–	Full
LimeLife France SAS	**	Paris — France	58.0	58.0	Full	Full
LimeLife by Alcone UK Ltd	**	London — UK	58.0	58.0	Full	Full
LimeLife Deutschland GMBH	**	Berlin — Germany	58.0	58.0	Full	Full
LimeLife Italia S.P.A.	**	Milan — Italy	58.0	58.0	Full	Full
LimeLife by Alcone Espana S.L.	**	Madrid — Spain	58.0	58.0	Full	Full
Limelife Australia Pty Ltd	**	Sydney — Australia	58.0	58.0	Full	Full
Limelife by Alcone Ireland Ltd (branch of UK)	**	Dublin — Ireland	58.0	58.0	Full	Full
Limelife Japan KK	**	Tokyo — Japan	58.0	58.0	Full	Full
LimeLife Fempire Fund LLC	**	New York — USA	58.0	58.0	Full	Full
LOI Participations SARL	*	Luxembourg — Luxembourg	100.0	100.0	Full	Full
L'Occitane Innovation Lab	*	Manosque — France	100.0	100.0	Full	Full
LOI ELEMIS SARL	*	Luxembourg — Luxembourg	98.6	98.6	Full	Full
ELEMIS Ltd USA	**	Coral Gables — USA	98.6	98.6	Full	Full
Elemis SPS LLC	**	Wilmington — USA	98.6	98.6	Full	Full
ELEMIS Ltd UK	**	Bristol — UK	98.6	98.6	Full	Full
Elemis Spa Ltd (UK)	**	Bristol — UK	–	98.6	–	Full
Elemis Asia Pacific Limited	**	Hong Kong SAR — China	98.6	98.6	Full	Full
Duolab International SARL	*	Plan les Ouates — Switzerland	100.0	100.0	Full	Full
Duolab UK Limited	**	London — UK	100.0	100.0	Full	Full
Capsum S.A.	*	Marseille — France	26.0	26.0	Equity	Equity
Caspum Inc.	*	Texas — US	26.0	26.0	Equity	Equity
Sanghvi Beauty & Technology Private Limited (Good Glam Group)	*	Pune — India	15.5	15.5	Equity	Equity

Notes to the Consolidated Financial Statements

36. LIST OF SUBSIDIARIES AND ASSOCIATES *(CONTINUED)*

List of subsidiaries and associates *(continued)*

Subsidiaries and investments accounted for using the equity method		City — Region/Country of incorporation and operation	31 March % of interest 2023	2022	Method of consolidation 31 March 2023	2022
LOC SOL Holding Inc.	*	Dover Kent County — USA	100.0	100.0	Full	Full
LOC SOL Owners Inc.	**	Dover Kent County — USA	83.0	83.0	Full	Full
LOC SOL Target Inc.	**	Dover Kent County — USA	83.0	83.0	Full	Full
Sol de Janeiro Holding Inc.	**	Dover Kent County — USA	83.0	83.0	Full	Full
Sol de Janeiro USA Inc.	**	Dover Kent County — USA	83.0	83.0	Full	Full
Sol de Janeiro SAS	**	Paris — France	83.0	83.0	Full	Full
Sol de Janeiro IP Inc.	**	Dover Kent County — USA	83.0	83.0	Full	Full
L'Occitane Middle East FZCO JV	*	Dubai — UAE	51.0	51.0	Equity	Equity
L'Occitane Arabia	**	Jeddah — KSA	51.0	51.0	Equity	Equity
L'Occitane Emirates LLC	**	Dubai — UAE	51.0	51.0	Equity	Equity
14 Group S.A.	*	Luxembourg — Luxembourg	32.0	–	Full	–
Group Fourteen Holdings Australia Pty Ltd	**	Melbourne — Australia	32.0	–	Full	–
Group Fourteen LLC	**	Wilmington — USA	32.0	–	Full	–
Group Fourteen Operations Pty Ltd	**	Melbourne — Australia	32.0	–	Full	–
Group Fourteen IP Pty Ltd	**	Melbourne — Australia	32.0	–	Full	–
Grown Alchemist Ltd	**	London — UK	32.0	–	Full	–
Grown Alchemist Europe BV	**	Amsterdam — The Netherlands	32.0	–	Full	–
Group Fourteen Europe Pty Ltd	**	Melbourne — Australia	32.0	–	Full	–
Grown Alchemist Pty Ltd	**	Melbourne — Australia	32.0	–	Full	–

* *Directly held by the Company*

** *Indirectly held by the Company*

*** *Both directly and indirectly held by the Company*

The percentage interests are representative of voting rights as no shares have multiple voting rights. These percentages are unchanged at the approval date of the financial statements.

The main changes in the list of subsidiaries and associates are disclosed in Note 6.

36. LIST OF SUBSIDIARIES AND ASSOCIATES *(CONTINUED)*

Information on subsidiaries and investments accounted for using equity method

The date of incorporation, share capital and the principal activities of the subsidiaries and investments accounted for using the equity method are as follows:

Subsidiaries and investments accounted for using equity method		City — Region/Country of operation and incorporation	Date of incorporation	Share capital	Principal activities
L'Occitane International S.A.		Luxembourg — Luxembourg	2000	EUR 44,308,950	Holding & Distribution
L'Occitane International (Suisse) S.A.		Plan les Ouates — Switzerland	2022	CHF 100,000	Distribution
Laboratoires M&L	*	Manosque — France	1976	EUR 8,126,409	Production
M&L Distribution France S.a.r.l.	**	Manosque — France	1994	EUR 4,790,949	Distribution
Café & Retail 86	*	Paris — France	2020	EUR 1 622 443,00	Distribution
L'Occitane Inc.	*	New York — USA	1995	USD 1	Distribution
L'Occitane (Far East) Limited	*	Hong Kong SAR — China	1992	HKD 8,000,000	Holding & Distribution
L'Occitane Singapore Pte. Limited	**	Singapore — Singapore	1997	SGD 500,000	Distribution
L'Occitane Japon K.K.	***	Tokyo — Japan	1998	JPY 100,000,000	Distribution
Melvita Japon K.K.	**	Tokyo — Japan	2010	JPY 50,000,000	Distribution
L'Occitane Do Brasil	*	Jundjai — Brazil	1999	BRL 8,700,000	Distribution
Espaço Do Banho	***	Sao Paulo — Brazil	1996	BRL 450,242,000	Distribution
L'Occitane Ltd.	*	London — UK	1996	GBP 1,398,510.75	Distribution
L'Occitane GmbH	*	Villach — Austria	2000	EUR 70,000	Distribution
L'Occitane GmbH	*	Dusseldorf — Germany	2004	EUR 25,000	Distribution
L'Occitane Italia S.r.l.	*	Milan — Italy	2001	EUR 80,000	Distribution
L'Occitane Australia Pty Ltd	**	Sydney — Australia	2000	AUD 5,000,000	Distribution
L'Occitane (Suisse) S.A.	*	Geneva — Switzerland	2002	CHF100,000	Distribution
L'Occitane Espana S.L	*	Madrid — Spain	2003	EUR 6,459,650.10	Distribution
L'Occitane Central Europe s.r.o.	*	Prague — Czech Republic	2004	CZK 9,361,000	Distribution
L'Occitane (Taiwan) Limited	***	Taipei — Taiwan Region	2005	TWD 28,500,000	Distribution
L'Occitane Belgium Sprl	*	Antwerpen — Belgium	2005	EUR 20,000	Distribution
L'Occitane Trading (Shanghai) Co. Limited	**	Shanghai — China	2005	USD 1,400,000	Distribution
L'Occitane (Korea) LLC	**	Seoul — Korea	2005	KRW 2,505,000,000	Distribution
L'Occitane Airport Venture LLC	**	Dallas — USA	2006	USD 10,000	Distribution
L'Occitane Mexico S.A. de CV	*	Mexico City — Mexico	2006	MXP 28,250,000	Distribution
L'Occitane (China) Limited	**	Hong Kong SAR — China	2006	HKD 10,000	Distribution
L'Occitane Macau Limited	**	Macau SAR — China	2007	MOP 25,000	Distribution
Melvita (International) SAS (formerly Verveina SAS)	**	Manosque — France	2008	EUR 60,390,831	Holding & Distribution
L'Occitane Thailand Ltd.	**	Bangkok — Thailand	2008	THB 100,232,000	Distribution
L'Occitane Ventures (Thailand) Ltd.	**	Bangkok — Thailand	2012	THB 451,700	Distribution
L'Occitane Polska Sp.z.o.o	*	Warsaw — Poland	2009	PLN 3,754,000	Distribution
L'Occitane Canada Corp	*	Toronto — Canada	2009	CAD 6,000,000	Distribution
L'Occitane India Private Limited	**	New Delhi — India	2009	INR 17,500,000	Distribution
L'Occitane Nederland B.V.	*	Amsterdam — the Netherlands	2010	EUR 200,000	Distribution
L'Occitane Malaysia SDN	**	Kuala Lumpur — Malaysia	2011	MYR 76,000	Distribution
L'Occitane Ireland Ltd	*	Dublin — Ireland	2012	EUR 1,103	Distribution
Symbiose Cosmetics France SAS	*	Paris — France	2012	EUR 140,000	Distribution
Symbiose Cosmetics Korea	**	Seoul — Korea	2012	KRW 200,000,000	Production
L'Occitane Nordic AB	*	Stockholm — Sweden	2012	SEK 50,000	Distribution
L'Occitane South Africa	*	Johannesburg — South Africa	2013	ZAR 750	Distribution
L'Occitane Portugal Unipessoal LDA	*	Lisbon — Portugal	2013	EUR 50,000	Distribution

Notes to the Consolidated Financial Statements

36. LIST OF SUBSIDIARIES AND ASSOCIATES *(CONTINUED)*

Information on subsidiaries and investments accounted for using equity method *(continued)*

Subsidiaries and investments accounted for using equity method		City — Region/Country of operation and incorporation	Date of incorporation	Share capital	Principal activities
L'Occitane Norge AS	*	Oslo — Norway	2014	NOK 129,000	Distribution
L'Occitane Distribution Asia Pte. Ltd.	**	Singapore	2016	SGD 10,000	General Warehousing
L'Occitane Opera Industria e Comercio de Cosmeticos LTDA	***	Sao Paulo — Brazil	2017	BRL 1,000,000	Production
LimeLife Co-Invest Sarl	**	Luxembourg — Luxembourg	2018	USD 42,229,729	Holding
Limelife USA LLC	**	New York — USA	2017	USD 5,830,313	Distribution
LimeLife Canada Ltd	**	Toronto — Canada	2017	CAD 529,310	Distribution
Comercio De Cosmeticos e Produtos De Perfumaria LTDA	**	Sao Paulo — Brazil	2017	BRL 11,279,388	Distribution
LimeLife France SAS	**	Paris — France	2018	EUR 333,400	Distribution
LimeLife by Alcone UK Ltd	**	London — UK	2017	GBP 300,880	Distribution
LimeLife Deutschland GMBH	**	Berlin — Germany	2018	EUR 30,000	Distribution
LimeLife Italia S.P.A.	**	Milan — Italy	2018	EUR 50,000	Distribution
LimeLife by Alcone Espana S.L.	**	Madrid — Spain	2019	EUR 30,000	Distribution
Limelife Australia	**	Sydney — Australia	2019	AUD 40,000	Distribution
Limelife by Alcone Ireland Ltd (branch of UK)	**	Dublin — Ireland	2018	EUR 0	Distribution
Limelife Japan KK	**	Tokyo — Japan	2019	JPY 5,000,000	Distribution
LimeLife Fempire Fund LLC	**	New York — USA	2021	USD 2,000,000	Investment
LOI Participations SARL	*	Luxembourg — Luxembourg	2017	EUR 113,919,000	Holding
L'Occitane Innovation Lab	*	Manosque — France	2017	EUR 5,000,000	Investment
LOI ELEMIS SARL	*	Luxembourg — Luxembourg	2019	EUR 12,000	Holding
ELEMIS Ltd USA	**	Coral Gables — USA	2019	USD 178,850,000	Distribution
ELEMIS SPS LLC	**	Wilmington — USA	2002	USD 100	Distribution
ELEMIS Ltd UK	**	Bristol — UK	1988	GBP 795,000	Distribution
Duolab International SARL	*	Plan les Ouates — Switzerland	2019	EUR 272,000	Development, Production, Distribution
Duolab UK Limited	**	London — UK	2019	GBP 50,000	Distribution
Elemis Asia Pacific Limited	**	Hong Kong SAR — China	2019	HKD 1	Distribution
Capsum S.A.	*	Marseille — France	2008	EUR 556,940	Production, Distribution
Caspum Inc.	*	Texas — USA	2015	USD 22,194,186	Production
Sanghvi Beauty & Technologies Private Limited (Good Glamm Group)	*	Pune — India	2015	INR 1,598,520,613	Holding, Investment, Distribution
LOC SOL Holding Inc.	*	Dover Kent County — USA	2021	USD 379,392	Holding, Distribution
LOC SOL Owners Inc.	**	Dover Kent County — USA	2021	USD 457,896	Distribution
LOC SOL Target Inc.	**	Dover Kent County — USA	2021	USD 457,896	Distribution
Sol de Janeiro Holding Inc.	**	Dover Kent County — USA	2019	USD 2,674	Holding, Distribution
Sol de Janeiro USA Inc.	**	Dover Kent County — USA	2019	USD 1	Distribution
Sol de Janeiro SAS	**	Paris — France	2020	EUR 0	Distribution
Sol de Janeiro IP Inc.	**	Dover Kent County — USA	2019	USD 1	Distribution
L'Occitane Middle East FZCO JV	*	Dubai — UAE	2020	USD 27,000	Distribution
L'Occitane Arabia	**	Jeddah — KSA	2021	SAR 30,000,000	Distribution
L'Occitane Emirates LLC	**	Dubai — UAE	2021	AED 300,000	Distribution
14 Group S.A.	*	Luxembourg — Luxembourg	2022	EUR 30,000	Holding
Group Fourteen Holdings Australia Pty Ltd	**	Melbourne — Australia	2016	AUD 10,723,000	Holding

36. LIST OF SUBSIDIARIES AND ASSOCIATES *(CONTINUED)*

Information on subsidiaries and investments accounted for using equity method *(continued)*

Subsidiaries and investments accounted for using equity method		City — Region/Country of operation and incorporation	Date of incorporation	Share capital	Principal activities
Group Fourteen LLC	**	Wilmington — USA	2017	USD 1,000	Distribution
Group Fourteen Operations Pty Ltd	**	Melbourne — Australia	2008	AUD 1,100,000	Distribution
Group Fourteen IP Pty Ltd	**	Melbourne — Australia	2016	AUD 1	Distribution
Grown Alchemist Ltd	**	London — UK	2020	GBP 2	Distribution
Grown Alchemist Europe BV	**	Amsterdam — The Netherlands	2015	EUR 100	Distribution
Group Fourteen Europe Pty Ltd	**	Melbourne — Australia	2016	AUD 0	Dormant
Grown Alchemist Pty Ltd	**	Melbourne — Australia	2015	AUD 100	Dormant

* *Directly held by the Company*

** *Indirectly held by the Company*

*** *Both directly and indirectly held by the Company*

**** *No longer directly or indirectly held by the Company*

The main changes in the list of subsidiaries and associates are disclosed in Note 6.

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

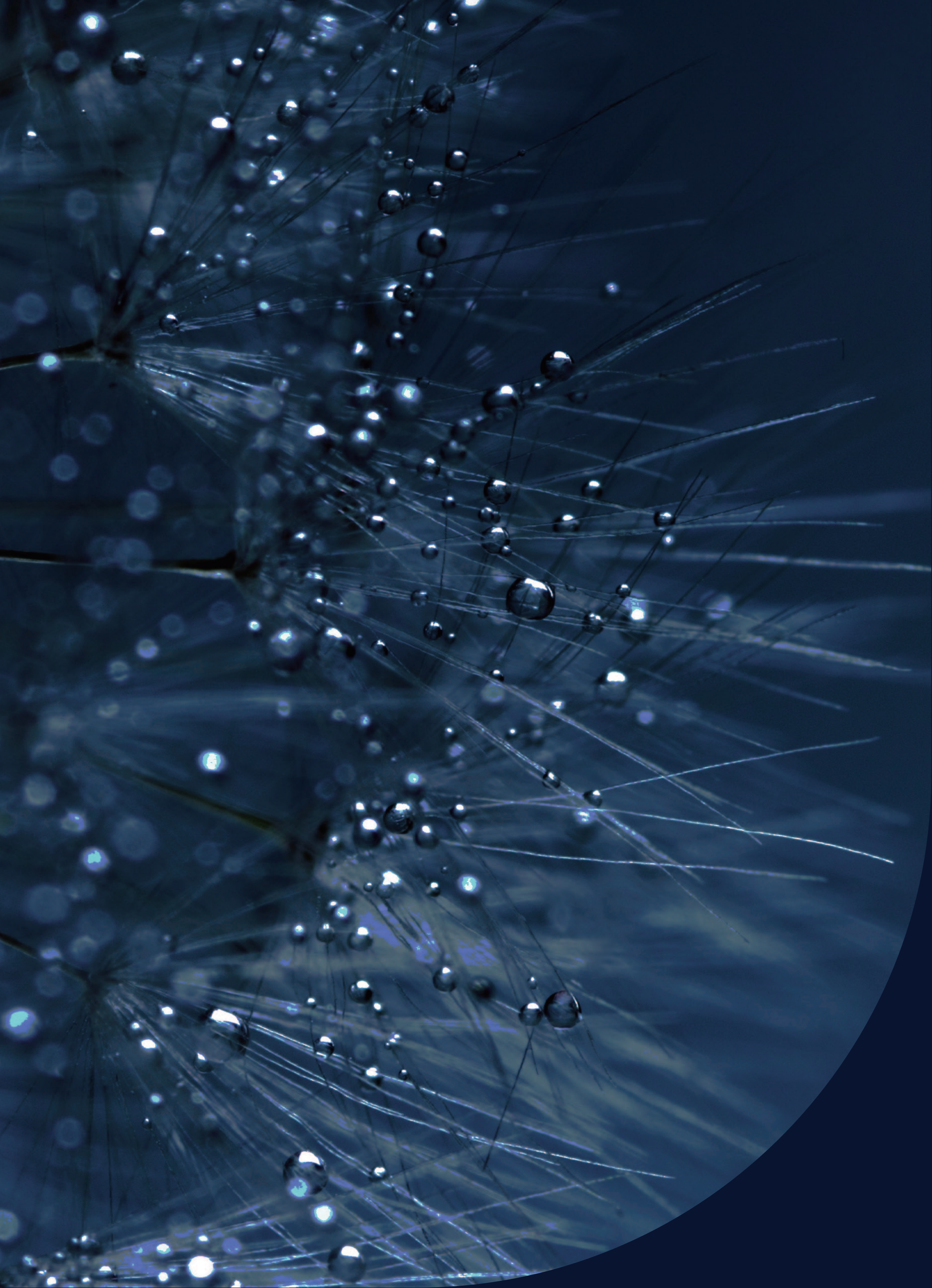
Financial Summary

A summary of the consolidated results and assets, liabilities, equity and minority interests of the Group for the last five financial years is set out below.

Year ended 31 March	2023	2022	Restated 2021	2020	2019
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
Net sales	**2,134,689**	1,781,358	1,537,845	1,644,083	1,426,874
Gross profit	**1,718,141**	1,463,415	1,277,134	1,341,231	1,186,973
Gross profit margin	**80.5%**	82.2%	83.0%	81.6%	83.2%
Operating profit	**239,132**	310,714	216,836	187,263	150,747
Operating profit margin	**11.2%**	17.4%	14.1%	11.4%	10.6%
Profit for the year	**118,193**	241,909	153,637	115,240	117,569
attributable to:					
equity owners of the Company	**115,110**	242,034	151,180	116,288	118,186
non-controlling interests	**3,083**	(125)	2,457	(1,048)	(617)
Total assets	**2,816,428**	3,009,074	2,489,539	2,408,359	1,964,011
Total liabilities	**1,629,427**	1,694,468	1,218,002	1,233,024	879,779
Equity attributable to the equity owners of the Company	**1,138,964**	1,270,028	1,192,838	1,098,480	1,017,768
Non-controlling interests	**48,037**	44,578	78,699	76,855	66,464

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standard (IFRS), as issued by the International Accounting Standards Board which are similar, for operations conducted by the Group, to International Financial Reporting Standards as adopted by the European Union.

The above summary does not form a part of the consolidated financial statements.



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