FY2024
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

Certified
B
Corporation

CONTENTS

Corporate Information

Executive Directors

Reinold Geiger
(Chairman)
André Hoffmann
Laurent Marteau
(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

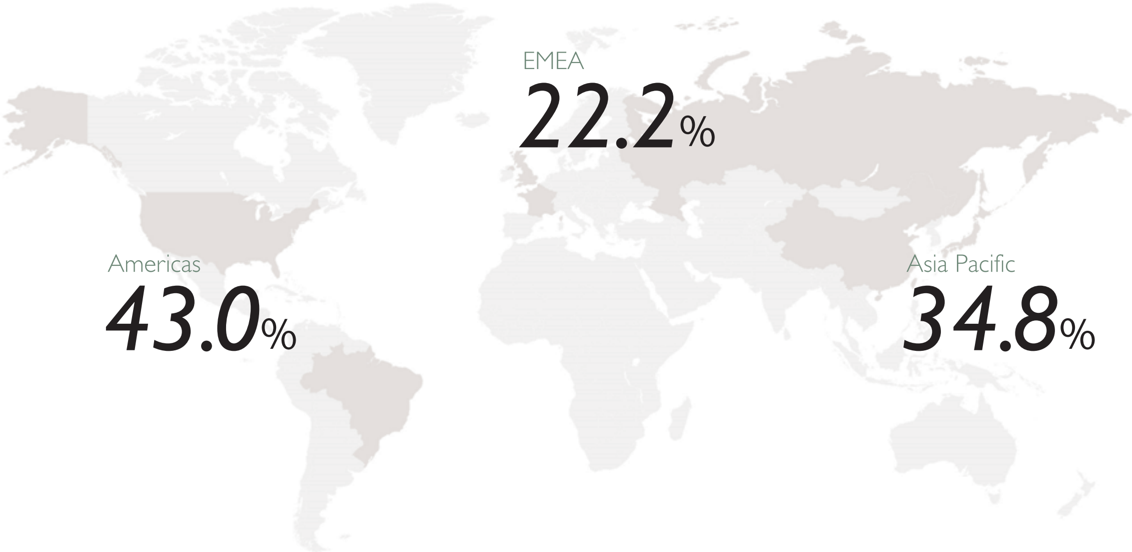
49, Boulevard Prince Henri
L-1724 Luxembourg

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

* 3,040 retail locations and
1,363 stores operated directly by the Group

KEY FINANCIAL HIGHLIGHTS

	FY2024	*FY2023*
Net sales *(€ million)*	**2,541.9**	2,134.7
Operating profit *(€ million)*	**233.1**	239.1
Profit for the period *(€ million)*	**101.8**	118.2
Gross profit margin	**79.3%**	80.5%
Operating profit margin	**9.2%**	11.2%
Net profit margin	**4.0%**	5.5%
Net operating profit after tax *(€ million)* (NOPAT) (1)	**123.5**	153.4
Capital employed *(€ million)* (2)	**1,648.2**	1,834.3
Return on capital employed (ROCE) (3)	**7.5%**	8.4%
Return on equity (ROE) (4)	**11.0%**	10.1%
Current ratio (times) (5)	**0.9**	1.2
Gearing ratio (6)	**28.1%**	28.2%
Average inventory turnover days (7)	**267**	255
Turnover days of trade receivables (8)	**41**	40
Turnover days of trade payables (9)	**63**	67
Total number of own stores (10)	**1,363**	1,362
Profit attributable to equity owners *(€ million)*	**93.9**	115.1
Basic earnings per share *(€)*	**0.064**	0.078

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 Dr Vranjes (stores outside of Japan) 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

In FY2024, we continued to strengthen our position as a truly multi-brand group with a clear focus on delivering against the triple bottom line — people, planet and profit. We made significant investments to maintain and invigorate the market share of our largest brands within an intensely competitive business environment. Despite tough economic conditions affecting consumer interest in many markets, our efforts were largely successful. Overall net sales grew by 24.1% at constant rates, exceeding €2.5 billion.

As a result of higher strategic investments in marketing, store refurbishment, IT infrastructure and supply, and talent acquisition, our operating profit margin declined significantly to 12.1% on a management basis. Indeed, our ongoing investments in these areas will continue to impact margins in the near-term but are essential for maintaining the strength of our brands and evolving into an even more influential company in the medium and long term.

In FY2024, we also achieved a more balanced channel mix between retail, wholesale and online, which better captures new growth opportunities, redefines how our brands connect with consumers on- and off-line and gains market share.

The most significant proportion of our marketing investment was allocated to our heritage brand L'OCCITANE en Provence in China, the largest market for the brand, in addition to the US, Japan and the travel retail channel. In China, the results were satisfactory. Sales grew by double-digits and faster than the growth of the overall market, driven by strategic social media and digital campaigns, including the launch of a marketplace channel for the brand on Douyin, as well as the creation of live streaming opportunities for top Chinese influencers in the south of France that brought the brand's story and legacy to life.

In the US, L'OCCITANE en Provence saw high-single-digit growth following increased marketing spending with key partners such as Amazon and Sephora. Yet, despite these efforts in these two important markets and others, the brand underperformed relative to our other brands in terms of global growth and profitability.

Sol de Janeiro, which is now our second largest brand, achieved triple digit sales growth globally and was the largest contributor to our profitability. In FY2024, the brand entered new product categories and rapidly expanded its distribution channels. Its growth trajectory extended in its home market in the US with the launch at Ulta Beauty and beyond, with Sol de Janeiro now the No. 1 skincare brand in Douglas in Germany and Mecca in Australia, as well as the No. 1 skincare brand in Sephora in Southeast Asia upon its launch this year.

Our third largest brand, ELEMIS, continued to push forward with its premiumisation strategy, as it strengthened its position as a skill wellness and anti-ageing expert by reducing discounting depth and frequency on its own website and with key marketplaces. While this strategy, along with other one-off factors, resulted in flat sales growth overall, accelerated marketing investments and new product launches saw ELEMIS climb the face care brand rankings in the UK and US, along with double-digit growth in the China market.

In recent years, we have successfully diversified our geographic footprint and market reach through M&A activity. In March 2024, we took an exciting next step by acquiring Italian luxury home fragrance brand Dr. Vranjes Firenze, expanding our presence in the fast-growing niche fragrance and home fragrance diffuser market. Adding this brand aligns with our strategy to enhance our portfolio with quality, profitable assets recognised for their heritage, high-quality products, strong management, financial performance, and focus on sustainability.

On the subject of sustainability, in the first half of FY2024, we reached the important milestone of achieving B Corporation™ certification, a unique marker of leadership for a company of our size and scale. This achievement inspires us to continuously seek other ways to enhance our operations, raise our standards, and drive positive change. We have set new goals, including paying a living wage to all team members by FY2026, fully rolling out our inclusive global parental leave policy, and reducing carbon emissions and plastic pollution across our value chain.

As we look to the future, we remain cautiously optimistic about our performance in FY2025. Despite increasing competition and uncertainties in the macroeconomic environment, we never lose sight of the immense potential of our strong and unique premium brands, and above all, the extraordinary commitment of our teams and partners around the world. Their entrepreneurial spirit, dedication, and commitment to our Company and customers enable us to continuously adapt to an ever-changing world.

This gives us confidence to pursue our transformation with brand-specific and geography-specific strategies to further our development as a multi-billion Euro, multi-brand group. With our commitment to long-term investment, we are well-positioned to drive sustainable growth and profitability, taking all our brands to new heights.

Thank you for your support.

Strong Global Presence

1

2

- **1** Houston, Texas, United States
- **2** Shibuya, Tokyo, Japan
- **3** Dalma Mall, Abu Dhabi, UAE
- **4** Wuxi Yaohan, China
- **5** Buchanan Street, Glasgow Scotland, United Kingdom
- **6** Morumbi Shopping, São Paulo, Brazil
- **7** Nuremberg, Germany
- **8** Opéra, Paris, France (Erborian)
- **9** Shanghai IFC, China (ELEMIS)
- **10** Pátio Higienópolis, São Paulo, Brazil (L'OCCITANE au Brésil)
- **11** Mid Valley, Kuala Lumpur, Malaysia (Melvita)

5

8

9

3


L'OCCITANE
EN PROVENCE

4


L'OCCITANE
EN PROVENCE

6

7


L'OCCITANE
EN PROVENCE

10


L'OCCITANE
AU BRÉSIL

11


Melvita

Management Discussion & Analysis

Management Discussion & Analysis

Summary:

	FY2024 Management[(1)] € million or %	*FY2024 Reported € million or %*	*FY2023 Management[(2)] € million or %*	*FY2023 Reported € million or %*
Net sales	2,541.9	2,541.9	2,134.7	2,134.7
Operating profit	308.4	233.1	336.8	239.1
Profit for the year	n/a	101.8	n/a	118.2
Gross profit margin	79.3%	79.3%	80.5%	80.5%
Operating profit margin	12.1%	9.2%	15.8%	11.2%
Net profit margin	n/a	4.0%	n/a	5.5%

(1) *Management FY2024 — reported results excluding one-off items, namely the impairment for LimeLife brand and share of profit/loss in associates (Good Glamm Group and CAPSUM) were also excluded for proper comparison. A loss from CAPSUM participation disposal was also excluded from other operating expenses. 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 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 associates (Good Glamm Group and CAPSUM) were also excluded for proper comparison. The management considered these costs to be accounting adjustments and material one-off items that should be excluded to represent a truer vision of FY2023 performance.*

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 sustained its solid sales momentum and exceeded net sales in FY2023, amounting to €2,541.9 million. As compared to the reported net sales of €2,134.7 million in FY2023, the sales growth was 19.1% at reported rates and 24.1% at constant rates. The growth was mainly driven by the continued outperformance of Sol de Janeiro and the steady performance of L'OCCITANE en Provence, a result of continued steady growth in China.

The Company's total number of retail locations increased from 2,774 as at 31 March 2023 to 3,040 as at 31 March 2024, an increase of 266 or 9.6%. The number of own retail stores increased from 1,362 as at 31 March 2023 to 1,363 as at 31 March 2024, representing a net increase of 1. At the end of March 2024, the breakdown of the 1,363 own stores by brand and change over last year were as follows: L'OCCITANE en Provence (1,221; -15), L'OCCITANE au Brésil (75; +10), Melvita (32; -3), Erborian (2; nil), ELEMIS (24; nil) and Dr. Vranjes Firenze (9; +9).

Management Discussion & Analysis

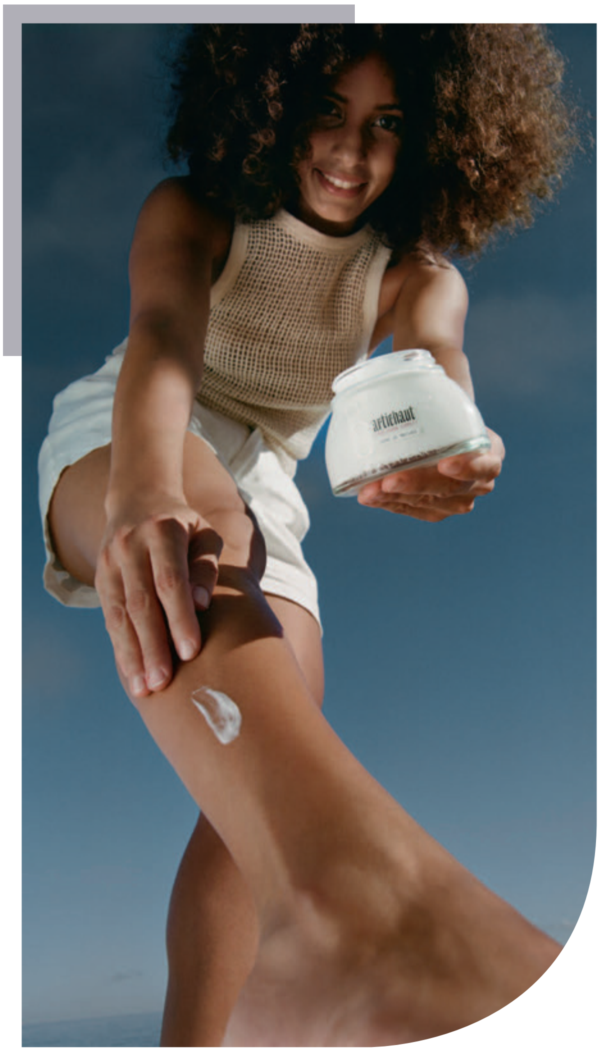
Performance by Brand

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

	FY2024	FY2023	Growth at reported rates	Growth at constant rates
	€ 'million	*€ 'million*	*%*	*%*
L'OCCITANE en Provence	1,388.9	1,421.2	-2.3	2.7
ELEMIS	253.0	255.9	-1.2	1.3
Sol de Janeiro[(1)]	686.1	267.0	157.0	167.1
Others[(2)]	214.0	190.5	12.3	14.7
Total	**2,541.9**	**2,134.7**	**19.1**	**24.1**

(1) *Sol de Janeiro's quarterly sales in FY2023 were 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.*



L'OCCITANE en Provence performed steadily with 2.7% growth at constant rates, mainly driven by a double-digit sales growth in China. In FY2024, China delivered double-digit sales growth in all channels, attributed to the additional marketing investments to drive new traffic to online stores, the brand's agile product strategy focusing on high valued body moisturizers to boost the average ticket which helped compensate for the reduced traffic in offline channels and newly launched marketplace channel, Douyin in China. Excluding Russia, from which the Group divested in June 2022, the brand posted sales growth of 3.2% at constant rates in FY2024.

ELEMIS sales saw a decrease in FY2024 Q4 and ended FY2024 flat at constant rates. The UK saw a slowdown in FY2024 Q4 from the double-digit sales growth in the FY2024 Q3 driven by phasing between the two quarters ending FY2024 with an increase of 8.2% at constant rates, mainly driven by e-commerce and wholesale businesses. This was offset by the sales decline in the US, caused by the stock rebalancing programme of its customer in the maritime channel. Excluding the maritime channel, the US domestic business grew 15.7% in FY2024. This growth was mainly driven by double-digit sales growth in online channel, with the key driver being success at one of the web partners through successful campaigns, consumer targeting and the halo effect of increased marketing activity. ELEMIS sales in China showed high double-digit growth in FY2024, thanks to accelerated marketing investments on social media channels and successful marketing campaigns such as the Rose Campaign in FY2024 Q4.

Sol de Janeiro continued its sales momentum with 167.1% growth at constant rates to reach €686.1 million. The growth was contributed by the successful launch of new products, continued strategic expansion of distributions including the entrance into a significant multi-brand partner in the US and overperformance of wholesale channels.

Other brands together delivered a nice growth of 14.7% at constant rates for FY2024. Erborian and L'OCCITANE au Brésil performed particularly well and ended with 35.5% and 37.2% growth respectively at constant rates in FY2024. Melvita had a consistent improvement quarter over quarter and ended with single-digit sales growth. LimeLife was lackluster and continued to perform below expectations, declining by high-teens in FY2024.

Performance by Region

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

	FY2024	**FY2023**	**Growth at reported rates**	**Growth at constant rates**	**Same store sales growth**
	€ 'million	*€ 'million*	*%*	*%*	*%*
APAC	884.2	896.2	-1.3	6.3	4.5
Americas	1,092.5	695.0	57.2	63.0	14.4
EMEA	565.2	543.4	4.0	4.0	4.8
Total	**2,541.9**	**2,134.7**	**19.1**	**24.1**	**7.6**

The Group's regional sales mix changed slightly compared with last year as the Americas became the largest region, accounting for 43.0% of net sales and exceeded €1 billion in FY2024. APAC was the second largest region at 34.8% of net sales while EMEA accounted for the remaining 22.2% of sales. In terms of single markets, the US was the largest market and accounted for 38.0% of the Group's net sales, a strong increase of 10.8% compared with FY2023, mainly due to triple-digit sales growth from Sol de Janeiro in the US. The second largest market was China at 12.9% of the Group's net sales, followed by the UK at 7.7%.

The Americas remained the fastest-growing region with 63.0% growth at constant rates in FY2024, thanks to the accelerated growth of Sol de Janeiro. APAC showed a decent growth of 6.3% at constant rates in FY2024, mainly contributed by the strong 19.3% growth at constant rates in China, thanks to L'OCCITANE en Provence and the continued development of ELEMIS. EMEA grew 4.0% at constant rates in FY2024, mainly due to the highly encouraging results of Erborian and Sol de Janeiro. Excluding Russia, EMEA grew 6.0% 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:

	FY2024	FY2023	Growth at reported rates	Growth at constant rates
	€ 'million	*€ 'million*	*%*	*%*
Retail	745.2	761.5	-2.1	3.0
Online channels	784.9	657.6	19.4	25.2
Wholesale & others	1,011.8	715.6	41.4	45.7
Total	**2,541.9**	**2,134.7**	**19.1**	**24.1**

Wholesale & others led the growth with 45.7% at constant rates in FY2024, with dynamic growth in wholesale chains, international distribution and travel retail. This channel accounted for 39.8% of the Group's net sales, a slight increase from 33.5% in FY2023, mainly due to Sol de Janeiro, which has a higher wholesale sales mix.

Online channels posted a growth of 25.2% at constant rates in FY2024, mainly driven by the strong performance of Sol de Janeiro, ELEMIS and the launch of L'OCCITANE en Provence on Douyin in China. Retail sales maintained a steady growth of 3.0% at constant rates, which was contributed mostly by China.

PROFITABILITY ANALYSIS

Cost of Sales and Gross Profit

The reported cost of sales increased by 26.2%, or €109.1 million, to €525.6 million in FY2024. The gross profit margin decreased by 1.2 points to 79.3% as compared to FY2023. The decrease is attributable to the following factors:

- Unfavourable brand mix for 1.6 points, mostly due to the increase in share of Sol de Janeiro which has a higher wholesale mix;
- Unfavourable foreign currency exchange ("**FX**") impact for 0.5 points;
- Higher obsolescence due to increase of slow movers for 0.3 points; and
- Unfavourable channel mix from higher sell-in proportion for 0.1 points.

The decrease in gross profit margin was partly offset by:

- Price increase for 0.5 points;
- Industrial cost decrease on raw materials and packaging for 0.4 points;
- Decrease of freight and duties costs thanks to positive volume and price impact (reduction compared with last year) and airfreight reduction for 0.3 points; and
- One-off items, mainly on inventory revaluation, restatements and others for 0.1 points.

Distribution Expenses

The reported distribution expenses increased by 9.3%, or €73.0 million, to €857.7 million in FY2024. As a percentage to net sales, distribution expenses decreased by 3.1 points to 33.7%. This improvement is attributable to a combination of:

- Favourable brand mix, mainly from the increase in share of the Sol de Janeiro and Erborian brands which have a lower level of distribution costs for 3.7 points; and
- Efficiencies thanks to retail network rationalization and fewer renovations, decrease of freight costs and leverage of fixed costs on higher sales for 1.1 points.

This improvement was partly offset by:

- Higher investment in organisation and staff, inflation on warehousing costs, increase in travel and entertainment ("**T&E**") costs and increase in depreciation for the maritime channel, One Spa World, for 1.5 points; and
- One-off items mainly from new North America distribution center start up costs as well as COVID-19 subsidies from governments and rent concessions last year for 0.2 points.

Management Discussion & Analysis

Marketing Expenses

The reported marketing expenses increased by 57.3%, or €210.6 million, to €578.3 million in FY2024. As a percentage of net sales, marketing expenses increased by 5.6 points to 22.8%. The increase is attributable to:

- Higher marketing investments in both traditional and social media, as well as marketing events for 4.0 points, of which:
  - 2.5 points were for strategic investments behind L'OCCITANE en Provence, mainly in China (Douyin launch), the US and Japan through influencers, digital media and outdoor advertising, focusing on key products categories; and
  - 1.5 points were for other brands, of which 0.7 points were for Sol de Janeiro and 0.5 points were for ELEMIS focusing on China.
- Brand mix for 1.2 points, mainly driven by Sol de Janeiro and Erborian which have a higher marketing ratio;
- Staffing in marketing organisations for 0.2 points; and
- Increase in promotional tools inventory for 0.2 points.

Research & Development Expenses

The reported research and development ("**R&D**") expenses increased by 16.3%, or €3.7 million, to €26.2 million in FY2024. As a percentage to net sales, R&D expenses decreased to 1.0% mostly because of higher sales leverage.

General and Administrative Expenses

The reported general and administrative expenses increased by 28.8%, or €58.0 million, to €259.5 million in FY2024. As a percentage of net sales, general and administrative expenses increased by 0.8 points to 10.2%. The increase is attributable to:

- Higher investment in organisation and staff for new recruitments and salary increases, and IT costs for 0.8 points;
- Higher bonus and long-term incentives mostly linked to the performance of Sol de Janeiro for 0.7 points;
- Higher operating costs such as T&E increase, recruitment and legal fees as well as inflation for 0.6 points;
- One-off items and others mostly linked to the acquisition costs for Dr. Vranjes Firenze, for 0.4 points; and
- Unfavorable FX impact for 0.2 points.

The increase was partly offset by:

- Favourable brand mix and higher sales leverage for 1.9 points.

Share of Profit/(Loss) from Associates and Joint Ventures Accounted for Using the Equity Method

Details of the €14.8 million net losses from associates and joint ventures accounted for using the equity method in FY2024 are shown below:

- Loss of €17.5 million by Good Glamm Group;
- Profit of €2.2 million by L'Occitane Middle East; and
- Profit of €0.5 million by CAPSUM.

Other Operating Income

Details of the €18.0 million other operating income in FY2024 are shown below:

- Net gain of €10.5 million arising from the disposal of Grown Alchemist as of 28 March 2024;
- Capital gain arising from the change in the percentage of interest in associates and joint ventures (Good Glamm Group) for €4.8 million;
- Net gain of €1.3 million arising from disposal of Duolab; and
- Government grants on research and development for €1.4 million.

Other Operating Expenses

Details of the €64.7 million other operating expenses in FY2024 are shown below:

- Impairment loss on LimeLife goodwill for €61.0 million;
- Net loss of €2.0 million arising from disposal of CAPSUM; and
- Loss on sale of assets for €1.7 million.

Management Discussion & Analysis

OPERATING PROFIT

Reported operating profit decreased by 2.5%, or €6.0 million, to €233.1 million. The reported operating profit margin dropped by 2.0 points of net sales to 9.2%.

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

- Increase in marketing investments to sustain the development of the brands for 4.0 points;
- Increase in operating costs, one-off items and others for 1.5 points; and
- Higher bonus and long-term incentives for 0.7 points.

This decrease was partly offset by the following:

- Exceptional items for 2.5 points; and
- Brand mix and growth for 1.7 points.

On a management basis, the operating profit margin this year is 12.1% (excluding one-off items namely LimeLife impairment, share of profit/loss from associates as well as loss on CAPSUM equity investment disposal for 2.0 points) as compared to the operating profit margin of 15.8% last year (excluding one-off items including the divestiture of the Group's business in Russia, impairment of Melvita and LimeLife and share of losses in associates for 4.6 points).

The following table presents the Group's management operating profit and the reconciliation to reported operating profit for FY2024 and FY2023.

	FY2024		FY2023	
Reported Net sales	**2,541.9**		**2,134.7**	
Net sales	**2,541.9**		**2,134.7**	
Cost of sales	(525.6)	-20.7%	(416.5)	-19.5%
Gross profit	**2,016.3**	**79.3%**	**1,718.1**	**80.5%**
Distribution expenses	(857.7)	-33.7%	(784.7)	-36.8%
Marketing expenses	(578.3)	-22.8%	(367.7)	-17.2%
Research & development expenses	(26.2)	-1.0%	(22.5)	-1.1%
General and administrative expenses	(259.5)	-10.2%	(201.5)	-9.4%
Share of profit/(loss) from joint venture accounted for using the equity method	2.2	0.1%	(7.0)	-0.3%
Other operating income/(expenses)	11.6	0.5%	2.1	0.1%
Management operating profit(1)	**308.4**	**12.1%**	**336.8**	**15.8%**
Russia divestiture	–		(14.4)	
Impairment loss of LimeLife brand (FY2023: LimeLife and Melvita brands)	(61.0)		(75.4)	
Good Glamm Group & CAPSUM's valuation and share of profit/(loss)	(14.2)		(7.9)	
Reported operating profit	**233.1**	**9.2%**	**239.1**	**11.2%**

(1) *Management FY2024 — reported results excluding one-off items, namely the impairment for LimeLife brand and share of profit/loss in associates (Good Glamm Group and CAPSUM) were also excluded for proper comparison. A loss from CAPSUM participation disposal was also excluded from other operating expenses. 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 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 associates (Good Glamm Group and CAPSUM) were also excluded for proper comparison. The management believes that this management version provides a true view of the operation of performance in FY2023.

Finance Costs, Net

Net finance costs were €40.4 million in FY2024, which consisted of interest income on cash and cash equivalents of €6.9 million and the following expense items:

- Change in the fair value of the receivable from the sale of L'Occitane Russia for €8.6 million;
- IFRS 16 lease liabilities related interest and finance expenses of €9.7 million; and
- Interest expenses related to bank borrowings, revolving facilities and external financing of €29.0 million.

As compared to FY2023, net finance costs decreased by €13.2 million, which was explained by lower impact on change in fair value of L'Occitane Russia receivable, partially offset by higher net interest expenses.

Management Discussion & Analysis

Foreign Currency Gains/Losses

Net foreign currency losses amounted to €3.5 million in FY2024 (FY2023: €6.0 million) and were comprised of €5.2 million realised losses, €2.1 million unrealised gains and €0.4 million losses related to IFRS 16.

Income Tax Expense

The effective tax rate increased from 34.2% in FY2023 to 46.2% in FY2024, an increase of 12.0 points. This increase is due primarily to the following unfavourable factors:

- Impairment of LimeLife US tax losses for 5.1 points;
- Unremitted tax earnings, mainly in the US, for 3.7 points;
- Increase in some local tax rates for 3.3 points; and
- Unfavourable country mix effect for 2.0 points.

And partly offset by the following favourable effect:

- Lower non-deductible expenses, mainly impairment loss on LimeLife goodwill and net gain from disposal of Grown Alchemist for 2.1 points.

Profit for the Year

For the aforementioned reasons, net profit for FY2024 was €101.8 million, a decrease of 13.9% or €16.4 million as compared to FY2023 (€118.2 million). Basic and diluted earnings per share in FY2024 were €0.064 and €0.064 respectively (FY2023: basic €0.078 and diluted €0.078), a decrease of 18.6%. The numbers of basic and diluted shares used in the calculations of earnings per share in FY2024 were 1,474,862,900 and 1,476,347,642 respectively (FY2023: basic 1,471,609,250 and diluted 1,473,649,115).

BALANCE SHEET AND CASH-FLOW REVIEW

Liquidity and Capital Resources

As at 31 March 2024, the Group had cash and cash equivalents of €139.5 million as compared to €147.3 million as at 31 March 2023. As at 31 March 2024, total borrowings, including term loans, revolving facilities, bank borrowings, bank overdraft amounted to €574.1 million. As at 31 March 2024, the aggregate amount of undrawn borrowing facilities was €425.6 million.

SUMMARISED CASH-FLOW STATEMENT

For the year ended 31 March	**2024** *€ '000*	**2023** *€ '000*
Profit before tax, adjusted for non-cash items	431,943	491,008
Changes in working capital	(95,146)	(121,190)
Income tax paid	(76,254)	(69,610)
Net cash inflow from operating activities	260,543	300,208
Net cash outflow for capital expenditures	(66,274)	(46,335)
Free cash flow[(1)]	**194,269**	**253,873**
Net cash (outflow) from investment in new ventures and financial assets	(109,243)	(35,725)
Net cash (outflow) from financing activities	(124,905)	(436,795)
Effect of exchange rate changes	10,153	5,003
Net (decrease) in cash, cash equivalents and bank balances	**(29,726)**	**(213,644)**

(1) *Free cash flow generated for FY2024 was €194.3 million, as compared to €253.9 million in FY2023. The decrease was due to the impacts of group structure changes, higher tax paid due to an increased tax rate in some countries, strong profits in certain brands and investments in store network.*

Management Discussion & Analysis

CAPITAL EXPENDITURES

Net cash used in capital expenditures was €66.3 million in FY2024, as compared to €46.3 million in FY2023, representing an increase of €20.0 million. The capital expenditures for FY2024 were primarily related to:

- Leasehold improvements and other tangible assets related to point of sales for €21.8 million, mainly on L'OCCITANE en Provence and ELEMIS;
- Investment in production line, warehouses and offices for €24.3 million, representing an increase of €12.1 million as compared to FY2023 due to new US warehouse and increased investments at France factory/warehouse;
- IT equipment, software and projects for €15.8 million; and
- Investment in the Mirova fund Sicav for € 4.4 million.

INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND FINANCIAL ASSETS

Net cash outflow from investment in subsidiaries, associates and financial assets was €109.2 million in FY2024, as compared to €35.7 million in last year. The outflow this year was mainly for the acquisition of Dr. Vranjes Firenze Group for a net amount of €116.7 million, the additional investment in Good Glamm Group associates for €9.4 million, partially offset by the disposal of CAPSUM for €25.0 million. In FY2023, the main outflow was mainly for the acquisition of Grown Alchemist for €3.5 million and the increase of interests in L'Occitane Middle East for €13.4 million.

FINANCING ACTIVITIES

Financing activities in FY2024 ended with a net cash outflow of €124.9 million (FY2023: outflow of €436.8 million). Net cash outflow during the year mainly reflected the following:

- Principal components of lease proceeds of €104.7 million under IFRS 16;
- Payment of dividend for €46.4 million; and
- Transactions with ELEMIS and Grown Alchemist non-controlling interests for €11.6 million.

This was partly offset by the following cash inflow:

- Net bank borrowing proceeds for €32.2 million; and
- Net settlement of share options for €5.6 million.

INVENTORIES

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

	FY2024	FY2023
Average inventory turnover days(1)	267	255

(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 €450.3 million as at 31 March 2024, an increase of 42.0%, or €133.1 million as compared to 31 March 2023. The increase in inventory net value was due mainly to the expansion of Sol de Janeiro.

Average inventory turnover increased by 12 days in FY2024, as a result of the growth in sales and thus increase in cost of sales as compared to last year combined with the expansion of Sol de Janeiro. The increase in inventory turnover days by 12 days was attributable to the following:

- Increase in finished goods of comparable brands for +13 days;
- Increase in raw materials and work in progress for +5 days; and
- Increase in inventory provision for +3 days;

which was partly offset by:

- Decrease in mini products and pouches of comparable brands for -8 days; and
- Favourable FX impact for -1 day;

TRADE RECEIVABLES

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

	FY2024	FY2023
Turnover days of trade receivables(1)	41	40

(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 1 day to 41 days for FY2024 as compared to FY2023. The increase was a net result of higher sell-in sales from Sol de Janeiro partly offset by ELEMIS and L'OCCITANE en Provence and 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:

	FY2024	FY2023
Turnover days of trade payables(1)	63	67

(1) Turnover days of trade payables equals to the average trade payables divided by expenses (including cost of sales but excluding amortisation, impairment and employee benefits) and multiplied by 365. Average trade payables equals to the average of trade payables at the beginning and end of a given period. FY2023 was updated to reflect the current calculation method.

The reduction of 4 days was mainly explained by the increase in expenses by 33%. Excluding Sol de Janeiro, the decrease was mainly 12 days for trade payables and 2 days for the accrued expenses which would have led to a reduction of 14 days. On the other hand, Sol de Janeiro's rapid expansion drove a global increase in turnover days by 10 days.

Management Discussion & Analysis

BALANCE SHEET RATIOS

Return on capital employed in FY2024 was 7.5%, a decrease of 0.9 points as compared to FY2023, as a result of a decrease in net operating profit after tax by 13.9% accompanied by a decrease of 10.1% in capital employed mainly due to the significant increase of the valuation of the put option granted to Sol de Janeiro non-controlling interests, linked to the growth of the brand.

The capital and reserves attributable to the equity owners decreased by €282.3 million in FY2024, being a net result of comprehensive income for the year, dividend distribution and decrease in other reserves from the significant increase of the Sol de Janeiro non-controlling interests put option.

The Group's gearing ratio slightly changed from 28.2% in FY2023 to 28.1% in FY2024. If the impacts of IFRS 16 were excluded, gearing ratio in FY2024 would be 20.3%.

	Reported FY2024	***Reported FY2023***
Profitability		
EBITDA[1]	446,006	465,973
Net operating profit after tax (NOPAT)[2]	123,543	153,406
Capital employed[3]	1,648,160	1,834,307
Return on capital employed (ROCE)[4]	7.5%	8.4%
Return on equity (ROE)[5]	11.0%	10.1%
Liquidity		
Current ratio (times)[6]	0.9	1.2
Quick ratio (times)[7]	0.5	0.8
Capital adequacy		
Gearing ratio[8]	28.1%	28.2%
Debt to equity ratio[9]	80.8%	54.5%

(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. Note that working capital excludes financial liabilities such as dividends.*
(4) *NOPAT/capital employed*
(5) *Net profit attributable to equity owners of the Company/shareholders' equity at year end excluding non-controlling 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 2024, the Company had foreign exchange derivatives net assets of €0.8 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 2024 were primarily sale of Chinese yuan for an equivalent amount of €91.7 million, Hong Kong dollar for €31.5 million, Japanese yen for €19.8 million, US dollar for €15.7 million, Brazilian reals for €10.2 million, Australian dollar for €9.1 million, Great British pound for €8.1 million, Mexican peso for €6.4 million and Swiss francs for €5.6 million.

DIVIDENDS

At the Board meeting held on 26 June 2023, the Board recommended a gross dividend distribution of €0.03129 per share for a total amount of €46.0 million or 40.0% of the net profit attributable to the equity owners of the Company for FY2023. The amount of the final dividend was based on 1,471,665,650 shares in issue as at 26 June 2023 excluding 5,299,241 treasury shares. The shareholders of the Company (the "**Shareholders**") approved this dividend at a meeting held on 27 September 2023. The dividend was duly paid on 20 October 2023.

The Company has confirmed on 29 April 2024 in the joint announcement released on the same day, it has (a) not declared any dividend or distribution which remains unpaid; and (b) no plan to declare, recommend, or pay any dividends or make any other distributions until the close of the share offer.

EVENTS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Following the engagement letter signed on 15 March 2024, L'Occitane International S.A. took part in a fund raising round carried out by Good Glamm Group (accounted for using the equity method) on 7 April 2024, contributing €8,036 thousand and reaching its percentage interest to 15.83%. As at 31 March 2024, this engagement was a derivative recognized at fair value, for which the amount is nil.

On 2 April 2024, L'Occitane International S.A. purchased Dr. Vranjes Japan KK for €6.8 million. Dr. Vranjes Japan KK is a company managing Dr. Vranjes brand stores in Japan.

On 29 April 2024, the Board announced that L'Occitane Groupe S.A. offered to acquire all shares in the Company that it does not already own, with the intention to privatise and delist the Company from The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). The rationale is to allow the current management team, which would remain in place, to continue operations of the Company's business as it is and invest in long-term sustainable growth initiatives as a privately held company.

Management Discussion & Analysis

STRATEGIC REVIEW

In FY2024, the Group saw solid momentum, with sales growing by 24.1% at constant rates, exceeding €2.5 billion. This growth was achieved despite ongoing macroeconomic challenges, including weak general consumption trends in EMEA and APAC. Growth was driven by the strong performance of Sol de Janeiro and the steady performance of L'OCCITANE en Provence, particularly in China where it outperformed in a difficult market.

The Group's operating profit margin was 12.1% on a management basis, in line with the management's expectations. This followed a conscious decision to increase marketing investments in key markets and channels to sustain its brands' sales growth, capture new premiumisation trends and solidify its position as a competitive multi-brand, generationally appealing and geographically balanced group, delivering against the triple bottom line – people, planet and profit.

The Group's omni-channel strategy continued to deliver a more balanced channel mix and refine the customer journey on- and offline. Expanded contributions from Sol de Janeiro, which has a higher wholesale mix, saw the wholesale & others channel become the Group's largest channel. It contributed nearly 40.0% of total net sales and grew by 45.7% at constant rates in FY2024. Meanwhile, Online channels posted 25.2% growth at constant rates, mainly driven by Sol de Janeiro, ELEMIS, as well as L'OCCITANE en Provence's newly launched marketplace channel on Douyin in China. Retail sales globally grew 3.0% at constant rates, mostly contributed by the relative improvement of the retail environment in China compared to FY2023.

By brand, L'OCCITANE en Provence underperformed relative to the Group's other brands in terms of global growth and profitability, despite receiving the largest portion of the marketing budget to capture growth opportunities and maintain market shares in an increasingly competitive environment. Sol de Janeiro focused on expanding its distribution channels and entering new product categories to develop a full body regimen geared towards high-replenishment, high-frequency subcategories to maintain its growth track record. Meanwhile, ELEMIS continued to focus on its premiumisation strategy, while also accelerating marketing investments to drive expansion of all channels and build a foundation for sustainable growth.

L'OCCITANE en Provence pursues efforts to seize opportunities and preserve market share

L'OCCITANE en Provence is continuing its efforts to elevate its brand positioning, investing in strengthening brand equity, packaging redesign, and upgrading retail and digital experiences. In FY2024, L'OCCITANE en Provence invested heavily in China, but also in the US, Japan and the travel retail channel, to maintain and expand market shares. Although the operating profit margin was not favourable in FY2024, these significant marketing investments drove a steady growth of 2.7% at constant rates, mainly contributed by double-digit sales growth in China.

In China, the brand's expanded marketing efforts delivered above-market growth, despite muted consumption growth in the overall economy. Major campaigns for Double 11 in 2023 maximised the desirability of L'OCCITANE en Provence's *Almond* and *Shea Butter* ranges. Both ranges saw positive growth, maintaining the brand's No. 1 leadership position in the hand cream and body wash categories in terms of social media searches and sales.

Holiday campaigns in China for Christmas and Chinese New Year capitalised on the brand's unique gifting equity. Social media content featuring celebrities and was complemented by national roadshows that provided a unique experience to offline consumers. As a result, the brand saw double-digit sales growth in China in December 2023. Meanwhile, the Chinese New Year campaign helped propel the *Immortelle Divine Cream* to become the No. 1 face cream across online and offline channels.

In other key markets, L'OCCITANE en Provence saw high-single-digit growth in the US in FY2024 following successful social media strategies and increased marketing spending with key partners such as Amazon, Sephora and Nordstrom, that resulted in sustained growth in sell-in sales. Propelled by its iconic *Shea Butter Hand Cream* going viral on social media, L'OCCITANE en Provence became a top 10 brand in earned media value in the US.

In Japan, two consecutive TV campaigns for the *Immortelle Overnight Reset Oil-In-Serum* successfully drove new recruitments by 155%, in addition to a two-place improvement in sales ranking in the face care category during the last quarter in FY2024 compared to first half of FY2024. In addition, L'OCCITANE en Provence's *Anti-Hair Loss Advanced Scalp Treatment* won multiple awards, becoming one of the top 3 hair care SKUs in the country.

In the travel retail channel, L'OCCITANE en Provence experienced a single-digit percentage decline that was largely attributed to the challenges faced in the China market. Strict implementation of regulatory compliance in FY2024 Q3 resulted in orders being put on hold, but the Company was able to comply with the requirement and restore its travel retail sales pipeline in China. To further propel the Group's brands onto the global stage and drive continued growth and success in the premium beauty travel retail sector, the Group has formed a new travel retail team, including the appointments of key global and regional positions.

Management Discussion & Analysis

Sol de Janeiro sustains strong performance

Sol de Janeiro continued to perform strongly, growing 167.1% at constant rates in FY2024 and delivering triple-digit growth across all geographies. It is now the Group's second-largest brand and the largest contributor to its profitability, with an operating margin of 23.6%.

The brand's performance was driven by the ongoing success of the *Brazilian Bum Bum Cream* and blockbuster launches in the fragrance mist category. This was further boosted by the release of limited collections, such as the brand's first fall fragrance mist, and new products such as the *Delicia Drench Body Butter* and *Cheirosa 59* fragrance ranges, the success of which established the brand's year-round appeal. It also recently released new growth drivers, including the *Rio Radiance* SPF 50 Collection.

Sol de Janeiro also successfully expanded its distribution channels and markets. The brand has established itself as a preferred partner for major beauty retailers in key markets. It is currently the No. 1 skincare brand in Sephora in the US, Douglas in Germany and Mecca in Australia. It was also the No. 1 skincare brand in Sephora in Southeast Asia at launch. The brand also further penetrated its home market in the US through the launch with Ulta in January 2024.

In the travel retail segment, it implemented a strategy of strong visual merchandising to attract the attention of travellers at airports which paid off with triple-digit sales growth compared with the internal plan.

ELEMIS continues to implement premiumisation strategy

In FY2024, ELEMIS's sales were flat following marked sales declines in the UK and US in FY2024 Q4, a result that was in line with management's expectations as it continued to implement its premiumisation strategy, reducing discounting depth and frequency to strengthen its position as a skin wellness and anti-ageing expert.

In the UK, sales were further impacted by sales phasing with some web partners. The overall sales decline in the US was mainly caused by a stock rebalancing programme by a customer in the maritime channel. However, sell-out sales in the channel for the full year was up 32.0%. Excluding the maritime channel, the US domestic business grew 15.7% in FY2024. As of the end of FY2024, all direct discounts on ELEMIS's US website had ceased as part of its accelerated premiumisation strategy.

Notably, ELEMIS delivered double-digit growth in China. Accelerated marketing investments on social media channels highlighting its global bestsellers such as the *Pro-Collagen Cleansing Balm*, alongside KOL livestreaming via Douyin supported the brand's sales growth. It also continued to explore marketing and business development opportunities on Little Red Book.

Despite the slower overall sales momentum, successful holiday campaigns, stepped-up marketing investments and new product launches placed ELEMIS among the top 5 face care brands in the UK and the top 15 face care brands in the US, with No. 1 and No. 2 earned media value rankings respectively in these two markets.

ELEMIS expanded its distribution by launching into 90 doors of Sephora in the US in February 2024, accompanied by one of its largest marketing campaigns in this market to date. In addition, ELEMIS is due to open its first standalone store in London as part of its premiumisation strategy, with plans for more selective store openings in the UK.

Acquisition of Dr. Vranjes Firenze and Melvita's repositioning strengthen the Group's multi-brand model

In recent years, accelerated M&A activity has seen the Group expand its portfolio of leading premium beauty and fragrance brands, making it more geographically balanced and appealing to Millennial and Gen Z consumers.

In March 2024, the Group acquired the Italian luxury home fragrance brand Dr. Vranjes Firenze. The brand combines Florentine artisanship with the innovation of fragrance science. This acquisition marks another step in the Group's strategy to build a balanced brand portfolio. Dr. Vranjes Firenze's combination of artisanship and innovation along with its capable management team, profitable financial performance, and focus on sustainability, makes it accretive to the Group's brand portfolio while strengthening its position in the niche home diffusers market.

Management Discussion & Analysis

At the same time, many of the Group's other brands delivered healthy growth in FY2024, led by L'OCCITANE au Brésil and Erborian which saw sales growth of over 35.0% at constant rates. Although it was still loss making, Melvita's performance also significantly improved with a successful rebrand, achieving around 3.0% growth by year-end, as compared to a sales decline in the first half of the year. The brand repositioned itself at the vanguard of organic and efficacious beauty while attracting a younger audience with a new, vibrant, and fresh brand image. Those performances were partially set off by the underperformance of LimeLife. The brand has narrowed its sales decline compared to last year, but the performance remained unsatisfactory.

Organisation primed for growth after management transition

To position the Group for future growth and geographical expansion, it has concluded an evolution in its leadership. On 1 April 2024, Laurent Marteau, former Managing Director, succeeded André Joseph Hoffmann as the Group's Chief Executive Officer. The Group would like to sincerely thank Mr. Hoffmann for his valuable contribution during his tenure as Chief Executive Officer, steering the Company towards its strategic objectives, including geographical expansion and the successful acquisition of new brands. He will remain an executive Director and member of the Board. Further, effective from 30 June 2023, Samuel Antunes has been promoted to Chief Financial Officer. He has significant corporate finance experience and has been with the Group since 2010.

B Corporation™ enhances commitment to triple bottom line

The Group has a clear focus on delivering against the triple bottom line — people, planet and profit. In 2023, the Group became a certified B Corporation™, a unique marker of leadership for a company of its size and scale. This milestone builds on the Group's commitments to empowering communities, preserving biodiversity and mitigating climate change. Each B Corp must recertify every three years, encouraging the Group to continuously enhance the way it operates and seek to raise its high standards across all areas. The Group is committed to ensuring its newly acquired brands, Sol de Janeiro and Dr. Vranjes Firenze, achieve B Corp certification by 2026.

The Group set itself the ambition to pay each team member worldwide a living wage by FY2026. Furthermore, the Group continued to work on reducing its carbon footprint and plastic pollution, promoting a circular economy for plastics, and strengthening its collaboration with suppliers to ensure responsible social and environmental impact management throughout its value chain. Regarding biodiversity, the Group is progressing well towards the traceability of plant-based raw materials. Currently, 81% of plants in L'OCCITANE en Provence and Melvita's raw materials are traceable to the plant's country of origin with the target to reach 90% by FY2026.

OUTLOOK

Looking ahead, the Group remains cautiously optimistic about its performance in FY2025. However, the Group's additional investments in marketing, store refurbishment, IT infrastructure and attracting talent will continue to weigh on its profit margins in the months and years ahead. These investments remain necessary for building upon the existing strengths of all of its brands – each of which requires brand-tailored and geography-specific strategies to grow or maintain their market position as competition in the global skincare and cosmetics industry continues to intensify with the entry of new international and local brands.

On 29 April 2024, the Board received a proposal from L'Occitane Groupe S.A. (the "**Offeror**"), the controlling shareholder of the Company and ultimately controlled by its Chairman, Reinold Geiger, expressing its intention to acquire all issued and outstanding shares in the Company that the Offeror does not already own, with the intention to delist the Company from the Hong Kong Stock Exchange and fully privatise the Group. The proposal is driven by the Offeror's vision to accelerate the Group's transformation and growth. By transitioning into a privately-owned business, the Group would gain increased autonomy in pursuing strategic investments and implement strategies more efficiently.

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 C1 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".

The Company has complied with all of the applicable code provisions of the CG Code as set out in Appendix C1 to the Listing Rules throughout FY2024.

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 C3 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 2024 (the "Review Period").

BOARD OF DIRECTORS

Culture

Our actions are guided by our mission and values whose core principles are defined below.

The Board ensures that the business strategies be compliant with the corporate culture by acting on that way and promoting it.

Corporate Mission

- With empowerment we positively impact people and regenerate nature.

  Employees: Empowerment is at the core of our work.

  Consumers and communities: Our actions should have a positive impact on people.

  Planet: Regeneration guides everything we do.

Corporate Values

- Entrepreneurship
- Team spirit
- Leading by example
- Authenticity

Responsibilities

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 four 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

Shareholder's Meeting
Annual General Meeting
Extraordinary General Meeting

Board of Directors
Directors elected by the Shareholders' Meeting

Audit Committee	**Nomination Committee**	**Remuneration Committee**	**Sustainability Committee**

Chairman & CEO

Management

Corporate Governance Report

Composition of the Board

The Board currently consists of ten Directors, comprising five 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 52 to 57 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 2023		As at 31 March 2024	
	Male (%)	***Female (%)***	***Male (%)***	***Female (%)***
Overall male to female ratio	14	86	14	86
By rank:				
Directors	78	22	80	20
Senior Management	45	55	50	50
Officers and others	14	86	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 FY2024:

Name	Category	Board Meeting Meeting Attended/ Eligible to Attend	Audit Committee Meeting Meeting Attended/ Eligible to Attend	Attendance: 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 (Chairman)	ED	13/14					1/1
André Hoffmann	ED	14/14			2/2		1/1
Laurent Marteau [(1)] (Chief Executive Officer)	ED	8/8					0/0
Karl Guénard	ED	14/14					1/1
Séan Harrington	ED	13/14					1/1
Thomas Levilion	NED	12/14	4/4			2/2	0/1
Mark Broadley	INED	14/14	4/4			2/2	1/1
Jackson Ng	INED	14/14	4/4	2/2			1/1
Betty Liu	INED	12/14		2/2	2/2	2/2	0/1
Christèle Hiss Holliger	INED	14/14		2/2	2/2	2/2	1/1

Note:

(1) Mr. Laurent Marteau was appointed as an ED on 27 September 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 FY2024, 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 FY2024 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 FY2024.

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 FY2024, 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.

Corporate Governance Report

The following is a summary of the work performed by the Audit Committee during FY2024:

i. Review of the report from the auditor on the audit of the final results of the Group for FY2023;

ii. Review of the draft financial statements of the Group for FY2023;

iii. Review of the draft results announcement and annual report of the Group for FY2023;

iv. Review of the audit fees payable to the external auditor for FY2023;

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 2023;

vii. Review of the internal control system including the internal audit results analysis and the internal audit plan for 2023–2024, 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 (the "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.

Corporate Governance Report

(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 FY2024:

The first one was concerning the potential nomination of Mr. Laurent Marteau as a new ED.

The second one was concerning the potential appointment of Mr. Samuel Antunes and the proposals in relation to the re-election of Mr. Séan Harrington as an ED, Mr. Thomas Levilion as a NED, and Mrs. Christèle Hiss Holliger, Mr. Mark Broadley and Mr. Jackson Ng as INEDs in the next annual general meeting of the Company.

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 (Chairwoman), 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 FY2024:

i. Analysis of market practices and consideration of Long Term Incentive Plan 2024.

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

iii. Consideration of specific long term incentive 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 two 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 and the Senior Management:

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 FY2024 was approximately €4,913,000. 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 one Director, for FY2024 was approximately €13,152,000. Details are set out in note 32.1 to the consolidated financial statements.

iii. The grant of options as part of a long-term incentive plan to an ED and to senior management in connection with the performance criteria attached hereto have been evaluated and recommended subject to market practice and stock options of LOC SOL Owners Inc. were granted to Ms. Heela Yang and her financial holding company, First Octave LLC, respectively in FY2024 following the recommendation of the Remuneration Committee. Details are set out in note 18.3 to the consolidated financial statements.

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 FY2024. 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 two meetings of the Sustainability Committee held during the Review Period.

AUDITOR'S REMUNERATION

The fees in relation to the audit services for FY2024, amounted to approximately €3,276,000 of which €2,804,000 related to PricewaterhouseCoopers, the external auditor.

Fees in relation to the non-audit services for FY2024, amounting approximately €536,000, were paid to PricewaterhouseCoopers, the external auditor, during the year.

	€'000
Annual audit and interim review services	3,276
Non-audit services	536
TOTAL	3,812

Corporate Governance Report

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 76 to 81 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 FY2024, 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 FY2024, 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 FY2024 and was satisfied with the implementation and effectiveness of the Shareholders communication policy.

CHANGES IN CONSTITUTIONAL DOCUMENTS

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 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.

Corporate Governance Report

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 its mission: With empowerment we positively impact people and regenerate nature. 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 ESG Reporting Guide as set out in Appendix C2 to the Listing Rules.

Registered Office

49, Boulevard Prince Henri
L-1724 Luxembourg

Principal Place of Business in Hong Kong

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	76	Executive Director and Chairman
André Hoffmann	68	Executive Director
Laurent Marteau	47	Executive Director and Chief Executive Officer
Karl Guénard	57	Executive Director and Company Secretary
Séan Harrington	58	Executive Director and Chief Executive Officer of ELEMIS
Thomas Levilion	64	Non-Executive Director
Charles Mark Broadley	60	Independent Non-Executive Director
Christèle Hiss Holliger	52	Independent Non-Executive Director
Betty Liu	51	Independent Non-Executive Director
Jackson Chik Sum Ng	63	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 Australia Pty. Ltd. and L'Occitane Japon K.K.. He is also the chairman of L'Occitane LLC. 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.

Directors and Senior Management

André Hoffmann
Executive Director

Mr. André Hoffmann was appointed as an executive Director with effect from 2 May 2001 and is also a director of LOG and LOGI. Mr. Hoffmann is primarily focused on the strategic, policy and directive matters of the Group. He previously served as the Group's Vice-Chairman and Chief Executive Officer until March 2024. 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.

Laurent Marteau
Executive Director and Chief Executive Officer

Mr. Laurent Marteau joined the L'OCCITANE Group as Managing Director in September 2022, before being appointed as an executive Director with effect from 27 September 2023 and Chief Executive Officer (CEO) on 1 April 2024.

Mr. Laurent Marteau, a graduate of Ombrosa, Sciences Po Lyon and EM Lyon Business School, has worked in the cosmetics industry for 25 years. He was with the LVMH Group for 15 years, holding various leadership roles worldwide and living in different countries. In 2014, he joined the La Prairie Group as Vice President of Global Travel Retail & Special Channels and a member of the Board of Directors, before being appointed Vice President of Europe, the Americas, the Middle East and Africa in 2020.

He has built extensive international experience in the cosmetics industry and a deep understanding of distribution channels. With his strong leadership, he has significantly contributed to developing companies' success, growth, organisation and profitability.

He leverages all these qualities, knowledge and experiences to serve the L'OCCITANE Group's objectives. With a particular focus on creating synergies and cross-functionalities, he aims to build a united and collaborative organisation focused on having a positive impact on people, the planet, and profit.

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

Samuel Antunes

Mr. Samuel Antunes, aged 42, is the Group's Chief Financial Officer. Mr. Antunes joined the Group in 2010 as International Treasurer and accumulated extensive experience in corporate finance over the years. Prior to becoming CFO, he was the Director of Group Cash Management and Financing, responsible for the Group's financing strategy and cash management. His role proved to be pivotal during the Group's accelerated M&A activity in recent years. Prior to his career at the Group, Mr. Antunes worked 5 years for Groupe Adeo, the 3rd DIY retailer in the world based in France, as treasurer. He holds a Master's Degree in Corporate Finance from the University of Lille.

Ingo Dauer

Mr. Ingo Dauer, aged 53, is the Group's General Counsel. 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 42, 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 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 39, is the CEO of L'OCCITANE en Provence. Mr. Adrien Geiger joined the Group in 2014 as Product Manager, and progressed to Chief Digital Officer shortly after. Prior to assuming his current role, he was the Group Chief Sustainability Officer and the L'OCCITANE en Provence Managing Director. Before joining the Group, Mr. Adrien Geiger worked for EDF Energies Nouvelles, a French leader in sustainable energy. Mr. Adrien Geiger holds a Master of engineering from the University of Oxford, UK and a Master of Business Administration (MBA) from the Wharton School, University of Pennsylvania, USA. Mr. Adrien Geiger is the son of Mr. Reinold Geiger, Chairman of the Group, and brother of Mr. Nicolas Geiger, CEO of L'OCCITANE au Brésil & Business Development Executive (Americas).

Nicolas Geiger	**Mr. Nicolas Geiger**, aged 43, is the CEO of L'OCCITANE au Brésil & Business Development Executive (Americas) where he oversees the shared services for the Group in New York. Mr. Nicolas Geiger graduated from Oxford University in 2004. For 2 years, he taught mathematics to underprivileged children before joining a London consulting firm. In 2007, he invested in Angel des Montagnes, a furniture and decoration company, of which he became commercial director. After an MBA at INSEAD in 2011, he joined the Group as Marketing Director in Brazil, where he participated in the creation of L'OCCITANE au Brésil. Promoted to Sales and Marketing Director in 2013, he was then appointed Director of L'OCCITANE au Brésil and General Manager of Brazil in 2014, which under his leadership experienced double-digit growth. While retaining his Brazilian functions, he was called to Tokyo in 2017 to head L'Occitane Japan. In 2022, he relocated to New York to help find synergies between the 6 brands present in the US while continuing to lead L'OCCITANE au Brésil. Mr. Nicolas Geiger is the son of Mr. Reinold Geiger, Chairman of the Group, and brother of Mr. Adrien Geiger, Managing Director of L'OCCITANE en Provence.
Marie Grasset	**Mrs. Marie Grasset**, aged 40, is the Group's Human Resources Director. 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.
Dorothée Massoulier	**Ms. Dorothée Massoulier**, aged 42, is the General Manager of Erborian. She joined the Group in 2012 as Marketing Manager of L'OCCITANE en Provence and progressed to Marketing Vice President two years after. She has over 16 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 54, 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. 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 Board submits its report together with the audited financial statements of the Group for FY2024.

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 3,040 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 Dr. Vranjes Firenze — 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 FY2024 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 33 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 2024 are provided in note 34 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, the Corporate Governance Report on page 34, this Directors' Report on page 60 and the ESG report available on the Group's corporate website.

RESULTS AND DIVIDENDS

The results of the Group for FY2024 are set out in the Consolidated Statements of Income on page 82 of this Annual Report.

The Board resolved that no distribution would be made from the profits for the year ended 31 March 2024 due to the proposed privatisation announced on 29 April 2024 (the "**Share Offer**").

The Company has confirmed on 29 April 2024 in the joint announcement released on the same day, it has (a) not declared any dividend or distribution which remains unpaid; and (b) no plan to declare, recommend, or pay any dividends or make any other distributions until the close of the Share Offer.

FIVE YEARS FINANCIAL SUMMARY

The five years financial summary of the Group is set out on page 188 of this Annual Report.

DISTRIBUTABLE RESERVES

As at 31 March 2024, 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 €675,599,547.

DONATIONS

Charitable and other donations made by the Group during FY2024 amounted to around €1,948,000.

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 FY2024, the Company transferred out a total of 3,253,650 shares held in treasury pursuant to the employees' free share and share option plans of the Company. The Company held 2,101,991 shares in treasury on 31 March 2024. Save as disclosed above, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during FY2024.

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 2024 are set out in note 35 to the consolidated financial statements.

DIRECTORS

The Directors during FY2024 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. Laurent Marteau
(appointed on 27 September 2023 as Executive Director and further appointed as Chief Executive Officer on 1 April 2024)

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, resigned as Vice-Chairman and Chief Executive Officer on 1 April 2024)

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)

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 C1 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 52 to 59 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 2024, 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	1,070,838,132 (long position)	72.50%
André Hoffmann	Beneficial interest	2,495,250 (long position)	0.17%
Laurent Marteau	Beneficial interest	1,013,731 (long position)	0.07%
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 74.27% of the entire issued share capital of LOG (being beneficial owner of 9,677,000 shares, having deemed interest in 491,783 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 2,101,991 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 2,101,991 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	10,169,036 (Note 1)	74.27%
André Hoffmann	Beneficial interest and deemed interest	2,478,286	18.10%
Karl Guénard	Beneficial interest	4,000	0.03%
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, 9,677,000 shares held by CIME and 491,783 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 13,691,954 shares issued, inclusive of 491,783 treasury shares held by LOG.

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

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

Save as disclosed herein, as at 31 March 2024, 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 2024, 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 S.à.r.l.	Interest in controlled corporation and deemed interest	1,069,689,382 (long position) (Note 1)	72.42%
Cime S.C.A.	Interest in controlled corporation and deemed interest	1,069,689,382 (long position) (Note 1)	72.42%
Société d'Investissements CIME S.A.	Interest in controlled corporation and deemed interest	1,069,689,382 (long position) (Note 1)	72.42%
LOG	Interest in controlled corporation and deemed interest	1,069,689,382 (long position) (Note 1)	72.42%
ACATIS Investment Kapitalverwaltungsgesellschaft mbH	Executor or administrator	102,073,750 (long position) (Note 2)	6.91%

Notes:

(1) *Each of Cime Management S.à.r.l. (indirectly) and Cime S.C.A. (directly) has 100% interest in shareholding of CIME and CIME has an interest in approximately 74.27% of the total issued share capital of LOG (being beneficial owner of 9,677,000 shares and having deemed interest in 491,783 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 S.à.r.l., Cime S.C.A., CIME and LOG have deemed interest in the 2,101,991 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 2,101,991 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 2024, 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 2024 are set out in note 18 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 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 and expired on 29 September 2023.

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. The Share Option Plan 2020 expired on 29 September 2023.

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, 2016 and 2020 (the "2010, 2013, 2016 and 2020 Options") during the year ended 31 March 2024 were as follows. No Options were granted under the Share Option Plan 2020 during this period.

Name/Category of participant	As of 01/04/2023	Number of Options Granted during the period	Cancelled or forfeited during the period	Exercised during the period	As of 31/03/2024	Date of grant	Exercise period (Note 1)	Exercise price per share (HK$)	Price immediately preceding the date of grant (Note 2) (HK$)	Weighted average closing price of shares immediately before the date of exercise during the period (HK$)
Directors										
Thomas Levilion	413,000	–	–	(413,000)	–	29-Mar-18	29/03/2022–29/03/2026	14.50	14.50	25.10
Karl Guénard	97,600	–	–	(97,600)	–	23-Mar-16	23/03/2020–22/03/2024	14.36	14.00	20.65
	83,700	–	–	–	83,700	10-Feb-17	10/02/2021–10/02/2025	15.16	15.03	N/A
	82,600	–	–	–	82,600	29-Mar-18	29/03/2022–29/03/2026	14.50	14.50	N/A
	61,000	–	–	–	61,000	27-Oct-22	27/10/2025–26/10/2029	20.67	20.15	N/A
Laurent Marteau	205,200	–	–	–	205,200	27-Oct-22	27/10/2025-26/10/2029	20.67	20.15	N/A
Sub-total (Note 3)	943,100	–	–	(510,600)	432,500					
Others										
Employees	422,900	–	–	(422,900)	–	23-Mar-16	23/03/2020–22/03/2024	14.36	14.00	27.06
	1,264,100	–	–	(697,850)	566,250	10-Feb-17	10/02/2021–10/02/2025	15.16	15.03	27.76
	2,639,071	–	(4,671)	(1,622,300)	1,012,100	29-Mar-18	29/03/2022–29/03/2026	14.50	14.50	27.63
	7,682,000	–	(1,184,100)	–	6,497,900	27-Oct-22	27/10/2025–26/10/2029	20.67	20.15	N/A
Sub-total (Note 3)	12,008,071	–	(1,188,771)	(2,743,050)	8,706,250					
Total	12,951,171	–	(1,188,771)	(3,253,650)	8,508,750					

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 expired on 29 September 2013, the Share Option Plan 2013 expired on 24 September 2016, the Share Option Plan 2016 expired on 27 September 2019 and the Share Option Plan 2020 expired on 29 September 2023.

(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 €2,139,000 was included in the consolidated statements of comprehensive income for the year ended 31 March 2024 (year ended 31 March 2023: €814,000). 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.

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.

On 30 June 2023, the Company granted 1,706,704 Free Shares pursuant to the Free Share Plan 2021 to certain eligible Employees (as defined in the rules of the Free Share Plan 2021). 808,531 Free Shares will vest on 30 June 2027 and 898,173 Free Shares will vest on 30 June 2026.

During FY2024, a total of 1,706,704 Free Shares were granted pursuant to the Free Share Plan 2021, leaving a balance of 5,637,148 Free Shares representing 0.4% 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 3 months.

KEY TERMS OF THE 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 expired on 29 September 2023	3 years from adoption, with the plan anticipated to end this year

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 the expired 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 2023	13,739,987	7,343,852
2.	Number of awards granted during the reporting period	0	1,706,704
3.	Number of awards remaining on 31 March 2024	0	5,637,148
4.	Number of shares that may be issued under the plan: number of granted awards less awards cancelled/exercised ("Outstanding Share Options")	6,764,100	1,706,704
5.	Percentage of Outstanding Share Options that may be issued in respect of Options and awards granted by the Company divided by the Company's issued shares (excluding Treasury shares) as at 31 March 2024	0.46%	0.12%

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 2023	0	0
2.	Number of awards granted during the reporting period	0	0
3.	Number of awards remaining on 31 March 2024	0	0
4.	Number of Outstanding Share Options	0	1,744,650
5.	Percentage of Outstanding Share Options that may be issued in respect of Options and awards granted by the Company divided by the Company's issued shares (excluding Treasury shares) as at 31 March 2024	0	0.12%

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 2024, the Company was in compliance with the conditions of the Waiver.

The Company held as at 31 March 2024, 2,101,991 ordinary shares as treasury shares, and the total number of ordinary shares in issue (excluding shares held as treasury shares) is 1,474,862,900.

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 FY2024, 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 2024 and up to the date of this Annual Report.

Directors' Report

CONNECTED TRANSACTION

On 28 March 2024, the Company sold, for cash consideration, a 49.24% equity interest in 14 Groupe S.A. and a 35% equity interest in Group Fourteen Holdings Pty Ltd (together called "Grown Alchemist Activity") to a corporation controlled by Mr. André Hoffmann, an executive Director. Grown Alchemist stands for an Australian based skincare brand that offers premium beauty products based on clean and scientifically innovative formulas commercialized in selective distribution channels.

The purchaser is 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 but was exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

On 29 March 2024, the Company entered into a supplemental stockholders' agreement pursuant to which, among other matters, LOC SOL Owners Inc. granted additional call options to First Octave LLC which is controlled by Heela Yang and corresponded to an additional 7% of the total equity interest of LOC SOL Owners Inc. at the time of exercise of such additional call option.

As the original interest being 16.28% equity interest in LOC SOL Owners Inc. was held by First Octave LL, the latter and its ultimate beneficial owner, Heela Yang, are connected persons of the Company at the subsidiary level and each of the options is treated as a connected transaction pursuant to Rule 14A.24(2)(a) of the Listing Rules.

For more details, please refer to the related announcements of the Company published on 2 April 2024.

The aforesaid connected transactions are only one-off transactions and do not constitute continuing connected transactions of the Company.

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 2024, the Company has not entered into any other equity-linked agreement.

Other related party transactions entered into by the Group during FY2024 as set out in note 32 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 2024 are set out in note 19 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 20 to the consolidated financial statements.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 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 36 to 49 of this Annual Report.

CONTINGENT LIABILITIES

Details of contingent liabilities are set out in note 30.2 to the consolidated financial statements.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 34 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 2024, the Group had 9,255 employees (31 March 2023: 8,701 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
24 June 2024

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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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 2024;
- 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, including material accounting policy information and other explanatory information.

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	**How our audit addressed the key audit matter**
Revenue recognition For the year ended 31 March 2024, the Group recorded net sales of €2,542 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 channel: comprises sales of products directly to final customers mainly through a worldwide network of stores and Group's website. 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 — Online, wholesale and other channels: 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.	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	How our audit addressed the 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 Management estimates about the total number of award credits expected to be redeemed.	
Assessment of impairment on non-current assets and goodwill At 31 March 2024, the Group had goodwill of €957.0 million, intangible assets of €488.3 million (including trademarks for €445.1 million), right-of-use assets of €292.2 million and leasehold improvements for €44.5 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. 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, judgements and estimates by Management, as detailed in note 4 to the consolidated financial statements.	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. 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;

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
	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.
Valuation of put option arrangements For the year ended 31 March 2024, the Group had non-current financial liabilities related to put options towards non-controlling interests for €684 million. As described in note 2.2, put options are recognized as follows: 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 of consideration in transactions with non-controlling interests". All variations related to changes in estimates, exchange differences and discount unwinding are accounted for in "Equity — Excess of consideration in transactions with non-controlling interests". If the option expires unexercised, the liability is derecognised with a corresponding credit to "Equity — Excess consideration paid in transactions with non-controlling interests". We considered the valuation of those specific liabilities to be a key audit matter, as they required significant audit attention due to their size but also because Group's assessment of the present value is usually based on the future performance of the business, which involves significant assumptions, judgments and estimates by Management, as detailed in note 6.2 to the consolidated financial statements.	a) We assessed the compliance of the Group's put options accounting policy with IFRS and tested its application in the consolidated financial statements. b) We inspected the legal documentation to obtain an understanding of the transaction including exercise and maturity dates of the options and computation method as defined in the agreement; c) We obtained an understanding of the Group's process and controls by which the business projections were drawn up and compared the underlying inputs to the latest plan approved by Management; d) We assessed the consistency of cash flow projections with Management's assumptions and the economic environment in which the Group operates; e) 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; f) We compared the projected cash flows of the previous business plan with the actual results to assess the reasonableness of the assumptions; g) We assessed, with the assistance of our valuation experts the reasonableness of the discount rate applied to the net present value computation; h) When relevant, we assessed the reasonableness of the put option exercise date as determined by Management; i) We verified the appropriateness of the disclosure in the consolidated financial statements.

Independent Auditor's Report

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 IFRS Accounting Standards, 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;

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, 24 June 2024

Represented by

Magalie Cormier

Consolidated Statement of Income

Year ended 31 March		**2024**	**2023**
In thousands of euros, except per share data	*Notes*		
Net sales	(5.2)	**2,541,941**	**2,134,689**
Cost of sales		(525,630)	(416,548)
Gross profit		**2,016,311**	**1,718,141**
% of net sales		*79.3%*	*80.5%*
Distribution expenses	(23)	(857,682)	(784,702)
Marketing expenses	(23)	(578,346)	(367,709)
Research and development expenses	(23)	(26,153)	(22,481)
General and administrative expenses	(23)	(259,529)	(201,498)
Other operating income	(24)	18,032	4,060
Other operating expenses	(24)	(64,740)	(90,089)
Share of profit/(loss) from associates and joint ventures accounted for using the equity method	(11)	(14,807)	(16,590)
Operating profit		**233,086**	**239,132**
Finance income	(25)	6,949	2,799
Finance costs	(25)	(47,309)	(56,312)
Foreign currency gains/(losses)	(26)	(3,516)	(6,002)
Profit before income tax		**189,210**	**179,617**
Income tax expense	(27)	(87,387)	(61,424)
Profit for the year		**101,823**	**118,193**
Attributable to:			
Equity owners of the Company		93,893	115,110
Non-controlling interests	(12)	7,930	3,083
Total		**101,823**	**118,193**
Earnings per share attributable to equity owners of the Company during the year *(expressed in euros per share)*			
Basic	(28)	0.064	0.078
Diluted	(28)	0.064	0.078
Number of shares used in earnings per share calculation			
Basic	(28)	1,474,862,900	1,471,609,250
Diluted	(28)	1,476,347,642	1,473,649,115

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

Consolidated Statement of Comprehensive Income

Year ended 31 March *In thousands of euros*	*Notes*	**2024**	**2023**
Profit for the year		**101,823**	**118,193**
Total items that will not be reclassified to profit or loss			
Actuarial gains/(losses) on defined benefit obligation	(27.5)	(130)	1,410
Change in fair value of investments	(3.3)	(4,132)	(2,481)
		(4,262)	**(1,071)**
Items that may be subsequently reclassified to profit and loss			
Reclassification of currency translation differences relating to the sale of L'Occitane Russia		–	10,805
Currency translation differences	(3.3)	17,914	(50)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(11)	(78)	(600)
		17,836	**10,155**
Total comprehensive income/(loss)		**115,397**	**127,277**
Attributable to:			
— Equity owners of the Company		107,316	122,924
— Non-controlling interests	(12)	8,081	4,353
Total comprehensive income for the period		**115,397**	**127,277**

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 27.5.

(1) During the fiscal year ended 31 March 2024, currency translation differences were mainly generated by USD and GBP and notably concerned goodwill, trademark and right-of-use assets. The impact of USD and GBP translation differences amounted to €18,875 thousand as at March 31, 2024.

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

Consolidated Balance Sheet

ASSETS *In thousands of euros*	*Notes*	**31 March 2024**	**31 March 2023**
Property, plant and equipment	(7)	137,636	125,234
Right-of-use assets	(8)	292,177	271,656
Goodwill	(9)	957,017	893,542
Intangible assets	(10)	488,271	490,188
Deferred income tax assets	(27.2)	78,569	84,966
Investments accounted for using the equity method	(11)	38,133	66,124
Other non-current assets	(13)	73,506	76,636
Non-current assets		**2,065,309**	**2,008,346**
Inventories	(14)	450,273	317,197
Trade receivables	(15)	305,344	256,553
Other current assets	(16)	152,978	84,740
Derivative financial instruments	(3.3)	1,612	2,337
Cash and cash equivalents	(17)	139,519	147,255
Current assets		**1,049,726**	**808,082**
TOTAL ASSETS		**3,115,035**	**2,816,428**

EQUITY AND LIABILITIES		**31 March 2024**	**31 March 2023**
In thousands of euros	*Notes*		
Share capital	(18)	44,309	44,309
Additional paid-in capital	(18)	342,851	342,851
Other reserves		(698,474)	(368,342)
Retained earnings		1,167,991	1,120,146
Capital and reserves attributable to the equity owners of the Company		**856,677**	**1,138,964**
Non-controlling interests	(12)	54,835	48,037
Total equity		**911,512**	**1,187,001**
Borrowings	(19)	11,934	324,819
Lease liabilities	(8)	213,088	193,309
Other financial liabilities	(6.2)	684,839	338,650
Other non-current liabilities	(20)	39,076	22,343
Deferred income tax liabilities	(27.2)	115,698	99,488
Non-current liabilities		**1,064,635**	**978,609**
Trade payables	(21)	308,987	210,103
Payroll and tax liabilities		124,522	98,461
Current income tax liabilities	(27)	21,561	25,424
Borrowings	(19)	562,128	194,040
Lease liabilities	(8)	89,017	82,393
Derivative financial instruments	(3.3)	859	248
Provisions	(29.2)	3,514	3,683
Other current liabilities	(20)	28,300	36,466
Current liabilities		**1,138,888**	**650,818**
TOTAL EQUITY AND LIABILITIES		**3,115,035**	**2,816,428**

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

Consolidated Statement of Changes in Shareholders' Equity

		Attributable to equity owners of the Company										
				Other reserves								
In thousands of euros	*Notes*	Share capital	Additional paid in capital	Share based payments	Other items	Cumul. currency transl.diff.	Treasury shares	Actuarial gains/ (losses)	Excess of consideration paid in transaction with non-controlling interests	Profit for the period	Non-controlling interests	TOTAL EQUITY
Balance at 31 March 2022		**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)
Reclassification of currency translation differences relating to the sale of L'Occitane Russia		–	–	–	–	10,805	–	–	–	–	–	10,805
Change in fair value of equity investments at fair value through other comprehensive income		–	–	–	(2,380)	–	–	–	–	–	(101)	(2,481)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		–	–	–	–	(600)	–	–	–	–	–	(600)
Actuarial losses on defined-benefit obligation		–	–	–	–	–	–	1,410	–	–	–	1,410
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)
Contribution from the parent		–	–	814	–	–	–	–	–	–	–	814
Exercise of 1,473,429 stock options		–	–	(3,372)	2,686	–	3,372	–	–	–	–	2,686
Contribution from the parent		–	–	–	–	–	–	–	–	–	–	–
Employee share option: value of employee services		–	–	2,146	–	–	–	–	–	–	–	2,146
Total contributions by and distribution to owners of the Company		**–**	**–**	***(412)***	***2,686***	**–**	***3,372***	**–**	**–**	***(96,843)***	***(405)***	***(91,602)***
Change in estimates 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		–	–	–	–	–	–	–	–	–	3,505	3,505
Other movements		–	–	–	–	–	–	–	–	3,998	(3,998)	–
Total transaction with owners		**–**	**–**	**–**	***(166,785)***	**–**	**–**	**–**	**–**	***3,998***	***(493)***	***(163,280)***
Balance at 31 March 2023		**44,309**	**342,851**	**23,833**	**(151,362)**	**(164)**	**(12,104)**	**3,523**	**(232,068)**	**1,120,146**	**48,037**	**1,187,001**

		Attributable to equity owners of the Company										
				Other reserves								
In thousands of euros	*Notes*	**Share capital**	**Additional paid in capital**	**Share based payments**	**Other items**	**Cumul. currency transl.diff.**	**Treasury shares**	**Actuarial gains/ (losses)**	**Excess of consideration paid in transaction with non-controlling interests**	**Profit for the period**	**Non-controlling interests**	**TOTAL EQUITY**
Balance at 31 March 2023		**44,309**	**342,851**	**23,833**	**(151,362)**	**(164)**	**(12,104)**	**3,523**	**(232,068)**	**1,120,146**	**48,037**	**1,187,001**
Comprehensive income												
Profit for the year		–	–	–	–	–	–	–	–	93,892	7,930	101,822
Other comprehensive income												
Currency translation differences		–	–	–	–	17,763	–	–	–	–	151	17,914
Change in fair value of equity investments at fair value through other comprehensive income		–	–	–	(4,132)	–	–	–	–	–	–	(4,132)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		–	–	–	–	(78)	–	–	–	–	–	(78)
Actuarial losses on defined-benefit obligation		–	–	–	–	–	–	(130)	–	–	–	(130)
Total comprehensive income		**-**	**-**	**-**	***(4,132)***	***17,685***	**-**	***(130)***	**-**	***93,892***	***8,081***	***115,396***
Transactions with owners												
Dividends paid		–	–	–	–	–	–	–	–	(46,047)	(312)	(46,359)
Contribution from the parent		–	–	1,273	–	–	–	–	–	–	–	1,273
Exercise of 3,253,650 stock options		–	–	(7,447)	5,614	–	7,447	–	–	–	–	5,614
Contribution from the parent		–	–	–	–	–	–	–	–	–	–	–
Employee share option: value of employee services		–	–	2,139	–	–	–	–	–	–	–	2,139
Total contributions by and distribution to owners of the Company		**-**	**-**	***(4,035)***	***5,614***	**-**	***7,447***	**-**	**-**	***(46,047)***	***(312)***	***(37,333)***
Change in estimates the valuation of the exercise price of the put options granted to non-controlling interests	(6.3)	–	–	–	(379,625)	–	–	–	–	–	–	(379,625)
Transactions with non controlling interests of Grown Alchemist		–	–	–	–	–	–	–	205	–	(231)	(26)
Transactions with non controlling interests of ELEMIS		–	–	–	–	–	–	–	1,890	–	(1,002)	888
Disposal of Grown Alchemist		–	–	–	23,400	–	–	–	–	–	1,811	25,211
Other movements		–	–	–	–	–	–	–	1,549	–	(1,549)	–
Total transaction with owners		**-**	**-**	**-**	***(356,225)***	**-**	**-**	**-**	***3,644***	**-**	***(971)***	***(353,552)***
Balance at 31 March 2024		**44,309**	**342,851**	**19,798**	**(506,105)**	**17,521**	**(4,657)**	**3,393**	**(228,424)**	**1,167,991**	**54,835**	**911,512**

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

Consolidated Statement of Cash Flows

Year ended 31 March		**2024**	**2023**
In thousands of euros	*Notes*		
Cash flows relating to operating activities			
Profit for the year from continuing operations		101,823	118,193
Adjustments to reconcile profit for the year to net cash from operating activities			
Depreciation, amortisation and impairment	(23.3), (24)	216,436	232,843
Tax expenses	(27.1)	87,388	61,424
Share-based payments	(18.3)	3,412	2,960
Unwinding of discount on lease liabilities	(8.2)	9,688	7,609
Interest (income) / expenses	(25)	22,027	10,003
Change in the fair value of derivatives		1,335	(1,366)
Change in the fair value of financial assets	(3.3)	8,645	35,901
Other losses/(gains) on sale of assets — net		2,375	288
Net movements in provisions and non-current liabilities		1,270	3,829
Share of (profit)/loss from associates and joint ventures accounted for using the equity method	(11)	14,807	16,590
Capital gain arising from the change in the % of interests in associates and joint ventures	(11)	(4,750)	(1,700)
Capital gain from the sale of Grown Alchemist	(6.1)	(10,486)	–
Capital loss from the sale of L'Occitane Russia before reclassification of currency translation differences		–	3,632
Reclassification to income statement of the charge previously recognized in other comprehensive income (currency translation differences)		–	10,805
Total of non cash items		**352,147**	**382,818**
Interest paid	(25)	(22,027)	(10,003)
Income tax paid	(27.1)	(76,254)	(69,610)
Changes in working capital			
Inventories		(132,482)	(54,957)
Trade receivables		(49,652)	(67,893)
Trade payables		99,364	9,183
Salaries, wages, related payroll items and other tax liabilities		23,576	(2,543)
Other assets and liabilities, net		(35,952)	(4,980)
Changes in working capital		**(95,146)**	**(121,190)**
Net cash inflow/(outflow) from operating activities		**260,543**	**300,208**
Cash flows relating to investing activities			
Acquisition of subsidiaries, net of cash acquired	(6.1)	(116,330)	(3,549)
Investments in associates	(11)	15,573	(13,456)
Acquisition of property, plant and equipment	(7)	(54,883)	(43,901)
Acquisition of intangible assets	(10)	(9,367)	(8,798)
Acquisition of financial assets, net of disposals	(3.3)	(6,502)	(7,066)
Proceeds from sale of intangible assets and property, plant and equipment		1,093	3,769
Deconsolidation of Grown Alchemist	(6.1)	(1,984)	–
Deconsolidation of L'Occitane Russia		–	(11,654)
Change in deposits and key money paid to lessors		709	58
Change in non-current receivables and liabilities		(3,826)	2,537
Net cash inflow/(outflow) from investing activities		**(175,517)**	**(82,060)**

Year ended 31 March		**2024**	**2023**
In thousands of euros	*Notes*		
Cash flows relating to financing activities			
Dividends paid to equity owners of the Company	(18.5)	(46,047)	(96,843)
Dividends paid to non-controlling interests		(312)	(405)
Proceeds from the sale of treasury shares	(18.2)	5,614	2,686
Principal components of lease payments	(8)	(104,730)	(113,744)
Proceeds from borrowings	(19.4)	426,487	398,312
Repayments of borrowings	(19.4)	(394,324)	(550,222)
Payment for acquisition of non-controlling interests in a non-wholly owned subsidiary	(6.1)	(11,593)	(76,579)
Net cash inflow/(outflow) from financing activities		**(124,905)**	**(436,795)**
Exchange gains/(losses) on cash, cash equivalents and bank overdrafts		10,153	5,003
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(29,726)**	**(213,644)**
Cash and cash equivalents at the beginning of the year		**147,255**	**360,899**
Cash and cash equivalents		*147,255*	*360,899*
Cash and cash equivalents at end of the year		**117,529**	**147,255**
Cash and cash equivalents		*139,519*	*147,255*
Bank overdrafts		*(21,990)*	*–*

The accompanying notes are an integral part of these 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", "Grown Alchemist" (disposed as of 31 March 2024) and "Dr Vranjes Firenze".

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 24 June 2024.

1.2. Main events of the year

Comparison with the comparative period ended 31 March 2023

The comparison of the consolidated financial statements is impacted by, the sale of L'Occitane Russia on 3 June 2022, the acquisition of Dr Vranjes on 15 March 2024 and the disposal of Grown Alchemist on 29 March 2024. All changes in Group structure are described in the Note 6.1.

Valuation of the receivable from the sale of L'Occitane Russia

At year-end, the Group management determined that fair value of the receivable from the sale of L'Occitane Russia was nil. A loss of €8,645 thousand is recorded as a financial item within "Finance costs" (see Note 25).

Impairment test of LimeLife business

To take into account the slower than expected development of LimeLife, 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 €52,516 thousand was recorded as at 31 March 2023 in the line "Other operating expenses" within the operating profit (Note 4.1), and an additional impairment loss of €61,045 thousand was recorded as at 31 March 2024 for LimeLife goodwill.

Notes to the Consolidated Financial Statements

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 €600,000 thousand (revolving facility) maturing on 31 March 2026, whose terms are indexed to sustainability indicators (note 19.2):

- 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: Livelihoods Carbon fund Sicav and Mirova fund Sicav (Note 31.2).

2. SUMMARY OF MATERIAL 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 IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and as adopted by the European Union. 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.

2. SUMMARY OF MATERIAL 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 2023:

- International Tax Reform — Pillar Two Model Rules — these amendments to IAS 12 provides temporary relief from requirement to recognize and disclose information about deferred taxes assets and liabilities related to Pillar Two model rules and targeted requirements for affected entities. The Group is within the scope of the OECD Pillar two model rules. Since the Pillar Two legislation was not effective at the reporting date, the Group did not record any related current tax expense. Under the legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. For the Group, the Pillar Two model rules should be applicable as from FY25. As at 31 March 2024 based on a preliminary assessment, jurisdictions that may be impacted by the International Tax reform and the potential impact are disclosed in note 27.6. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction — this amendment to IAS 12 requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases recognized by lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. In its consolidated financial statements as at 31 March 2024, the Group disclosed separately the deferred tax assets on lease liabilities and the deferred tax liabilities on right-of-use assets (note 27.2).

Other new and amended standards

Several other amendments became effective for annual reporting periods beginning on or after 1 April 2023, but do not have a material impact on the consolidated financial statements:

- Disclosure of Accounting Policies — this amendment to IAS 1 requires entities to disclose their "material accounting policy information" rather than their significant accounting policies. The amendments define what material accounting policy information is and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed and that if it is disclosed, it should not obscure material accounting policy information.
- Definition of Accounting Estimates — this amendment to IAS 8 clarifies how companies should distinguish between changes in accounting policies and changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events, as well as the current period.

Notes to the Consolidated Financial Statements

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

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

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

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

- Classification of Liabilities as Current or Non-Current, and Non-Current Liabilities with Covenants — this amendment to IAS 1 clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.
- Financial Instruments disclosures: supplier finance arrangements — this amendment to IAS 7 introduces new disclosure requirements in IFRS Standards to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.
- Lease liability in a sale and leaseback — this amendment to IFRS 16 specifies how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognise any amount of the gain or loss that relates to the right of use retained.

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.

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

2.2. Principles of consolidation *(continued)*

(b) Separate financial statements

For the individual Company balance sheet as presented in Note 33, 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 2024. 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.

(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 paid 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 paid 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 paid 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 paid in transactions with non-controlling interests".

Notes to the Consolidated Financial Statements

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

2.2. Principles of consolidation *(continued)*

(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.

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.

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

2.2. Principles of consolidation *(continued)*

(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.

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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF MATERIAL 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).

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

2.4. Segment reporting *(continued)*

- **Other brands** — the sale of Erborian, LimeLife, L'OCCITANE au Brésil, Melvita, Grown Alchemist, Dr Vranjes Firenze 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.

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.

(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, 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 2.8). The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the trademark.

Notes to the Consolidated Financial Statements

2. SUMMARY OF MATERIAL 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.

(e) ***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.

(f) ***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.

2. SUMMARY OF MATERIAL 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF MATERIAL 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.

2. SUMMARY OF MATERIAL 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.

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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF MATERIAL 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).

Property, plant and equipment, right-of-use assets and intangible assets (other than goodwill and trademarks) 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.

2. SUMMARY OF MATERIAL 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF MATERIAL 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 24).
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 24).

2. SUMMARY OF MATERIAL 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 24).
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 24).

Notes to the Consolidated Financial Statements

2. SUMMARY OF MATERIAL 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 2024 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 3.3. 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.

2. SUMMARY OF MATERIAL 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF MATERIAL 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. The Group mainly recognizes provisions for employee disputes, customer and warranty claims, dismantling and restoration obligations, restructuring costs and legal claims. They 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.

2. SUMMARY OF MATERIAL 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF MATERIAL 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 18.3.

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".

2. SUMMARY OF MATERIAL 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF MATERIAL 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".

2. SUMMARY OF MATERIAL 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF MATERIAL 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;
- Government grants;
- 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.

2. SUMMARY OF MATERIAL 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 3.1 (a)). 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 2.14 and Note 3.3);
- 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 2.14 and Note 3.3).

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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF MATERIAL 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 (both known and forecasted) and financing transactions.

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 2024, 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	CHF	Other	Total
Trade receivables	56,359	15,111	29,389	114,438	23,999	32,663	15,979	213	17,193	**305,344**
Other current assets	81,516	2,606	845	29,639	10,779	6,580	14,638	84	6,291	**152,978**
Cash and cash equivalents	59,377	2,239	3,190	39,809	3,676	3,162	3,714	783	23,569	**139,519**
Monetary assets	**197,252**	**19,956**	**33,424**	**183,886**	**38,454**	**42,405**	**34,331**	**1,080**	**47,053**	**597,841**
Borrowings	546,880	–	–	21,990	–	–	–	–	5,192	**574,062**
Trade payables	85,726	8,929	9,130	127,874	33,370	28,637	3,323	387	11,612	**308,988**
Payroll and tax liabilities	45,582	4,279	5,326	36,645	4,585	7,386	7,829	335	12,555	**124,522**
Monetary liabilities	**678,188**	**13,208**	**14,456**	**186,509**	**37,955**	**36,023**	**11,152**	**722**	**29,359**	**1,007,572**
Gross exposure in the statement of balance sheet	**(480,936)**	**6,748**	**18,968**	**(2,623)**	**499**	**6,382**	**23,179**	**358**	**17,694**	**(409,731)**

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1. Financial risk factors *(continued)*

(a) Market risk *(continued)*

Foreign exchange risk *(continued)*

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	CHF	Other	Total
Trade receivables	44,568	15,999	21,222	82,361	24,514	35,389	12,103	257	20,140	**256,553**
Other current assets	45,402	781	70	9,547	5,223	2,820	13,674	46	7,176	**84,740**
Cash and cash equivalents	30,536	1,867	2,233	45,655	13,878	15,097	1,825	20,359	15,806	**147,255**
Monetary assets	**120,507**	**18,647**	**23,525**	**137,563**	**43,615**	**53,306**	**27,602**	**20,663**	**43,122**	**488,548**
Borrowings	503,488	–	–	–	–	–	–	4,916	10,456	**518,859**
Trade payables	82,860	10,813	7,550	49,069	21,420	17,097	5,778	392	15,124	**210,103**
Payroll and tax liabilities	43,564	4,361	5,815	17,351	3,219	3,727	7,073	149	13,202	**98,461**
Monetary liabilities	**629,912**	**15,174**	**13,365**	**66,420**	**24,639**	**20,824**	**12,851**	**5,457**	**38,782**	**827,423**
Gross exposure in the statement of balance sheet	**(509,405)**	**3,473**	**10,160**	**71,143**	**18,976**	**32,482**	**14,751**	**15,206**	**4,340**	**(338,875)**

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 Chief Financial Officer.

The Group uses forward contracts to hedge the majority of its foreign exchange risk exposure and currency options hedging up to 40% of its exposure on its main currencies. All decisions to use foreign exchange derivatives-based products are formally approved by the Chief Financial Officer. 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.

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)***

Commercial transactions (continued)

Notional principal amounts of outstanding forward foreign exchange derivatives are as follows:

31 March	**2024**	**2023**
In thousands of euros		
Sale of currencies		
CNY	91,667	63,077
HKD	31,464	26,427
JPY	19,764	11,052
USD	15,663	17,995
BRL	10,179	–
AUD	9,134	13,128
GBP	8,146	3,473
MXN	6,418	6,817
CHF	5,629	201
Other	10,452	4,691
Purchase of currencies		
GBP	88,890	41,970
USD	76,020	22,151
CNY	14,052	16,437
JPY	4,381	15,223
HKD	3,058	656
CZK	1,502	809
CAD	1,295	1,527
Other	2,060	4,190

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 2024 and 2023, 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	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
USD	124,696	91,057	100,752	60,598	33,099	8,969
JPY	9,243	11,812	15,468	18,120	6,338	7,837
HKD	33,092	31,972	16,925	16,125	31,727	30,791
CNY	20,553	20,758	32,708	29,810	14,102	13,904
GBP	53,794	46,964	23,492	22,752	11,541	7,604

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 floating rates expose the Group to cash flow interest rate risk. An analysis of borrowings by type of interest rate is provided in Note 19.2.

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 debt covenants described in Note 19.1, the margin on 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 2024 and 2023, 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 19.2).

In thousands of euros	**2024**	**2023**
Sensitivity of finance costs	4,958	4,971
Sensitivity of finance income	947	1,419
Sensitivity of post-tax profit	860	438

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 securities, 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).

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 2024 and 2023, 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 are transferred to investment grade institutions. Cash and cash equivalents and derivative financial instruments are concentrated with a few independently financial institutions 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 2024 and 2023 were as follows:

31 March	**2024**	**2023**
In thousands of euros		
Cash and cash equivalents and bank overdrafts	139,519	147,255
Undrawn borrowing facilities (Note 19.3)	425,551	461,523
Liquidity reserves	**565,070**	**608,778**

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 19.1).

The analysis of the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining time to contractual maturity at the balance sheet date is disclosed in Notes 8.2 for lease liabilities, Note 19 for borrowings and Note 21 for trade payables. The amounts disclosed are the contractual undiscounted cash flows.

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.

Notes to the Consolidated Financial Statements

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

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 2024		31 March 2023	
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)	40,253	40,253	37,880	37,880
Financial assets at fair value through profit or loss (FVPL)	–	–	8,645	8,645
Derivative financial instruments	1,612	1,612	2,337	2,337
Total assets	**41,865**	**41,865**	**48,862**	**48,862**
Liabilities				
Floating rate	574,062	574,062	518,859	518,859
Total borrowings	**574,062**	**574,062**	**518,859**	**518,859**
Derivative financial instruments	859	859	248	248
Other financial liabilities	684,839	684,839	338,650	338,650
Total liabilities	**685,698**	**685,698**	**338,898**	**338,898**

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 2024				31 March 2023			
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	–	1,612	–	1,612	–	2,337	–	2,337
Financial assets at fair value through profit or loss	–	–	–	–	–	–	8,645	8,645
Financial assets at fair value through other comprehensive income (FVOCI) (Note 13)	10,551	2,476	27,226	40,253	9,416	2,847	25,617	37,880
Total assets	**10,551**	**4,088**	**27,226**	**41,865**	**9,416**	**5,184**	**34,262**	**48,862**
Liabilities								
Derivatives at fair value	–	859	–	859	–	248	–	248
Other financial liabilities (Note 6.2)	–	–	684,839	684,839	–	–	338,650	338,650
Total liabilities	**–**	**859**	**684,839**	**685,698**	**–**	**248**	**338,650**	**338,898**

(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.

Notes to the Consolidated Financial Statements

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3. Fair value estimate *(continued)*

Change in fair value measurements

	Level 1	Level 2		Level 3	
In thousands of euros	Financial assets at fair value other comprehensive income (FVOCI)[(1)]	Derivatives at fair value	Financial assets at fair value through other comprehensive income (FVOCI)	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income (FVOCI)[(2)]
Financial assets as at 31 March 2023	**9,416**	**2,337**	**2,847**	**8,645**	**25,617**
Transfer from level 2 to level 3	–	–	(775)	–	775
New financial assets	4,287	–	550	–	1,965
Disposals	–	–	–	–	(300)
Gain/(loss) recognised through OCI	(3,152)	–	(155)	–	(831)
Gain/(loss) recognised through profit or loss	–	(725)	–	(8,645)	–
Exchange difference	–	–	9	–	–
Financial assets as at 31 March 2024	**10,551**	**1,612**	**2,476**	**-**	**27,226**

(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 thousand (less than 3% of the shares). During July and October 2023, L'Occitane International S.A. invested additional amounts of respectively €3,284 thousand and €1,003 thousand in this company (Note 6.1). As at 31 March 2024, the total amount invested corresponds to €14,287 thousand including losses of €3,736 thousand recorded in other comprehensive income, of which €3,152 thousand was recognised during the period.

(2) Level 3 financial assets at fair value through other comprehensive income include investments in Truffle Capital fund for €15,032 thousand, a real estate fund (SCPI FI Commerce) for €8,290 thousand and Karista fund for €1,731 thousand. Other financial assets include 18 investments individually representing less than €300 thousand; for all the investments the percentage of voting shares is lower than 20%.

Other financial liabilities (Note 6.2)

Other financial liabilities correspond to the put options granted by the Group to non-controlling interests as described in Note 6.2.

Fair value of other financial instruments

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.

Other considerations for measuring the fair value of the receivable from the sale of L'Occitane Russia

On 19 May 2022, the Group decided to exit from its subsidiary L'Occitane Russia. 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. The capital loss on disposal estimated as at 3 June 2022 amounted to €14,437 thousand. The capital loss was recorded within "Other operating expenses" in the statement of income.

Main characteristics

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 entity's business to be determined by an independent expert.

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3. Fair value estimate *(continued)*

Other considerations for measuring the fair value of the receivable from the sale of L'Occitane Russia (continued)

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 measured at fair value through profit or loss.

Measurement of the fair value

The fair value of the receivable was €8,645 thousand as at 31 March 2023.

As at 31 March 2024, the Group's management assessed the fair value of the receivable to be nil due to the following:

- High risk of credit default (probability of default estimated at 100% based on market data).
- Lack of liquidity due to lack of transactions in relation to Russian entities.

The loss was recorded within "Finance costs" (see Note 25) in the statement of income.

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 18.3), valuation of put options (Note 6.2), contingencies (Note 30), the allocation of the purchase price for Dr Vranjes Firenze (Note 6.1) and the estimated fair value of the receivable from the sale of L'Occitane Russia (Notes 3.3).

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.

Notes to the Consolidated Financial Statements

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

4.1. Impairment test of non-current assets *(continued)*

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 5 years. Cash flows beyond the 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.

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 2024 *in millions of euros*		**ELEMIS**	**LimeLife**	**Melvita**	**Sol de Janeiro**
Business plan time frame in years		5 years	5 years	5 years	5 years
Compound annual growth rate in net sales over the plan		20.0%	18.3%	21.2%	11.5%
Average percentage of EBITDA over the plan		20.5%	-0.5%	9.3%	24.5%
Long-term growth rate		2.5%	2.5%	2.1%	2.5%
Post-tax discount rate		8.3%	8.1%	8.2%	8.1%
Carrying amounts of assets before impairment test		898.4	80.3	30.2	474.9
	Goodwill	540.0	70.5	13.1	214.5
	Trademark	283.3	–	14.1	165.9
	Other items	75.1	9.8	3.0	94.5
Recoverable amount		1,238.2	19.3	30.2	3,023.6
Headroom available/(impairment loss)		339.8	(61.0)	–	2,548.7

For LimeLife, the carrying amount of the CGU has been reduced to its recoverable amount through recognition of a total impairment loss of €111,918 thousand against goodwill, including €61,045 thousand recognised this year.

For Melvita, the carrying amount of the CGU has been reduced to its recoverable amount through recognition of a total impairment loss of €22,848 thousand against goodwill, recognised in FY23.

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 2023 *in millions of euros*		**ELEMIS**	**LimeLife**	**Melvita**	**Sol de Janeiro**
Business plan time frame in years		5 years	5 years	5 years	5 years
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

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 FY29 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 CGUs would equal its carrying amount if the key assumptions were to change individually as follows:

	ELEMIS
CAGR	17.9%
EBITDA % for each year of the business plan decreased by	4.3 points
WACC	10.4%
Long-term growth rate	-0.3%

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	€1,137 thousand	€1,994 thousand
50 basis-point decrease in the EBITDA % for each year	€3,430 thousand	€4,861 thousand
50 basis-point increase in WACC	€2,164 thousand	€3,546 thousand
50 basis-point decrease in long-term growth rate	€1,839 thousand	€2,952 thousand

For L'OCCITANE en Provence and Sol de Janeiro, the estimated value in use significantly exceeds the carrying amount of CGUs to an extent that no reasonably possible change in any of the key assumptions would eliminate the headroom.

Goodwill arising from the acquisition of Dr Vranjes Firenze has not been tested for impairment, given its provisional nature and the absence of any indicator of impairment between the acquisition date of March 15, 2024 and March 31, 2024.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

4.2. 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 (Note 6.2). The value is discounted reflecting the current market assessment of the time value and the risk specific to the liabilities.

4.3. 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.

4.4. Share-based payments

The Group granted several long term incentive plans. In particular the Group granted equity instruments rights to LOC SOL Owners Inc. shareholders. The assessed fair value at grant date of the option is calculated using a multiple of EBIT less net debt that was estimated through three scenarios. The main assumption used in the model is the estimated EBIT at the vesting date (31 March 2028) (Note 18.3).

5. SEGMENT INFORMATION

For accounting policies related to segment information, see Note 2.4.

5.1. Operating segments

The main performance indicator for each operating segment is its operating profit/(loss). Operating segment information is as follows:

31 March 2024 *In thousands of euros*	**L'OCCITANE en Provence**	**Sol de Janeiro**	**ELEMIS**	**Other brands**	**Total**
Net sales	**1,388,910**	**686,051**	**252,987**	**213,993**	**2,541,941**
In % of total	*54.6%*	*27.0%*	*10.0%*	*8.4%*	*100.0%*
Gross profit	**1,173,738**	**503,718**	**186,808**	**152,047**	**2,016,311**
% of net sales	*84.5%*	*73.4%*	*73.8%*	*71.1%*	*79.3%*
Distribution expenses	(587,303)	(112,696)	(71,120)	(86,563)	(857,682)
Marketing expenses	(271,937)	(168,036)	(72,807)	(65,566)	(578,346)
Research & development expenses	(16,857)	(4,157)	(2,476)	(2,663)	(26,153)
General and administrative expenses	(154,948)	(57,205)	(20,794)	(26,582)	(259,529)
Share of profit/(loss) from associates and joint ventures	(14,807)	–	–	–	(14,807)
Other operating income	7,546	–	–	10,486	18,032
Other operating expenses	(3,695)	–	–	(61,045)	(64,740)
Operating profit/(loss)	**131,737**	**161,624**	**19,611**	**(79,886)**	**233,086**
% of net sales	*9.5%*	*23.6%*	*7.8%*	*–37.3%*	*9.2%*

Notes to the Consolidated Financial Statements

5. SEGMENT INFORMATION *(CONTINUED)*

5.1. Operating segments *(continued)*

31 March 2023 *In thousands of Euros*	**L'OCCITANE en Provence**	**Sol de Janeiro**	**ELEMIS**	**Other brands**	**Total**
Net sales	**1,421,214**	**266,989**	**255,945**	**190,541**	**2,134,689**
In % of total	*66.6%*	*12.5%*	*12.0%*	*8.9%*	*100.0%*
Gross profit	**1,201,277**	**190,369**	**186,730**	**139,766**	**1,718,141**
% of net sales	*84.5%*	*71.3%*	*73.0%*	*73.4%*	*80.5%*
Distribution expenses	(596,614)	(43,094)	(58,334)	(86,660)	(784,702)
Marketing expenses	(208,184)	(61,529)	(52,959)	(45,037)	(367,709)
Research & development expenses	(15,544)	(1,267)	(2,236)	(3,434)	(22,481)
General and administrative expenses	(144,682)	(18,815)	(21,523)	(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**	**65,664**	**51,703**	**(86,399)**	**239,132**
% of net sales	*14.6%*	*24.6%*	*20.2%*	*–45.3%*	*11.2%*

5.2. Geographic areas

(a) Net sales by location

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

In thousands of euros	**2024 Total**	**2024 In %**	**2023 Total**	**2023 In %**
APAC (Asia Pacific)	884,221	*34.8%*	896,231	*42.0%*
Including China	*327,076*	*12.9%*	*298,096*	*14.0%*
Americas	1,092,529	*43.0%*	695,016	*32.6%*
Including the United States	*966,201*	*38.0%*	*581,267*	*27.2%*
EMEA (Europe, the Middle East and Africa)	565,191	*22.2%*	543,443	*25.5%*
Net sales	**2,541,941**	***100.0%***	**2,134,689**	***100.0%***

The net sales for Luxembourg are included in EMEA. The amount was nil in FY24 and in FY23.

5. SEGMENT INFORMATION *(CONTINUED)*

5.2. Geographic areas *(continued)*

(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.

In thousands of Euros	2024 Property, Plant and Equipment	2024 Right-of-use assets	2024 Intangible assets	2023 Property, Plant and Equipment	2023 Right-of-use assets	2023 Intangible assets
APAC (Asia Pacific)	29,492	67,597	1,435	28,528	74,959	1,556
Including China	*7,334*	*8,773*	*927*	*7,079*	*7,151*	*707*
Americas	29,048	105,564	449,081	22,654	71,058	450,577
Including the United States	*16,075*	*76,240*	*447,795*	*10,796*	*43,266*	*449,638*
EMEA (Europe, the Middle East and Africa)	79,096	119,016	37,755	74,053	125,639	38,055
Including Luxembourg	*2*	*119*	*1,419*	*5*	*220*	*1,419*
Total	**137,636**	**292,177**	**488,271**	**125,234**	**271,656**	**490,188**

6. INFORMATION RELATING TO GROUP STRUCTURE

6.1. For the year ended 31 March 2024

6.1.1 Acquisition of Dr Vranjes Firenze

On 15 March 2024, the Group acquired 100% of Dr Vranjes Firenze Group, a group specialized in perfumes, for a total consideration of €121,509 thousand.

Consideration for the acquisition

The breakdown of the consideration was as follows:

Cash paid	121,509
Ordinary shares issued	–
Contingent consideration	–
Percentage interest	100%
Net identifiable assets acquired by the Group	2,118
Provisional goodwill	**119,391**

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 to build a geographically balanced portfolio of strong premium beauty and fragrance brands.

Notes to the Consolidated Financial Statements

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.1. For the year ended 31 March 2024 *(continued)*

6.1.1 Acquisition of Dr Vranjes Firenze (continued)

Assets acquired and liabilities assumed

ASSETS *In thousands of euros*	**Carrying amount — 31 March 2024**	**Fair value adjustment**	**Fair value**
Property, plant and equipment	3,119	–	3,119
Intangible assets	359	–	359
Right-of-use	4,079	–	4,079
Other non-current receivables	335	–	335
Non-current assets	**7,892**	**–**	**7,892**
Inventories	10,672	–	10,672
Trade receivables	4,297	–	4,297
Other current assets	1,913	–	1,913
Cash and cash equivalents	4,820	–	4,820
Current assets	**21,702**	**–**	**21,702**
Total assets	**29,594**	**–**	**29,594**
LIABILITIES			
Borrowings	9,956	–	9,956
Other non-current liabilities	1,513	–	1,513
Lease liabilities	4,373	–	4,373
Non-current liabilities	**15,842**	**–**	**15,842**
Trade payables	7,532	–	7,532
Social and tax liabilities	3,910	–	3,910
Other current liabilities	**11,442**	**–**	**11,442**
Current liabilities	191	–	191
Total liabilities	**27,476**	**–**	**27,476**
Net identifiable assets acquired	2,118	–	2,118
Deduct: non-controlling interests	–	–	–
Add: goodwill	119,391	–	119,391
Net assets acquired	**121,509**	**–**	**121,509**

As at 31 March 2024, the above fair values have 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 March 2024. The impact between the acquisition date at 15 March 2024 and the consolidation as from 31 March 2024 was not material. The goodwill has been allocated to Dr Vranjes Group CGU.

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.1. For the year ended 31 March 2024 *(continued)*

6.1.1 Acquisition of Dr Vranjes Firenze (continued)

Contribution to net sales and profit

If the acquisition had occurred on 1 April 2023, consolidated unaudited pro-forma net sales and net loss for the year ended 31 March 2024 would have been €41,537 thousand and €1,193 thousand respectively.

The consolidated net sales and the net profit for the Group would have been €2,583,478 thousand and €100,630 thousand respectively.

Acquisition-related costs

Acquisition-related costs amounted to €5,651 thousand and were recognised as administrative expenses.

6.1.2 Acquisition of a non-controlling interest in Group Fourteen Holdings Pty Ltd

On May 4, 2023, the put option was exercised and the Board of Directors approved the acquisition of the shares held by the non-controlling shareholders for an amount of €10,036 thousand (Note 6.2). L'Occitane International S.A. purchased 35% of Group Fourteen Holdings Pty Ltd (the holding company of the Grown Alchemist activity). The Company's percentage interest in the entity after this transaction is 67%.

6.1.3 Investment in Good Glamm Group

On 31 May 2023, L'Occitane International S.A. took part in a fund raising round carried out by Good Glamm Group (accounted for using the equity method), contributing €9,427 thousand and reaching its percentage interest to 15.33% (see Note 11).

6.1.4.Investment in Carbios

During July and October 2023, L'Occitane International S.A. invested respectively €3,284 thousand and €1,003 thousand in Carbios S.A. (accounted for fair value through other comprehensive income). The shares acquired represent less than 3% of the total share capital (see Note 3.3).

6.1.5.Disposal of CAPSUM

On 2 August 2023, L'Occitane International S.A. sold CAPSUM shares to Chanel SARL for a price of €25,000 thousand. This transaction resulted in a net loss of €1,993 thousand recorded under "Other operating expenses" in the consolidated financial statements (see Note 11 and 24).

6.1.6 Sale of Duolab

On 1 April 2023, L'Occitane International S.A. sold Duolab International SARL to DLI Beauty holding SARL for €359 thousand. The resulting capital gain of €1,320 thousand is recorded in "Other operating income" (see Note 24).

6.1.7 Sale of Grown Alchemist

On 28 March 2024, L'Occitane International S.A. entered into the sale of Grown Alchemist activities with Lavender, a corporation wholly-owned by Mr. André Hoffmann, an executive director and shareholder of L'Occitane International S.A..

The Company sold the Group Fourteen Holdings Pty Ltd shares for €3,443 thousand and 14 Group S.A for €5,528 thousand. The share purchase agreement states that the loans from Grown Alchemist to the Group, which amounted to €19,380 thousand at the date of the transaction, will be reimbursed before 30 September 2024.

The sale consideration will also be paid by Lavender on or before 30 September 2024 (Note 16).

Notes to the Consolidated Financial Statements

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.1. For the year ended 31 March 2024 *(continued)*

6.1.7 Sale of Grown Alchemist (continued)

Derecognition of the assets and liabilities of Grown Alchemist

The following assets (including goodwill) and liabilities were derecognised:

ASSETS *In thousands of euros*	**28 March 2024**
Property, plant and equipment, net	609
Right-of-use assets	55
Goodwill	3,388
Intangible assets, net	370
Other non-current receivables	75
Non-current assets	**4,497**
Inventories, net	11,209
Trade receivables, net	5,547
Other current assets	543
Cash and cash equivalents	1,984
Current assets	**19,283**
TOTAL ASSETS	**23,780**

EQUITY AND LIABILITIES *In thousands of euros*	**28 March 2024**
Lease liabilities	–
Other non-current liabilities	–
Non-current liabilities	**–**
Trade payables	6,870
Salaries, wages, related social items and other tax liabilities	113
Current income tax liabilities	9
Borrowings	19,380
Lease liabilities	56
Other current liabilities	–
Current liabilities	**26,428**
TOTAL LIABILITIES	**26,428**
NET ASSETS	**(2,648)**

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.1. For the year ended 31 March 2024 *(continued)*

6.1.7 Sale of Grown Alchemist (continued)

Gain resulting from the sale of Grown Alchemist

The capital gain on disposal amounts to €10,486 thousand and is composed of (in thousands of euros):

(+) Sale price	8,972
(-) Net assets	(2,648)
(+) Non controlling interests	(2,079)
(+) Net amount of reversal of consolidation entries	1,088
Capital gain from the sale before reclassification of currency translation differences	**10,629**
(-) Reclassification to statement of income of the charge previously recognised in other comprehensive income (currency translation differences)	143
Capital gain from the sale	**10,486**

The capital gain is recorded within "Other operating income" in the statement of income (see Note 24).

6.2 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 2023**	**New put options**	**Exercise of put option**	**Extinction of put option**	**Changes in estimates in the valuation of the exercise price**	**Unwinding of discount**	**Exchange differences**	**31 March 2024**
Put on Sol de Janeiro non-controlling interests [(a)]	17.30%	285,138	–	–	–	376,433	1,426	3,924	666,921
Put on 14 Groupe SA non-controlling interests [(c)]	50.76%	23,400	–	–	(23,400)	–	–	–	–
Put on Grown Alchemist non-controlling interests [(b)]	35.00%	10,036	–	(10,036)	–	–	–	–	–
Put on Elemis non-controlling interests	1.40%	13,771	–	(901)	–	(2,254)	24	–	10,640
Put on Symbiose France non-controlling interests	2.20%	4,357	–	–	–	1,105	–	–	5,462
Put on L'Occitane GmbH non-controlling interests	30.00%	1,948	–	–	–	(132)	–	–	1,816
Total other financial liabilities		**338,650**	**-**	**(10,937)**	**(23,400)**	**375,152**	**1,450**	**3,924**	**684,839**

Notes to the Consolidated Financial Statements

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.2 Other financial liabilities *(continued)*

***Changes in other financial liabilities* (continued)**

(a) The Group management revised the amount of the put options for Sol de Janeiro non-controlling interests based on the new business plan proposed by the local management and approved by the Group management.

(b) On 1 April 2022, a put option was granted to the non-controlling shareholders of Grown Alchemist Holdings Pty Ltd for an amount of €17,632 thousand. As at 31 March 2023, the fair value of the put option corresponded to the purchase price of the shares. On 4 May 2023, the Board of Directors approved the acquisition of the shares held by the non-controlling shareholders for an amount of €10,036 thousand.

(c) On 28 March 2024, L'Occitane International S.A. sold its shares in Group Fourteen Holdings Pty Ltd resulting in the extinction of the put option.

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".

Main 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 (99% of the total of other financial liabilities as at 31 March 2024):

in thousands of euros	Present value of the redemption amount		Unobservable inputs	Range of inputs	
	31 March 2024	31 March 2023		31 March 2024	31 March 2023
Put on Sol de Janeiro non-controlling interests	666,921	285,138	Compound annual growth rate for net sales ("CAGR") over the plan	40%	19%
			Average % EBIT over the plan (a)	21%	20%
Put on ELEMIS non-controlling interests	10,640	13,771	Compound annual growth rate for net sales ("CAGR") over the plan	Same observable inputs as the ones used in the ELEMIS business and disclosed in Note 4.1 of our annual report.	
			EBITDA FY25 (b)		

(a) Increasing or decreasing the annual EBIT rate by 100 basis points would have an impact of +/- €6,669 thousand on the present value.

(b) Increasing or decreasing the annual EBITDA rate by 100 basis points would not have a material impact.

6. INFORMATION RELATING TO GROUP STRUCTURE *(CONTINUED)*

6.2 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 1 April, 2025 • Put on Symbiose France: exercise windows between 2024 and 2036 • Put on L'Occitane GmbH: from 1 March 2027 *(*) the put option value retained at year-end is Management best estimate and depends on the exact exercise dates. A reasonable change in the exercise date would lead to a variation of +/- € 25,000 thousands.*
EBITDA	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
EBIT	The EBIT corresponds to the operating profit. Estimated based on the plan for the company excluding the effects of IFRS 16
Put option arrangement for 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 payroll liability and recognised as remuneration expense over the three-year vesting period (Note 23).

Notes to the Consolidated Financial Statements

7. PROPERTY, PLANT AND EQUIPMENT

7.1. Year ended 31 March 2024

As at 31 March 2024, 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 2023	**3,433**	**60,516**	**79,040**	**118,168**	**144,733**	**34,419**	**4,748**	**445,057**
Additions	–	111	6,543	14,029	16,777	4,481	12,526	54,467
Disposals	(5)	(92)	(7,879)	(8,798)	(19,881)	(2,436)	(167)	(39,258)
Acquisition of Dr. Vranjes (Note 6.1)	–	–	3,119	–	–	–	–	3,119
Exit of Grown Alchemist	–	–	(654)	–	(762)	–	–	(1,416)
Other movements	–	–	1,680	389	1,219	207	(3,790)	(295)
Exchange differences	17	102	47	273	(1,991)	(511)	(7)	(2,070)
Cost as of 31 March 2024	**3,445**	**60,637**	**81,896**	**124,061**	**140,095**	**36,160**	**13,310**	**459,604**
Accum. depreciation as at 31 March 2023	**–**	**(35,162)**	**(59,366)**	**(100,900)**	**(98,171)**	**(26,224)**	**–**	**(319,823)**
Depreciation (Note 22.2)	–	(2,951)	(6,958)	(10,529)	(18,461)	(3,894)	–	(42,793)
Reversal of impairment loss	–	–	–	476	(176)	–	–	300
Disposals	–	90	7,775	8,309	19,315	2,411	–	37,900
Acquisition of Dr. Vranjes	–	–	–	–	–	–	–	–
Exit of Grown Alchemist	–	–	248	–	559	–	–	807
Other movements	–	–	124	(107)	(6)	158	–	169
Exchange differences	–	(15)	(24)	(180)	1,355	336	–	1,472
Accum. depreciation as at 31 March 2024	**–**	**(38,038)**	**(58,201)**	**(102,931)**	**(95,585)**	**(27,213)**	**–**	**(321,968)**
Net carrying amount as at 31 March 2024	**3,445**	**22,599**	**23,695**	**21,130**	**44,510**	**8,947**	**13,310**	**137,636**

Additions of the period mainly relate to 214 store openings and refurbishments for €16,777 thousand and to factory and new warehouse improvements for €12,526 thousands

Disposals of the period mainly relate to 131 store closures.

Excluding non-cash items, total cash additions amount to €54,883 thousand.

7. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

7.2. 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. depreciation 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 thousand.

Disposals of the period mainly relate to 106 store closures.

Excluding non-cash items, total cash additions amount to €43,901 thousand.

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*	**2024**	**2023**
Cost of sales	9,325	9,250
Distribution expenses	25,341	27,511
Marketing expenses	28	118
Research and development expenses	637	583
General and administrative expenses	7,462	5,927
Depreciation expense	**42,793**	**43,389**

7.4. Impairment tests of property, plant and equipment

31 March *In thousands of euros*	**2024**	**2023**
Accumulated impairment provision as of the beginning of the year	**(5,561)**	**(6,479)**
Impairment provision	–	–
Reversal of impairment loss (used)	300	918
Reversal of impairment loss (unused)	–	–
Acquisition of subsidiaries	–	–
Exchange differences	–	–
Accumulated impairment provision as at 31 March	**(5,261)**	**(5,561)**

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.

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 2023	**196,579**	**47,696**	**27,381**	**271,656**
Additions	79,094	7,272	41,342	127,708
Disposals	(8,614)	(1,809)	1,527	(8,896)
Depreciation (Note 23.3)	(85,009)	(11,719)	(13,779)	(110,507)
Impairment loss net of reversals (note 23.3)	10,411	–	–	10,411
Reclassification	(50)	(206)	681	425
Acquisition of Dr. Vranjes Firenze	509	3,244	326	4,079
Disposal of Grown Alchemist	(55)	–	–	(55)
Exchange differences	(1,706)	(89)	(849)	(2,644)
Net book value as at 31 March 2024	**191,159**	**44,389**	**56,629**	**292,177**

During the year ended 31 March 2024, additions mainly relate to new stores (€10,448 thousand) and other effects such as the extension or renewal of contracts and/or new offices or new warehouse (€117,260 thousand).

The key money for the flagship store on the Champs-Elysées is pledged for an amount of €14,271 thousand as security for the 2019 Long-Term Loan.

The reversal of impairment provisions corresponds to stores whose performance was good over the year and to stores closures.

Amounts recognized in the consolidated statement of income

The consolidated statement of income shows the following amounts relating to leases:

31 March 2024

In thousands of euros	Stores	Offices	Other	Total
Distribution expenses	(85,009)	–	–	(85,009)
General and administrative expenses	–	(11,719)	(13,779)	(25,498)
Depreciation expense	**(85,009)**	**(11,719)**	**(13,779)**	**(110,507)**

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)**

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 *In thousands of euros*	**2024**	**2023**
Accumulated impairment as of the beginning of year	**(27,836)**	**(27,561)**
Impairment loss	(1,615)	(4,064)
Reversal of impairment loss (used)	3,631	3,646
Reversal of impairment loss (unused)	8,395	–
Exchange differences	(43)	143
Accumulated impairment provision as at 31 March	**(17,468)**	**(27,836)**

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 €1,615 thousand as at 31 March 2024 and €4,064 thousand 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.

The reversal of unused impairment provisions corresponds to stores whose performance was good over the year.

8.2. Lease liabilities

Amounts recognised in the consolidated balance sheet
Maturities of lease liabilities can be analysed as follows:

In thousands of euros	**2024**	**2023**
Within 1 year	89,017	82,393
Between 1 and 2 years	65,659	66,993
Between 2 and 5 years	93,402	92,925
Over 5 years	54,027	33,391
Period ended 31 March	**302,105**	**275,702**
Total current portion	**89,017**	**82,393**
Total non-current portion	**213,088**	**193,309**

The total cash outflow for leases for the year ended 31 March 2024 was €104,730 thousand.

8. LEASES *(CONTINUED)*

8.2. Lease liabilities *(continued)*

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 2024**	**31 March 2023**
Interest expense (included in finance costs)	9,688	7,609
Expense related to short-term leases (included in distribution expenses)	5,172	4,021
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
Expense related to variable lease payments not included in lease liabilities (included in distribution expenses)	64,680	67,155
Total	**79,540**	**78,788**

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 2.5).

9.1. Change in goodwill and breakdown

Change in goodwill can be analysed as follows:

In thousands of euros	31 March 2022	Additions	Sale of L'Occitane Russia	Impairment loss	Exchange differences & other	31 March 2023	Additions	Impairment loss	Disposal of Grown Alchemist	Exchange differences & other	31 March 2024
ELEMIS	537,656	–	–	–	(7,263)	530,393	–	–	–	9,593	539,986
Sol de Janeiro	208,878	–	–	–	4,333	213,211	–	–	–	1,263	214,474
LimeLife	119,754	–	–	–	2,484	122,238	–	–	–	722	122,960
L'OCCITANE en Provence [(a)]											
of which Russia	24,081	–	(28,491)	–	4,410	–	–	–	–	–	–
Japan	19,200	–	–	–	(1,283)	17,917	–	–	–	(2,046)	15,871
Malaysia	9,587	–	–	–	(264)	9,323	–	–	–	(585)	8,738
Norway	5,163	–	–	–	(762)	4,401	–	–	–	(115)	4,286
United States	6,992	–	–	–	145	7,137	–	–	–	42	7,179
Other countries	21,863	–	–	–	(409)	21,454	–	–	–	114	21,568
Melvita	35,931	–	–	–	–	35,931	–	–	–	–	35,931
Erborian	2,384	–	–	–	–	2,384	–	–	–	–	2,384
Grown Alchemist	–	3,388	–	–	–	3,388	–	–	(3,388)	–	–
Dr. Vranjes Firenze	–	–	–	–	–	–	119,391	–	–	–	119,391
Total cost	**991,489**	**3,388**	**(28,491)**	**-**	**1,391**	**967,777**	**119,391**	**-**	**(3,388)**	**8,988**	**1,092,768**
Accumulated impairment loss [(b)]	(1,000)	–	–	(75,364)	2,129	(74,235)	–	(61,045)	–	(471)	(135,751)
Net carrying amount	**990,489**	**3,388**	**(28,491)**	**(75,364)**	**3,520**	**893,542**	**119,391**	**(61,045)**	**(3,388)**	**8,517**	**957,017**

(a) Goodwill related to L'OCCITANE en Provence results from past acquisitions of exclusive distributors in the above-mentioned countries.

(b) The impairment loss of the year relates to the goodwill of LimeLife for €61,045 thousand.

The accumulated impairment loss mainly relate to LimeLife for €111,918 thousand and Melvita for €22,848 thousand.

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

Intangible assets include:

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

10.1. Year ended 31 March 2024

Changes in intangible assets can be analysed as follows:

In thousands of euros	Websites	Trademarks	Software	Contractual customer relationships	Intangible assets in progress	Other intangible assets	Total
Cost as at 31 March 2023	**2,595**	**443,690**	**76,758**	**35,188**	**3,158**	**31,725**	**593,114**
Additions	226	–	2,656	–	3,845	2,640	9,367
Disposals	–	–	(14,503)	(662)	–	(3,316)	(18,481)
Acquisition of Dr. Vranjes Firenze	–	–	269	–	–	90	359
Disposal of Grown Alchemist	(472)	(175)	(30)	–	(40)	(379)	(1,096)
Other movements	–	(1,015)	1,058	–	(3,150)	2,336	(771)
Exchange differences	27	2,528	8	225	11	6	2,805
Cost as at 31 March 2024	**2,376**	**445,028**	**66,216**	**34,751**	**3,824**	**33,102**	**585,297**
Accumulated amortisation and impairment at 31 March 2023	**(1,772)**	**(13)**	**(68,062)**	**(15,591)**	**-**	**(17,514)**	**(102,952)**
Amortisation	(664)	(30)	(4,177)	(3,273)	–	(4,658)	(12,802)
Disposals	–	–	14,337	662	–	3,313	18,312
Disposal of Grown Alchemist	264	30	13	–	–	419	726
Other movements	–	–	(239)	–	–	25	(214)
Exchange differences	(22)	–	37	(119)	–	8	(96)
Accumulated amortisation and impairment as at 31 March 2024	**(2,194)**	**(13)**	**(58,091)**	**(18,321)**	**-**	**(18,407)**	**(97,026)**
Net carrying amount as at 31 March 2024	**182**	**445,015**	**8,125**	**16,430**	**3,824**	**14,695**	**488,271**

Additions mainly concerned

- Assets in progress for €3,845,000 related mainly to software (excluding SaaS costs);
- Software for an amount of €2,656,000.

10. INTANGIBLE ASSETS *(CONTINUED)*

10.2. Year ended 31 March 2023

Changes in intangible assets can be analysed as follows:

In thousands of euros	Websites	Trademarks	Software	Contractual customer relationships	Intangible assets in 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	(69)	(149)	(1,437)	–	(322)	(438)	(2,415)
Acquisition of subsidiaries	–	236	8	–	–	–	244
Deconsolidation of L'Occitane Russia	(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	(831)	–	(6,035)	(3,402)	–	(3,746)	(14,014)
Disposals	37	–	1,224	–	–	444	1,705
Disposal of Grown Alchemist	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 thousand related mainly to software (excluding SaaS costs);
- Software for an amount of €2,403 thousand.

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*	**2024**	**2023**
Cost of sales	17	13
Distribution expenses	3,957	4,357
Marketing expenses	14	15
General and administrative expenses	8,814	9,629
Amortisation expense	**12,802**	**14,014**

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. Accumulated impairment provision as at March 31, 2024 and March 31, 2023 amounted to less than €1 thousand.

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) FY24**	**Carrying amount FY24**
Good Glamm Group	India	15.33%	Associate	Equity method	(17,464)	13,050
L'Occitane Middle East	Middle East	51.00%	Joint Venture	Equity method	2,189	25,083
CAPSUM*	Europe/USA	26.00%	Associate	Equity method	468	–
Total Investments in associates and joint ventures					**(14,807)**	**38,133**

* *On 2 August 2023, L'Occitane International S.A. sold CAPSUM shares (note 6.1.5).*

11. ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

11.1. Interests in associates and joint ventures *(continued)*

Changes in the carrying amount of equity-accounted investments are as follows:

	Good Glamm Group	L'Occitane Middle East	Capsum	TOTAL
31 March 2023	**16,839**	**22,760**	**26,525**	**66,124**
Increase in capital	9,427	–	–	9,427
Profit/(loss) for the period	(17,464)	2,189	468	(14,807)
Capital gain arising from the change in %	4,750	–	–	4,750
Currency translation effects	(212)	134	–	(78)
Disposal (Note 6.1)	–	–	(26,993)	(26,993)
Other	(290)	–	–	(290)
31 March 2024	**13,050**	**25,083**	**–**	**38,133**

The loss for the period of Good Glamm Group includes €6,150 thousand related to the final share of loss as at 31 March 2023 based on the final financial statements of the associate.

11.2. Summary balance sheet for associates and joint ventures

Summarised balance sheet *In thousand of euros*	**Good Glamm Group 31 March 2024**	**L'Occitane Middle East 31 March 2024**
Current assets		
Cash and cash equivalents	16,297	2,830
Other current assets	67,042	25,550
Total current assets	**83,338**	**28,380**
Non-current assets	97,578	23,523
Current liabilities	(71,398)	(15,499)
Non-current liabilities	(54,962)	(30,416)
Net assets	**54,557**	**5,988**

In thousands of euros **Reconciliation of carrying amounts**	**Good Glamm Group 31 March 2024**	**L'Occitane Middle East 31 March 2024**
Net assets	**54,557**	**5,988**
Group's share in %	15.3%	51%
Group's share in thousands of euros	8,364	3,054
Notional goodwill	4,686	22,029
Carrying amount	**13,050**	**25,083**

Notes to the Consolidated Financial Statements

11. ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

11.3. Summary statement of comprehensive income for associates and joint ventures

31 March 2024 *In thousands of euros*	**Good Glamm Group**	**L'Occitane Middle East**
Net sales	76,776	48,811
Cost of sales	(31,230)	(12,421)
Gross profit	**45,546**	**36,390**
Distribution expenses	–	(18,746)
Marketing expenses	–	(6,795)
General and administrative expenses	(110,992)	(10,472)
Other gains/(losses), net	(1,900)	–
Other financial interest	(6,760)	(731)
Income tax expense	1,354	–
Profit/(loss) for the period	**(72,752)**	**(354)**
Other comprehensive income	–	–
Total comprehensive income	**(72,752)**	**(354)**

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).

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 2024			31 March 2023		
In thousands of euros	**LimeLife**	**ELEMIS**	**Sol de Janeiro**	**LimeLife**	**ELEMIS**	**Sol de Janeiro**
Current assets	25,435	286,850	350,170	32,605	230,682	126,899
Current liabilities	69,667	64,852	123,192	53,997	42,246	44,943
Net current assets/(liabilities)	**(44,232)**	**221,998**	**226,978**	**(21,392)**	**188,436**	**81,956**
Non-current assets	32,206	838,964	395,208	88,602	832,762	387,117
Non-current liabilities	10,806	52,867	65,385	9,048	53,729	37,097
Net non-current assets/(liabilities)	**21,400**	**786,097**	**329,823**	**79,554**	**779,033**	**350,020**
Net assets/(liabilities)	**(22,832)**	**1,008,095**	**556,801**	**58,162**	**967,469**	**431,976**
% interest owned by the Group	58.0%	98.7%	82.9%	58.0%	98.6%	82.9%
Accumulated non-controlling interests	(11,964)	12,625	58,673	72	13,101	37,310

Summary statement of comprehensive income

	31 March 2024			31 March 2023		
In thousands of euros	**LimeLife**	**ELEMIS**	**Sol de Janeiro**	**LimeLife**	**ELEMIS**	**Sol de Janeiro**
Net sales	43,079	222,445	666,542	55,295	225,097	268,225
Profit/(loss) for the year	(83,717)	25,323	122,987	(63,237)	41,607	51,156
Other comprehensive income/(expense)	108	15,494	(356)	5,196	(8,468)	1,467
Total comprehensive income/(expense)	**(83,609)**	**40,817**	**122,631**	**(58,041)**	**33,139**	**52,623**

Other comprehensive income is mainly related to currency translation adjustments.

Notes to the Consolidated Financial Statements

12. INTERESTS IN OTHER ENTITIES *(CONTINUED)*

Summary statement of cash flows

In thousands of euros	31 March 2024 LimeLife	31 March 2024 ELEMIS	31 March 2024 Sol de Janeiro	31 March 2023 LimeLife	31 March 2023 ELEMIS	31 March 2023 Sol de Janeiro
Cash flows from operating activities	(16,433)	60,846	53,473	(9,994)	28,178	30,853
Cash flows from investing activities	(979)	(6,505)	191	(1,152)	(4,875)	(2,228)
Cash flows from financing activities	16,205	(51,552)	(54,807)	5,271	(28,504)	(37,269)
Net increase/(decrease) in cash and cash equivalents	**(1,207)**	**2,789**	**(1,143)**	**(5,875)**	**(5,201)**	**(8,644)**

13. OTHER NON-CURRENT ASSETS

Other non-current assets can be analysed as follows:

31 March *In thousands of euros*	**2024**	**2023**
Deposits	21,553	23,227
Equity investments at fair value through other comprehensive income (FVOCI) (Note 3.3)	40,253	37,880
Fair value of the receivable from the sale of L'Occitane Russia (Note 3.3)	–	8,645
Tax receivables	4,632	5,575
Investment in the Mirova Sicav fund and Livelihoods	4,505	139
Other	2,563	1,169
Other non-current assets	**73,506**	**76,636**

14. INVENTORIES

Inventories can be analysed as follows:

31 March *In thousands of euros*	**2024**	**2023**
Raw materials and supplies	80,238	55,104
Finished goods and work in progress	398,355	285,379
Inventories, gross	**478,593**	**340,483**
Less allowance	(28,320)	(23,286)
Inventories	**450,273**	**317,197**

15. TRADE RECEIVABLES

Trade receivables can be analysed as follows:

31 March *In thousands of euros*	**2024**	**2023**
Trade receivables, gross	311,593	261,056
Less allowance for doubtful receivables	(6,249)	(4,503)
Trade receivables	**305,344**	**256,553**

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*	**2024**	**2023**
Current and past due within 3 months	281,735	236,155
3 to 6 months	13,257	15,333
6 to 12 months	9,413	3,464
Over 12 months	7,188	6,104
Trade receivables, gross	**311,593**	**261,056**

Movements in the Group's impairment allowance for trade receivables are as follows:

31 March *In thousands of euros*	**2024**	**2023**
At beginning of the year	(4,503)	(5,316)
Impairment allowance	(3,539)	(3,581)
Reversal of impairment	1,835	3,601
Sale of L'Occitane Russia	–	931
Sale of Grown Alchemist	(24)	–
Exchange differences	(18)	(138)
At the end of the year	**(6,249)**	**(4,503)**

The accrual and reversal of a receivable impairment allowance was included in distribution expenses.

Notes to the Consolidated Financial Statements

15. TRADE RECEIVABLES *(CONTINUED)*

The ageing of the receivables impairment allowance by due date is as follows:

31 March *In thousands of euros*	**2024**	**2023**
Within 3 months	1,172	1,003
3 to 6 months	1,105	615
6 to 12 months	1,283	335
Over 12 months	2,689	2,550
Impaired receivables	**6,249**	**4,503**

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 2024 and 2023 is as follows:

31 March *In thousands of euros*	**2024**	**2023**
Within 3 months	64,895	23,000
3 to 6 months	12,152	14,718
6 to 12 months	8,130	3,129
Over 12 months	4,499	3,554
Trade receivables past due but not impaired	**89,676**	**44,401**

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:

31 March *In thousands of euros*	**2024**	**2023**
Value added tax receivable and other taxes and social items receivable	39,994	31,318
Prepaid expenses	28,588	19,504
Income tax receivable [(a)]	16,818	11,528
Advance payments to suppliers	14,160	6,813
L'Occitane Middle East current account [(b)]	11,022	7,277
Receivable from the sale of Grown Alchemist (Note 6.1.7)	28,353	–
Other	14,043	8,300
Total other current assets	**152,978**	**84,740**

(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 four loans to L'Occitane Middle East. Three loans are denominated in US dollar and repayable in full on 6 January 2025, 25 April 2024 and 16 September 2024. The average interest rates during the year were respectively 4.2%, 3.5% and 4.2%. One loan is denominated in Euro and is repayable in full on 9 May 2024. The average interest rate during the year was 5.7%. No collateral has been received as security for these loans.

17. CASH AND CASH EQUIVALENTS

The following table presents details of cash and cash equivalents:

31 March *In thousands of euros*	**2024**	**2023**
Cash at bank and on hand	138,952	146,266
Cash equivalents	567	990
Cash and cash equivalents	**139,519**	**147,255**

Cash equivalents include highly liquid investments in short-term bank deposits.

The effective interest rates on cash at bank and on hand are as follows:

	2024	**2023**
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:

	2024	**2023**
Cash equivalents in euros (short-term bank deposits)	Euribor/Local market rate	Euribor/Local market rate

18. CAPITAL AND RESERVES

L'Occitane International S.A. is a société anonyme incorporated in the Grand Duchy of Luxembourg. The Company's authorised capital is €1,500,000 thousand of which €44,309 thousand was issued as at 31 March 2024. 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.

18.1. Share capital and additional paid-in capital

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

	Number of shares	**Share capital**	**Additional paid-in capital**
As at 31 March 2023	**1,476,964,891**	**44,309**	**342,851**
As at 31 March 2024	**1,476,964,891**	**44,309**	**342,851**

18.2. Treasury shares

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 thousand.

As at 31 March 2024, the Company holds 2,101,991 shares in treasury and the aggregate price of the purchased shares is deducted from equity within the "Treasury shares reserve" for an amount of €4,657 thousand.

Notes to the Consolidated Financial Statements

18. CAPITAL AND RESERVES *(CONTINUED)*

18.3. 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 LOG equity instruments;
- Share-based payments related to LOC SOL Holdings equity instruments.

Fair value of options granted

The fair value of the stock-options 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.

The fair value of the free shares at grant date is independently determined using the market share price at grant date and the expected dividend yield.

Plans have service and performance conditions.

Main characteristics of the share-based payments related to LOI instruments

Stock options

The stock option plans can be summarised as follows:

	31 March 2024		31 March 2023	
	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	18.35	12,951,171	14.63	6,696,600
Granted during the year	–	–	20.67	8,186,000
Exercised during the period	14.62	(3,253,650)	14.56	(1,473,429)
Cancelled/lapsed during the period	20.65	(1,188,771)	17.70	(458,000)
At the end of the year	**19.46**	**8,508,750**	**18.35**	**12,951,171**

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 year have the following vesting dates and exercise prices:

			Number of share options	
Grant date	**Expiry date**	**Exercise price**	**2024**	**2023**
21 March 2016	21 March 2020	14.36 HKD	–	520,500
02 February 2017	02 February 2021	15.16 HKD	649,950	1,347,800
29 March 2018	29 March 2022	14.50 HKD	1,094,700	3,134,671
27 October 2022	27 October 2026	20.67 HKD	6,764,100	7,948,200
Total			**8,508,750**	**12,951,171**

18. CAPITAL AND RESERVES *(CONTINUED)*

18.3. Share-based payment *(continued)*

***Main characteristics of the share-based payments related to LOI instruments** (continued)*

Free shares

The free share plans can be summarised as follows:

	31 March 2024		31 March 2023	
	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	–	–	–	–
Granted during the year	21.1	1,706,704	–	–
Forfeited during the period	–	–	–	–
At the end of the period	**21.1**	**1,706,704**	–	–

Free shares outstanding at the end of the year have the following vesting date and exercise price:

Grant date	Vesting date	Exercise price	31 March 2024	31 March 2023
30 June 2023	30 June 2027	21.1	1,706,704	–

Main characteristics of the share-based payments related to 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:

	2024		2023	
	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 April 1st	86.70	262,000	88.11	314,900
Granted during the year	–	–	–	–
Vested during the year	69.93	(230,600)	–	–
Forfeited during the year	–	–	–	–
Exercised during the year	85.76	(13,100)	95.09	(52,900)
As at 31 March	**144.21**	**18,300**	**86.70**	**262,000**

Notes to the Consolidated Financial Statements

18. CAPITAL AND RESERVES *(CONTINUED)*

18.3. Share-based payment *(continued)*

Main characteristics of the share-based payments related to LOG equity instruments *(continued)*

Free shares

Free shares outstanding at the end of the year have the following vesting date and exercise prices:

		Number of free shares	
Grant date	**Expiry date**	**2024**	**2023**
01 October 2019	30 September 2023	–	16,800
30 September 2020	29 September 2024	–	223,900
29 June 2021	29 June 2025	17,500	20,500
30 June 2021	30 June 2025	800	800
Total		**18,300**	**262,000**

Main characteristics of the share-based payments related to LOC SOL Owners Inc. equity instruments

On 29 March 2024, L'Occitane International S.A., granted equity rights of LOC SOL Owners Inc. to the CEO of LOC SOL Owners Inc. This plan consists of an option to purchase 3,126 shares in LOC SOL Owners Inc. (7% of the total equity interest) at a fixed exercise price of $88,465 thousand.

The option may be exercised for a period of one year once all service and performance conditions have been met. Performance conditions are based on the consolidated EBIT and consolidated net sales of Intermediate Holding Company for the period from FY 2025 to FY 2028 (both inclusive). This exercise date is estimated to be 31 March 2028.

The Group also granted an exchange right as from 31 March 2031, under which the shares thus acquired may be exchanged against equity instruments of L'Occitane International S.A if the following conditions are met:

— L'Occitane International S.A. shares are listed on NASDAQ, NYSE, Hong Kong Stock exchange or other internationally recognized exchange

— Neither an IPO of L'Occitane International or direct or indirect exchange of control of L'Occitane International S.A. has occurred

— Mr. Reinold Geiger directly or indirectly continues to own 66% of the total Parent Shares issued and outstanding.

As part of this exchange, LOC SOL Holdings Inc. shares would be valued on an EBIT multiple (17x as for the put option described in note 6.2).

18. CAPITAL AND RESERVES *(CONTINUED)*

18.3. Share-based payment *(continued)*

Fair value of options granted

The assessed fair value at grant date of the options is €40.30 thousand per option. This fair value is calculated based on a multiple of 17x EBIT less net debt discounted with the cost of equity of 8%. Three scenarios were used to estimate 31 March 2028 EBIT and net debt, including one where the criteria are not met. The main unobservable inputs used are:

— The compound annual growth rate for net sales between 31 March 2024 and 31 March 2028 amounting to 11.5%; and

— The average percentage of EBIT over the 4 year plan of 21.0%.

As at 31 March 2024, the grant date being very close to the closing date, the share based payment expense for the period is not material.

The total remaining share-based payment expense to be recognized is €127,186 thousand and will be recognized as a remuneration expense over 4 years.

Total share-based payment expense

In the years ended 31 March 2023 and 31 March 2024, the share-based payment expense recognised within employee benefits was as follows:

In thousands of euros	**2024**	**2023**
LOI equity instruments	2,139	814
LOG equity instruments	1,273	2,146
Social charges	405	2,532
Total (note 23.2)	**3,817**	**5,492**

The total remaining share-based payment expense to be recognised within future employee benefits is as follows:

In thousands of euros	**2024**	**2023**
LOI equity instruments	9,792	4,069
LOG equity instruments	292	2,805
Total	**10,084**	**6,874**

18.4. Distributable reserves

On 31 March 2024, the distributable reserves of L'Occitane International S.A. amounted to €675,599 thousand (€672,543 thousand as at 31 March 2023).

18.5. Dividend per share

On 27 September 2023, the Annual General Meeting approved the distribution of a €46,000 thousand dividend, or €0.03129 per share (excluding 4,795,341 treasury shares), which was paid on 20 October 2023.

Notes to the Consolidated Financial Statements

18. CAPITAL AND RESERVES *(CONTINUED)*

18.6. 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.

18.7. Currency translation differences

At 31 March 2024, currency translation differences are mainly composed of currency translation differences relating to subsidiaries with a functional currency which is different from EUR.

19. BORROWINGS

For the years ended 31 March 2024 and 2023, borrowings and their maturity can be analysed as follows:

In thousands of euros	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
FY 2022 Term loan	300,155	–	–	–	300,155
FY 2021 Revolving facility	11	–	–	–	11
FY 2020 NEUCP	232,000	–	–	–	232,000
FY 2019 Long Term Loan	2,056	2,074	6,345	1,076	11,551
FY 2012 bank borrowings	717	714	714	–	2,145
Other bank borrowings	5,199	1,011	–	–	6,210
Bank overdraft*	21,990	–	–	–	21,990
Maturity as at 31 March 2024	**562,128**	**3,799**	**7,059**	**1,076**	**574,062**
FY 2022 Term loan	31	300,000	–	–	300,031
FY 2021 Revolving facility	5	–	11,127	–	11,132
FY 2020 NEUCP	187,000	–	–	–	187,000
FY 2019 Long Term Loan	2,038	2,054	6,284	3,211	13,587
FY 2012 bank borrowings	717	714	1,429	–	2,860
Other bank borrowings	4,245	–	–	–	4,245
Bank overdraft	4	–	–	–	4
Maturity as at 31 March 2023	**194,040**	**302,768**	**18,840**	**3,211**	**518,859**

* *Bank overdraft include proceeds on the FY2023 Cash Pooling Facility for €15,350 thousand.*

19. BORROWINGS *(CONTINUED)*

19.1. Covenant compliance

The following borrowings of the Group are subject to a financial covenant:

- FY2023 Bilateral Cash Pooling Facility
- FY2022 Term Loan
- FY2021 Revolving Facility

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 loans. 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 is calculated annually after the Group's consolidated financial statements are issued. It must be lower than 2.5 (and can be temporarily extended to 3.0 twice in the event of a business combination for the Bilateral Cash Pooling Facility and the Revolving Facility). The covenant was respected as at 31 March 2024.

Notes to the Consolidated Financial Statements

19. BORROWINGS *(CONTINUED)*

19.2. Interests

Interest rates

The interest rates as at 31 March 2024 can be summarized as follows:

Floating rate depending on the leverage ratio (as set out below)	
FY2023 Bilateral Cash Pooling Facility	(MFFR) + Margin — 0.65
FY2022 Term Loan	Euribor + Margin — 0.65
FY2021 Revolving facility	Euribor + Margin — 0.65
Floating rate not depending on the leverage ratio	
NEU CP Facility	Weighted average rate of 4.08%
FY2012 bank borrowing	3M Euribor + margin
Fixed rate	
FY 2019 Long-term Loan	0.97%

For the facilities which interest rates depend on the leverage ratios (as set out in the note 19.2), the interest rates are repriced in line with the change in the ratio, as follows:

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

Both FY2023 Bilateral Cash Pooling Facility and FY2021 Revolving Facility are subject to an increased margin for amounts drawn in USD, respectively +35bps and +15bps.

The FY2021 Revolving Facility can however beneficiate from a bonus of 1 bp based on each of the following 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 2024, the Group achieved all the applicable KPIs decreasing the margin of 0.04 bps.

19. BORROWINGS *(CONTINUED)*

19.2. Interests *(continued)*

Interest payments on borrowings

The interest payments on borrowings are based on existing interest rates as at 31 March 2024. The net carrying amount approximates the fair value.

In thousands of euros	Less than 1 year	1 and 2 years	Between 2 and 5 years	Over 5 years Total	Total
Interests payments on borrowings	13,280	175	166	-	13,621
Total as at 31 March 2024	**13,280**	**175**	**166**	**-**	**13,621**
Interests payments on borrowings	12,095	8,791	1,392	21	22,299
Total as at 31 March 2023	**12,095**	**8,791**	**1,392**	**21**	**22,299**

19.3. Borrowing facilities

The Group has the following undrawn borrowing facilities:

31 March *In thousands of euros*	**2024**	**2023**
Floating rate:		
— Expiring within one year	57,551	59,650
— Expiring beyond one year	368,000	401,873
Total	**425,551**	**461,523**

19.4. 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 2023	Proceeds	Repayments	Acquisition of subsidiaries	Bank overdrafts closing balance	Interest expense	Interest Paid	31 March 2024
FY 2022 Term Loan	300,031	–	–	–	–	155	(31)	300,155
FY 2021 Revolving facility	11,131	–	(11,132)	–	–	11	–	11
FY 2020 NEU CP Facility	187,000	414,000	(369,000)	–	–	–	–	232,000
FY 2019 Long-term loan	13,587	–	(2,034)	–	–	1	(3)	11,551
FY 2012 bank borrowing	2,860	–	(714)	–	–	2	(3)	2,145
Other bank borrowings	4,245	12,487	(11,444)	1,010	–	25	(113)	6,210
Bank overdrafts	4	–	–	–	21,990	–	(4)	21,990
Total	**518,859**	**426,487**	**(394,324)**	**1,010**	**21,990**	**194**	**(154)**	**574,062**

Notes to the Consolidated Financial Statements

19. BORROWINGS *(CONTINUED)*

19.5. Secured liabilities and assets pledged as securities

The FY 2019 Long-Term Loan is secured by a pledge over business assets related to the 86 Champs-Elysées flagship store in Paris.

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. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities include the following:

31 March *In thousands of euros*	**2024**	**2023**
Retirement indemnities	12,212	10,963
Long-term employment benefits	2,501	1,144
Provisions for dismantling and restoration costs	8,544	8,708
Long-term incentive plan	13,511	-
Other	2,308	1,528
Total non-current liabilities	**39,076**	**22,343**
Grants to a foundation	142	74
Deferred revenue [(a)]	23,135	31,920
Provisions for dismantling and restoration costs	2,818	2,475
Right to return goods	2,205	1,996
Total current liabilities	**28,300**	**36,466**

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

(b) Long-term incentive plan is a deferred cash bonus for some key managers.

21. 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 2024 and 2023 is as follows:

31 March *In thousands of euros*	**2024**	**2023**
Current and past due within 3 months	306,915	208,063
Past due from 3 to 6 months	335	812
Past due from 6 to 12 months	263	32
Past due over 12 months	1,474	1,196
Trade payables	**308,987**	**210,103**

22. PROVISIONS

As at March 31, 2024 the Group mainly recognized provisions for employee disputes (employee benefits or potential claims from social security authorities), customer warranty claims (essentially from distributors), and legal claims.

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

23. EXPENSES BY NATURE

23.1. Breakdown of expenses by nature

Expenses by nature include the following amounts:

31 March *In thousands of euros*	**2024**	**2023**
Employee benefit expenses [(a)]	566,380	503,168
Rent and occupancy [(b)]	119,059	115,974
Raw materials and consumables used	516,140	355,994
Change in inventories of finished goods and work in progress	(138,278)	(61,046)
Advertising costs [(c)]	494,673	305,758
Auditors' remuneration [(d)]	3,812	2,677
Professional fees [(e)]	282,887	205,897
Depreciation, amortisation and impairment (Note 23.3)	155,391	157,415
Transportation expenses	126,347	106,348
Other expenses [(f)]	120,929	100,753
Total cost of sales, distribution expenses, marketing expenses, research and development expenses and general and administrative expenses	**2,247,340**	**1,792,938**

(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 2024 mainly includes variable lease payments based on sales for €64,680 thousand (€67,155 thousand for the financial year ended 31 March 2023) and rent and occupancy costs relating to short-term leases for €5,172 thousand (€4,021 thousand for the financial year ended 31 March 2023).

(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 €3,276 thousand (€2,465 thousand as at 31 March 2023) and non-audit services for €536 thousand (€212 thousand as at 31 March 2023), of which €2,804 thousand relates to PwC's Audit services (€2,171 thousand as at 31 March 2023) and €536 thousand relates to PwC's non-audit services (€212 thousand as at 31 March 2023).

(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

23. EXPENSES BY NATURE *(CONTINUED)*

23.2. Workforce and employee benefits

Employee benefits include the following amounts:

31 March *In thousands of euros*	**2024**	**2023**
Wages, salaries and bonuses	443,980	403,689
Share-based payment (Note 18.3)	3,817	5,492
Social security	94,245	85,155
Remuneration for post-combination services granted to non-controlling interests (Note 6.2)	13,409	4,354
Post-employment benefits	6,775	1,055
Other	4,154	3,423
Total employee benefits	**566,380**	**503,168**
Workforce (full-time equivalent)	**9,255**	**8,701**

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.

23.3. Breakdown of depreciation, amortisation and impairment

Depreciation, amortisation and impairment include the following:

In thousands of euros	**31 March 2024**	**31 March 2023**
Depreciation of property, plant and equipment (Note 7.3)	42,793	43,389
Impairment on property, plant and equipment (Note 7.4)	–	–
Reversal of impairment on property, plant and equipment (Note 7.4)	(300)	(918)
Depreciation of right-of-use assets (Note 8.1)	110,507	100,512
Impairment of right-of-use assets (Note 8.1)	(10,411)	418
Amortisation of intangible assets (Note 10)	12,802	14,014
Depreciation, amortisation and impairment	**155,391**	**157,415**

Impairment losses of goodwill are recorded in the "Other operating expenses" (note 24).

24. OTHER OPERATING INCOME/EXPENSES

Other operating income/expenses, net can be analysed as follows:

31 March *In thousands of euros*	**2024**	**2023**
Capital gain arising from the change in the % of interests in associates and joint ventures (Note 11.1)	4,750	1,700
Net gain on disposal of Duolab (Note 6.1)	1,320	-
Net gain on disposal of Grown Alchemist (Note 6.1)	10,486	-
Government grants	1,448	1,514
Other items	28	846
Other operating income	**18,032**	**4,060**
Impairment of LimeLife and Melvita goodwill (Note 4)	(61,045)	(75,364)
Net loss on disposal of CAPSUM (Note 6.1)	(1,993)	-
Reclassification to income statement of the charge previously recognized in other comprehensive income (currency translation difference)	-	(10,805)
Capital loss from the sale of L'Occitane Russia before reclassification of currency translation differences	-	(3,632)
Other items	(2)	-
Loss on sale of assets	(1,700)	(288)
Other operating expenses	**(64,740)**	**(90,089)**

Notes to the Consolidated Financial Statements

25. FINANCE INCOME AND FINANCE COSTS

Finance income and finance costs breakdown as follows:

31 March *In thousands of euros*	**2024**	**2023**
Interest on cash and cash equivalents	6,949	2,799
Finance income	**6,949**	**2,799**
Change in the fair value of the receivable from the sale of L'Occitane Russia (Note 3.3)	(8,645)	(35,901)
Interest expense	(28,976)	(12,802)
Interest and finance expenses paid/payable for lease liabilities (Note 8.2)	(9,688)	(7,609)
Finance costs	**(47,309)**	**(56,312)**
Finance costs, net	**(40,360)**	**(53,513)**

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

26. FOREIGN CURRENCY GAINS/(LOSSES)

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

31 March *In thousands of euros*	**2024**	**2023**
Foreign exchange differences	**(2,181)**	**(7,368)**
Net unrealised foreign exchange loss	(2,783)	(10,831)
Net unrealised foreign exchange gain	5,824	1,110
Net realised foreign exchange loss	(6,447)	(6,012)
Net realised foreign exchange loss	1,225	8,365
Fair value gains/(losses) on derivatives	**(1,335)**	**1,366**
Foreign currency gains/(losses)	**(3,516)**	**(6,002)**

27. INCOME TAX EXPENSE

27.1. Income tax expense

Income tax expense breaks down as follows:

31 March *In thousands of euros*	**2024**	**2023**
Current income tax	(66,363)	(54,792)
Deferred income tax	(21,024)	(6,632)
Total income tax expense	**(87,387)**	**(61,424)**

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*	**2024**	**2023**
Profit before tax and share of profit/(loss) from joint ventures accounted for using the equity method	199,735	194,507
Income tax calculated at corporate tax rate (Luxembourg tax rate of 24.94% as at 31 March 2024 and 2023)	(49,814)	(48,510)
Effect of different tax rates in foreign countries	5,525	20,105
Changes in tax rates	1,150	1,255
Effect of unrecognized tax assets	(11,859)	(12,746)
Impairment of previously recognised assets [(b)]	(9,444)	–
Recognition of previously unrecognised tax assets	37	366
Expenses not deductible for taxation purposes [(a)]	(14,711)	(20,706)
Provision for tax risks	-	30
Effect of unremitted tax earnings	(8,291)	(1,208)
Minimum tax payments	20	(10)
Income tax expense	**(87,387)**	**(61,424)**

(a) Mainly relate to the impairment losses on low performing brands

(b) Only related to the impairment loss of LimeLife deferred tax assets

Notes to the Consolidated Financial Statements

27. INCOME TAX EXPENSE *(CONTINUED)*

27.2. 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 2024 and 2023 break down as follows:

In thousands of euros	**2024**	**2023**
ASSETS		
Intercompany margin in inventory	24,535	28,002
Excess tax basis over carrying amount of PP&E	8,267	10,288
Tax losses carried forward	20,869	24,675
Lease liabilities	69,221	54,364
Employee benefits	11,049	5,408
Promotional goods expensed	3,786	3,420
Inventory valuation	7,963	6,767
Loyalty programs	2,359	2,167
New tax regulation	3,331	134
Deferred tax related to grants to a foundation	1,565	1,198
Other temporary differences	12,104	12,282
Total assets	**165,049**	**148,705**
To be recovered after more than 12 months	*98,496*	*43,969*
To be recovered within 12 months	*66,553*	*104,736*
LIABILITIES		
Identified trademarks in business combinations (Note 6)	(84,989)	(79,290)
Goodwill tax amortization	(27,672)	(27,939)
Right-of-Use	(62,634)	(47,317)
Income tax on unremitted earnings (note 27.4)	(14,263)	(6,728)
Derivative financial instruments	(234)	(298)
Other temporary differences	(12,386)	(1,655)
Total liabilities	**(202,178)**	**(163,227)**
To be recovered after more than 12 months	*(187,680)*	*(108,884)*
To be recovered within 12 months	*(14,498)*	*(54,343)*
Deferred income tax, net	**(37,129)**	**(14,522)**
Deferred income tax assets	*78,569*	*84,966*
Deferred income tax liabilities	*(115,698)*	*(99,488)*

27. INCOME TAX EXPENSE *(CONTINUED)*

27.2. 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 2024, the Group had tax losses of €428,203 thousand to be carried forward, generating a potential deferred income tax asset of €110,319 thousand. As at 31 March 2023, these figures were €179,008 thousand and €51,004 thousand respectively. The increase is explained by the impairment losses recorded at statutory level in Luxembourg.

Deferred tax assets include an amount of €19,978 thousand relating to carried-forward tax losses of the following main subsidiaries:

- L'Occitane Inc. for 1,362 thousand;
- ELEMIS US for €11,460 thousand;
- LimeLife US tax losses were impaired as at 31 March 2024 for a total amount of €9,444 thousand. The deferred tax assets correspond to tax losses for €7,156 thousand and temporary differences for €3,571 thousand. A deferred tax liabilities is accounted for in LimeLife US goodwill tax amortisation for €10,727 thousand. The net deferred tax position is nil.

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. The losses can be carried forward indefinitely and do not expire. Each subsidiary is expected to generate profit from 2025 and onwards.

Unrecognised deferred income tax assets at 31 March 2024 amount to €89,450 thousand (€26,329 thousand at 31 March 2023) and mainly related to Brazil and Luxembourg.

27.3. 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*	**2024**	**2023**
At the beginning of the year	**(14,522)**	**(2,191)**
(Charged)/credited to income (Note 27.1)	(21,024)	(6,632)
(Charged)/credited to equity (Note 27.5)	161	(474)
Sale of L'Occitane Russia	–	(3,424)
Exchange differences	(1,744)	(1,801)
At the end of the year	**(37,129)**	**(14,522)**

Notes to the Consolidated Financial Statements

27. INCOME TAX EXPENSE *(CONTINUED)*

27.4. 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 €14,263 thousand at 31 March 2024 and €6,728 thousand at 31 March 2023.

27.5. Income tax on components of other comprehensive income

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	31 March 2024			31 March 2023		
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 3.3)	–	–	–	1,410	–	1,410
Actuarial gains/(losses) on defined-benefit obligations (Note 27.2)	(291)	161	(130)	1,884	(474)	1,410
Currency translation differences	17,836	–	17,836	(650)	–	(650)
Other comprehensive income	**17,545**	**161**	**17,706**	**2,644**	**(474)**	**2,170**

27.6 OECD Pillar Two model rules

Under the new Pillar II legislation, the Group is required to pay an additional tax for jurisdictions whose GloBE effective tax rate would be below the minimum rate of 15%. Based on the assessment, the Pillar II effective tax rates in most jurisdictions in which the Group operates are above 15%. However, there are limited number of jurisdictions where the transitional safe harbour relief does not apply and the Pillar II effective tax rate is above 15%. The Group does not expect a material exposure to Pillar II income taxes in those jurisdictions.

28. EARNINGS PER SHARE

The Group applies the rules governing earnings per share as described in Note 2.30 above.

28.1 Basic earnings per share

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

31 March	2024	2023
Profit for the year attributable to equity holders of the Company *(in thousands of euros)*	**94,876**	**115,110**
Weighted average number of ordinary shares in issue [(a)]	1,474,862,900	1,471,609,250
Basic earnings per share *(in € per share)*	**0.064**	**0.078**

(a) Treasury shares are deducted from total shares in issue for the purposes of calculating earnings per share.

28.2. 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.

	2024	2023
Profit for the year attributable to equity holders of the Company *(in thousands of euros)*	**94,876**	**115,110**
Weighted average number of ordinary shares in issue [(a)]	1,474,862,900	1,471,609,250
Adjustment for free shares	598,244	–
Adjustment for stock options	886,498	2,039,865
Weighted average number of ordinary shares for diluted earnings per share in issue	1,476,347,642	1,473,649,115
Diluted earnings per share *(in € per share)*	**0.064**	**0.078**

(a) Treasury shares are deducted from total shares in issue for the purposes of calculating earnings per share.

Notes to the Consolidated Financial Statements

29. SUPPLEMENTAL DISCLOSURE ON CASH FLOW INFORMATION

29.1 Other non-cash items

The Group has granted share-based payments as described in Note 18.3.

29.2. 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.

29.3. 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.

30. CONTINGENCIES

30.1. 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.

30.2. 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.

31. COMMITMENTS

31.1. 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*	**2024**	**2023**
Property, plant and equipment	7,415	4,348
Intangible assets	–	269
Raw materials	4,348	5,117
Total	**11,763**	**9,734**

The amounts as at 31 March 2024 and 31 March 2023 mainly relate to the plants in France.

31.2. Other commitments

31 March *In thousands of euros*	**2024**	**2023**
Pledge over property (land and buildings)	13,696	16,441
Total	**13,696**	**16,441**

The Group has also committed to invest up to €20,000 thousand in an investment fund named Truffle Capital (fund duration of 10 years with a 2-year renewal option) and to €3,000 thousand in an investment fund named Karista (fund duration of 10 years with a 2-year renewal option). The Group has already invested a cumulative amount of €19,500 thousand in Truffle Capital and €1,806 thousand in Karista.

In FY22, the Group committed to invest in Livelihoods Carbon fund Sicav for a total amount of €5,000 thousand. 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 2024, an amount of capital calls of €266 thousand 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 thousand. 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 2024, an amount of capital calls of €4,378 thousand was recorded in the line “Other non-current assets” in the balance sheet.

Notes to the Consolidated Financial Statements

32. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are described below.

32.1. 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 2024 *In thousands of euros*	**Salaries and other benefits in kind**	**Employer's contribution to a retirement benefit scheme**	**Bonuses**	**Long Term Incentive**	**Directors' fees**	**Share-based payments**	**Services**	**Total**
Executive directors								
Reinold Geiger [(a)]	–	–	150	–	–	–	622	**772**
André Hoffmann [(b)]	670	–	250	–	–	–	–	**920**
Laurent Marteau [(b)(c)]	594	93	381	–	–	232	–	**1,300**
Séan Harrington	669	–	363	353	–	55	–	**1,440**
Karl Guénard	160	37	58	–	–	11	–	**266**
Non-executive director								
Thomas Levilion	–	–	–	–	26	–	–	**26**
Independent Non-executive directors								
Mark Broadley	–	–	–	–	49	–	8	**57**
Christèle Hiss Holiger	–	–	–	–	41	–	–	**41**
Jackson Ng	–	–	–	–	42	–	8	**50**
Betty Liu	–	–	–	–	41	–	–	**41**
Total	**2,093**	**130**	**1,202**	**353**	**199**	**298**	**638**	**4,913**

(a) Reinold Geiger is the Chairman.

(b) Laurent Marteau will succeed as Chief Executive Officer on 1 April 2024.

(c) Laurent Marteau was appointed executive director on 27 September 2023.

32. TRANSACTIONS WITH RELATED PARTIES *(CONTINUED)*

32.1. Key management compensation *(continued)*

Directors' emoluments (continued)

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							
Charles 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 was the Chairman.

(b) André Hoffman was the Chief Executive Officer.

(c) Thomas Levilion was re-designated from an executive Director to a non-executive Director on 1 July 2022 and he replaced Martial Lopez.

(d) Valérie Bernis has been replaced by Christèle hiss Holliger on 1January 2023.

There is no defined-benefit obligation for directors.

Notes to the Consolidated Financial Statements

32. TRANSACTIONS WITH RELATED PARTIES *(CONTINUED)*

32.1. 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*	**2024**	**2023**
Salaries and other benefits in kind	2,424	2,640
Employer's contribution to a retirement benefit scheme	36	65
Long Term Incentive	7,147	–
Bonuses	3,490	2,736
Directors' fees	–	–
Share-based payment	55	399
Services	–	–
Total	**13,152**	**5,840**

Fees for five directors are included in the 31 March 2024 amount and three directors in the 31 March 2023 amount.

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*	**2024**	**2023**
Nil to €700,000	–	–
€700,000 to €800,000	–	–
€800,000 to €900,000	–	1
€900,000 to €1,000,000	–	2
over €1,000,000	5	2
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*	**2024**	**2023**
Salaries and other benefits in kind	4,833	2,642
Employer's contribution to a retirement benefit scheme	405	170
Bonuses	2,369	1,939
Long-term incentives	3,416	–
Directors' fees	–	–
Share-based payment	464	559
Services	404	–
Total	**11,891**	**5,310**

There is no defined benefit obligation for senior management.

32. TRANSACTIONS WITH RELATED PARTIES *(CONTINUED)*

32.1. 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*	**2024**	**2023**
Nil to €200,000	1	–
€200,000 to €300,000	1	3
€300,000 to €400,000	1	–
€400,000 to €500,000	5	3
over €500,000	8	3
Total	**16**	**9**

32.2. Sales of products and services

31 March *In thousands of euros*	**2024**	**2023**
Sales of goods and services		
— Sales of L'OCCITANE en Provence products to Les Minimes SAS [(a)]	68	50
— Sales of L'OCCITANE en Provence products to L'Occitane Middle East	18,598	18,123
— Sales of L'OCCITANE en Provence products to CAPSUM	-	6
— Sales of L'Occitane products to Le Cloître des Minimes	1	-
— Sales of Erborian products to L'Occitane Middle East	3,206	3,699
— Sales of ELEMIS products to L'Occitane Middle East	1,029	5,261
— Sales of Sol de Janeiro products to L'Occitane Middle East	400	-
— Management fees to Parent [(b)]	250	231
— Sales of services to Parent [(b)]	224	-
— Sales of services to LOG Investments	-	374
— Sales of services to L'Occitane Middle East	24	-
— Interests on loan to L'Occitane Middle East	449	223
Total sales of products	**24,249**	**27,968**
Receivables from related parties in connection with the above sales of products		
— Receivables from Parent	560	418
— Receivables from LOG Investments	–	27
— Receivables from L'Occitane Middle East	7,983	16,082
— Receivables from Cloître des Minimes [(a)]	19	61
Total receivables	**8,562**	**16,588**

a) In the normal course of business, the Group sells L'OCCITANE en Provence 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 €250 thousand (€231 thousand for the financial year ended 31 March 2023).

Notes to the Consolidated Financial Statements

32. TRANSACTIONS WITH RELATED PARTIES *(CONTINUED)*

32.3. Purchases of goods and services

31 March *In thousands of euros*	**2024**	**2023**
Purchases		
— Services from Le Cloître des Minimes	81	–
— Goods and services from CAPSUM	–	2,409
Total purchases	**81**	**2,409**
Payables to related parties in connection with the above services		
— Goods from L'Occitane Middle East	–	25
— Goods from CAPSUM	–	759
Total payables	**–**	**784**

32.4. Borrowings from related parties/loans to related parties

31 March *In thousands of euros*	**2024**	**2023**
Loans to related parties		
— Receivables from L'Occitane Middle East	11,022	7,277
Total loans to related parties	**11,022**	**7,277**

32.5. 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 2024 and 31 March 2023.

32.6. Commitments and contingencies

The Group has not guaranteed any loans to any key management personnel.

32.7. Other transactions with related parties

On 28 March 2024, L'Occitane International S.A. entered into the sale of Grown Alchemist activities with Lavender, a corporation wholly-owned by Mr. André Hoffmann, an executive director and shareholder of L'Occitane International S.A..

The Company sold the Group Fourteen Holdings Pty Ltd shares for €3,443 thousand and 14 Group S.A. for €5,528 thousand. The share purchase agreement states that the loans from Grown Alchemist to the Group, which amounted to €19,380 thousand at the date of the transaction, will be reimbursed before 30 September 2024.

The sale consideration will also be paid by Lavender on or before 30 September 2024 (Note 16).

33. COMPANY-LEVEL INFORMATION

33.1. Company balance sheet

ASSETS *In thousands of euros*	**31 March 2024**	**31 March 2023**
Property, plant and equipment	2	5
Right-of-use assets	119	220
Intangible assets	3,100	3,100
Investments at costs in subsidiaries	1,369,382	1,296,913
Investments at costs in joint-ventures and associates	57,536	76,200
Investments at fair value through other comprehensive income (FVOCI)	83	83
Other non-current receivables	4,667	11,971
Non-current assets	**1,434,889**	**1,388,492**
Trade receivables due from subsidiaries	672	2,928
Trade receivables	296	269
Other current assets due from subsidiaries	5,629	–
Other current assets	12,243	935
Cash and cash equivalents	11,837	12,628
Current assets	**30,677**	**16,760**
TOTAL ASSETS	**1,465,566**	**1,405,252**

EQUITY AND LIABILITIES *In thousands of euros*	**31 March 2024**	**31 March 2023**
Share capital	44,309	44,309
Additional paid-in capital	342,851	342,851
Retained earnings	5,394	342,804
Total equity	**392,554**	**729,964**
Lease liabilities	19	124
Deferred income tax liabilities	1,858	1,656
Other financial liabilities	684,841	338,650
Non-current liabilities	**686,718**	**340,430**
Trade payables due to subsidiaries	4,700	299
Trade payables	6,008	487
Social and tax liabilities	7,045	6,612
Borrowings	368,431	327,358
Lease liabilities	110	102
Current liabilities	**386,294**	**334,858**
TOTAL EQUITY AND LIABILITIES	**1,465,566**	**1,405,252**

Notes to the Consolidated Financial Statements

33. COMPANY-LEVEL INFORMATION *(CONTINUED)*

33.2. Company statement of changes in equity

In thousands of euros	Share capital	Additional paid-in capital	Retained earnings	Total
Balance as at 31 March 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**
Profit for the year	–	–	46,258	46,258
Dividend declared	–	–	(46,359)	(46,359)
Employee share option: value of employee services	–	–	9,162	9,162
Change in estimates in the valuation of the exercise price of the put options granted to non-controlling interests	–	–	(379,907)	(379,907)
Exercise of put options granted to non-controlling interests	–	–	10,036	10,036
Extinction of put options granted to non-controlling interests	–	–	23,400	23,400
Balance as at 31 March 2024	**44,309**	**342,851**	**5,394**	**392,554**

* *On 1 April 2022, L'Occitane International S.A. transferred its commercial activity and part of its financing activity to L'Occitane International (Suisse) S.A.*

34. POST BALANCE SHEET EVENTS

Following the engagement letter signed on 15 March 2024, L'Occitane International S.A. took part in a fund raising round carried out by Good Glamm Group (accounted for using the equity method) on 7 April 2024, contributing €8,036 thousand and reaching its percentage interest to 15.83%. As at 31 March 2024, this engagement is a derivative recognized at fair value, for which the amount is nil.

On 2 April 2024, L'Occitane International S.A. purchased Dr. Vranjes Japan KK for €6.8 million. Dr. Vranjes Japan KK is a company managing Dr. Vranjes Firenze brand stores in Japan.

On 29 April 2024, the Board of Directors of L'Occitane International S.A. announced that L'Occitane Groupe S.A. offered to acquire all shares in the Company that it does not already own, with the intention to privatise and delist from The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The rationale is to allow the current management team, which would remain in place, to continue operations of the Company's business as it is and invest in long-term sustainable growth initiatives as a privately held company.

35. LIST OF SUBSIDIARIES AND ASSOCIATES

Subsidiaries and associates		City – Country of incorporation/operation	Date of incorporation	% of interest 31 March 2024	% of interest 31 March 2023	Method of consolidation 31 March 2024	Method of consolidation 31 March 2023	Share capital	Principal activities
L'Occitane International S.A.		Luxembourg – Luxembourg	2000	Parent	Parent	Full	Full	EUR38,231,891.72	Holding & Distribution
L'Occitane International (Suisse) SA	*	Plan les Ouates – Switzerland	2022	100.0	100.0	Full	Full	CHF100,000	Distribution
Laboratoires M&L	*	Manosque – France	1976	100.0	100.0	Full	Full	EUR8,126,409.35	Production
M&L Distribution France S.a.r.l.	**	Manosque – France	1994	100.0	100.0	Full	Full	EUR3,097,000	Distribution
Café & Retail 86	*	Paris – France	2020	100.0	100.0	Full	Full	EUR1,622,443.00	Distribution
L'Occitane Inc.	*	New York – USA	1995	100.0	100.0	Full	Full	USD1	Distribution
L'Occitane (Far East) Limited	*	Hong Kong SAR – China	1992	100.0	100.0	Full	Full	HKD8,000,000	Holding & Distribution
L'Occitane Singapore Pte. Limited	**	Singapore – Singapore	1997	100.0	100.0	Full	Full	SGD100,000	Distribution
L'Occitane Japon K.K.	***	Tokyo – Japan	1998	100.0	100.0	Full	Full	JPY100,000,000	Distribution
Melvita Japon K.K.	**	Tokyo – Japan	2010	100.0	100.0	Full	Full	JPY50,000,000	Distribution
L'Occitane Do Brasil	*	Jundjai – Brazil	1999	100.0	100.0	Full	Full	BRL8,700,000	Distribution
Espaço Do Banho	***	Sao Paulo – Brazil	1996	100.0	100.0	Full	Full	BRL3,800,000	Distribution
L'Occitane Ltd.	*	London – UK	1996	100.0	100.0	Full	Full	GBP1,398,510.75	Distribution
L'Occitane GmbH	*	Villach – Austria	2000	70.0	70.0	Full	Full	EUR70,000	Distribution
L'Occitane GmbH	*	Dusseldorf – Germany	2004	100.0	100.0	Full	Full	EUR25,000	Distribution
L'Occitane Italia S.r.l.	*	Milan – Italy	2001	100.0	100.0	Full	Full	EUR80,000	Distribution
L'Occitane Australia Pty Ltd	**	Sydney – Australia	2000	100.0	100.0	Full	Full	AUD5,000,000	Distribution
L'Occitane (Suisse) S.A.	*	Geneva – Switzerland	2002	100.0	100.0	Full	Full	CHF100,000	Distribution
L'Occitane Espana S.L	*	Madrid – Spain	2003	100.0	100.0	Full	Full	EUR6,459,650.10	Distribution
L'Occitane Central Europe s.r.o.	*	Prague – Czech Republic	2004	100.0	100.0	Full	Full	CZK9,361,000	Distribution
L'Occitane (Taiwan) Limited	***	Taipei – Taiwan Region	2005	100.0	100.0	Full	Full	TWD28,500,000	Distribution
L'Occitane Belgium Sprl	*	Antwerpen – Belgium	2005	100.0	100.0	Full	Full	EUR20,000	Distribution
L'Occitane Trading (Shanghai) Co. Limited	**	Shanghai – China	2005	100.0	100.0	Full	Full	USD1,400,000	Distribution
L'Occitane (Korea) LLC	**	Seoul – Korea	2005	100.0	100.0	Full	Full	KRW2,505,000,000	Distribution
L'Occitane Airport Venture LLC	**	Dallas – USA	2006	65.0	65.0	Full	Full	USD10,000	Distribution
L'Occitane Mexico S.A. de CV	*	Mexico City – Mexico	2006	99.9	99.9	Full	Full	MXP28,250,000	Distribution
L'Occitane (China) Limited	**	Hong Kong SAR – China	2006	100.0	100.0	Full	Full	HKD10,000	Distribution
L'Occitane Macau Limited	**	Macau SAR – China	2007	100.0	100.0	Full	Full	MOP25,000	Distribution
Melvita (International) SAS (formerly Verveina SAS)	**	Manosque – France	2008	100.0	100.0	Full	Full	EUR37,000	Holding & Distribution
L'Occitane Thailand Ltd.	**	Bangkok – Thailand	2008	100.0	100.0	Full	Full	THB20,000,000	Distribution
L'Occitane Ventures (Thailand) Ltd.	**	Bangkok – Thailand	2012	49.0	49.0	Full	Full	THB451,700	Distribution
L'Occitane Polska Sp.z.o.o	*	Warsaw – Poland	2009	100.0	100.0	Full	Full	PLN3,754,000	Distribution
L'Occitane Canada Corp	*	Toronto – Canada	2009	100.0	100.0	Full	Full	CAD6,000,000	Distribution
L'Occitane India Private Limited	**	New Delhi – India	2009	51.0	51.0	Full	Full	INR17,500,000	Distribution
L'Occitane Nederland B.V.	*	Amsterdam – The Netherlands	2010	100.0	100.0	Full	Full	EUR200,000	Distribution
L'Occitane Malaysia SDN	**	Kuala Lumpur – Malaysia	2011	100.0	100.0	Full	Full	MYR2	Distribution
L'Occitane Ireland Ltd	*	Dublin – Ireland	2012	100.0	100.0	Full	Full	EUR100	Distribution
Symbiose Cosmetics France SAS	*	Paris – France	2012	97.8	97.8	Full	Full	EUR140,000	Distribution
Symbiose Cosmetics Korea	**	Seoul – Korea	2012	97.8	97.8	Full	Full	KRW100,000,000	Production
L'Occitane Nordic AB	*	Stockholm – Sweden	2012	100.0	100.0	Full	Full	SEK50,000	Distribution
L'Occitane South Africa (Pty) Ltd	*	Johannesburg – South Africa	2013	100.0	100.0	Full	Full	ZAR750	Distribution
L'Occitane Portugal Unipessoal LDA	*	Lisbon – Portugal	2013	100.0	100.0	Full	Full	EUR50,000	Distribution
L'Occitane Norge AS	*	Oslo – Norway	2014	100.0	100.0	Full	Full	NOK129,000	Distribution
L'Occitane Distribution Asia Pte. Ltd.	**	Singapore – Singapore	2016	100.0	100.0	Full	Full	SGD10,000	General Warehousing

Notes to the Consolidated Financial Statements

35. LIST OF SUBSIDIARIES AND ASSOCIATES *(CONTINUED)*

Subsidiaries and associates		City – Country of incorporation/operation	Date of incorporation	% of interest 31 March 2024	% of interest 31 March 2023	Method of consolidation 31 March 2024	Method of consolidation 31 March 2023	Share capital	Principal activities
L'Occitane Opera Industria e Comercio de Cosmeticos LTDA	***	Sao Paulo – Brazil	2017	100.0	100.0	Full	Full	BRL1,000,000	Production
LimeLife Co-Invest Sarl	**	Luxembourg – Luxembourg	2018	58.0	58.0	Full	Full	USD42,229,729	Holding
Limelife USA LLC	**	New York – USA	2017	58.0	58.0	Full	Full	USD5,830,313	Distribution
LimeLife Canada Ltd	**	Toronto – Canada	2017	58.0	58.0	Full	Full	CAD529,310	Distribution
Comercio De Cosmeticos e Produtos De Perfumaria LTDA	****	Sao Paulo – Brazil	2017	–	58.0	–	Full	BRL11,279,388	Distribution
LimeLife France SAS	**	Paris – France	2018	58.0	58.0	Full	Full	EUR333,400	Distribution
LimeLife by Alcone UK Ltd	**	London – UK	2017	58.0	58.0	Full	Full	GBP300,880	Distribution
LimeLife Deutschland GMBH	**	Berlin – Germany	2018	58.0	58.0	Full	Full	EUR30,000	Distribution
LimeLife Italia S.P.A.	**	Milan – Italy	2018	58.0	58.0	Full	Full	EUR50,000	Distribution
LimeLife by Alcone Espana S.L.	**	Madrid – Spain	2019	58.0	58.0	Full	Full	EUR30,000	Distribution
Limelife Australia Pty Ltd	**	Sydney – Australia	2019	58.0	58.0	Full	Full	AUD40,000	Distribution
Limelife Japan KK	**	Tokyo – Japan	2019	58.0	58.0	Full	Full	JPY5,000,000	Distribution
LimeLife Fempire Fund LLC	**	New York – USA	2021	58.0	58.0	Full	Full	USD2,000,000	Investment
LOI Participations SARL	*	Luxembourg – Luxembourg	2017	100.0	100.0	Full	Full	EUR10,000,000	Holding
L'Occitane Innovation Lab	*	Manosque – France	2017	100.0	100.0	Full	Full	EUR5,000,000	Investment
LOI ELEMIS SARL	*	Luxembourg – Luxembourg	2019	98.7	98.6	Full	Full	EUR12,000	Holding
ELEMIS Ltd USA	**	Coral Gables – USA	2019	98.7	98.6	Full	Full	USD178,850,000	Distribution
ELEMIS Ltd UK	**	Bristol – UK	1988	98.7	98.6	Full	Full	GBP795,000	Distribution
Elemis Asia Pacific Limited	**	Hong Kong SAR – China	2019	98.7	98.6	Full	Full	HKD1	Distribution
Elemis IRL Ltd	**	Dublin – Ireland/Kildare – Ireland	2019	98.7	98.6	Full	Full	EUR100	Distribution
Duolab International Sarl	****	Plan les Ouates – Switzerland	2019	–	100.0	–	Full	EUR272,000	Development Production, Distribution
Duolab UK Limited	****	London – UK	2019	–	100.0	–	Full	GBP50,000	Distribution
Capsum S.A.	****	Marseille – France	2008	–	26.0	–	Equity	EUR556,940	Production, Distribution
Caspum Inc.	****	Texas – USA	2015	–	26.0	–	Equity	USD22,194,186	Production
Sanghvi Beauty & Technology Private Limited (Good Glam Group)	*	Pune – India	2015	15.7	15.5	Equity	Equity	INR1,598,520,613	Holding, Investment, Distribution
LOC SOL Holding Inc.	*	Dover (Kent) – USA	2021	100.0	100.0	Full	Full	USD1	Holding, Distribution
LOC SOL Owners Inc.	**	Dover (Kent) – USA	2021	83.0	83.0	Full	Full	USD100	Distribution
LOC SOL Target Inc.	**	Dover (Kent) – USA	2021	83.0	83.0	Full	Full	USD1	Distribution
Sol de Janeiro Holding Inc.	**	Dover (Kent) – USA	2019	83.0	83.0	Full	Full	USD2,674	Holding, Distribution
Sol de Janeiro USA Inc.	**	Dover (Kent) – USA	2019	83.0	83.0	Full	Full	USD1	Distribution
Sol de Janeiro SAS	**	Paris – France	2020	83.0	83.0	Full	Full	EUR0	Distribution
Sol de Janeiro IP Inc.	**	Dover (Kent) – USA	2019	83.0	83.0	Full	Full	USD1	Distribution
L'Occitane Middle East FZCO JV	*	Dubai – UAE	2020	51.0	51.0	Equity	Equity	USD27,000	Distribution
L'Occitane Arabia	**	Jeddah – KSA	2021	51.0	51.0	Equity	Equity	SAR30,000,000	Distribution
L'Occitane Emirates LLC	**	Dubai – UAE	2021	51.0	51.0	Equity	Equity	AED300,000	Distribution
L'Occitane New Zealand Ltd	*	Auckland – New Zealand	2024	100.0	–	Full	–	NZD100,000	Distribution
14 Group S.A.	****	Luxembourg – Luxembourg	2022	–	32.0	–	Full	EUR30,000	Holding
Group Fourteen Holdings Australia Pty Ltd	****	Melbourne – Australia	2016	–	32.0	–	Full	AUD10,723,000	Holding
Group Fourteen LLC	****	Wilmington – USA	2017	–	32.0	–	Full	USD1,000	Distribution
Group Fourteen Operations Pty Ltd	****	Melbourne – Australia	2008	–	32.0	–	Full	AUD1,100,000	Distribution

35. LIST OF SUBSIDIARIES AND ASSOCIATES *(CONTINUED)*

Subsidiaries and associates		City – Country of incorporation/operation	Date of incorporation	% of interest 31 March		Method of consolidation 31 March		Share capital	Principal activities
				2024	2023	2024	2023		
Group Fourteen IP Pty Ltd	****	Melbourne – Australia	2016	–	32.0	–	Full	AUD1	Patents & trademarks owner
Grown Alchemist Ltd	****	London – UK	2020	–	32.0	–	Full	GBP2	Distribution
Grown Alchemist Europe BV	****	Amsterdam – The Netherlands	2015	–	32.0	–	Full	EUR100	Distribution
Group Fourteen Europe Pty Ltd	****	Melbourne – Australia	2016	–	32.0	–	Full	AUD0	Dormant
Grown Alchemist Pty Ltd	****	Melbourne – Australia	2015	–	32.0	–	Full	AUD100	Dormant
Dr. Vranjes Retail Srl	*	Firenze – Italy	2014	100.0	–	Full	–	EUR30,000	Distribution
Dr. Vranjes Newco Srl	*	Milan – Italy/Firenze – Italy	2024	100.0	–	Full	–	EUR10,000	Distribution
Dr. Vranjes Firenze Spa	*	Firenze – Italy	2014	100.0	–	Full	–	EUR50,000	Distribution
DRV US Corp	**	Camden (Kent) – USA	2017	100.0	–	Full	–	USD1,000	Distribution
DRV UK Ltd	**	London – UK	2020	100.0	–	Full	–	GBP50,000	Distribution
DRV Japan G.K.	**	Tokyo – Japan	2023	100.0	–	Full	–	YEN60,000	Holding
Dr. Vranjes Cosmetics Trading Ltd	**	Shanghai – China	2018	100.0	–	Full	–	CNY2,324,910	Distribution

* *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 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.

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 non-controlling interests of the Group for the last five financial years is set out below.

Year ended 31 March	FY24	FY23	FY22	Restated FY21	FY20
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
Net sales	**2,541,941**	2,134,689	1,781,358	1,537,845	1,644,083
Gross profit	**2,016,311**	1,718,141	1,463,415	1,277,134	1,341,231
Gross profit margin	**79.3%**	80.5%	82.2%	83.0%	81.6%
Operating profit	**233,086**	239,132	310,714	216,836	187,263
Operating profit margin	**9.2%**	11.2%	17.4%	14.1%	11.4%
Profit for the year	**101,823**	118,193	241,909	153,637	115,240
attributable to:					
equity owners of the Company	**93,893**	115,110	242,034	151,180	116,288
non-controlling interests	**7,930**	3,083	(125)	2,457	(1,048)
Total assets	**3,115,035**	2,816,428	3,009,074	2,489,539	2,408,359
Totals liabilities	**2,203,523**	1,629,427	1,694,468	1,218,002	1,233,024
Equity attributable to equity owners of the Company	**856,678**	1,138,964	1,270,028	1,192,838	1,098,480
Non-controlling interests	**54,834**	48,037	44,578	78,699	76,855

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.

MIX
Paper from
responsible sources
FSC® C157924

Groupe L'OCCITANE

Certified B Corporation