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Groupe L'OCCITANE

L'OCCITANE INTERNATIONAL S.A.

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R.C.S. Luxembourg: B80359
(Incorporated under the laws of Luxembourg with limited liability)
(Stock code: 973)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

HIGHLIGHTS

- The Group's net sales grew 24.9% at constant rates to exceed €1 billion, mainly contributed by the stellar growth of Sol de Janeiro as well as the decent growth of L'OCCITANE en Provence, particularly in China.
- Gross profit margin remained high at 78.3%, although it represented a decrease of 1.9 points as compared to the same period last year, due mainly to the higher sales contribution from brands that have a higher wholesale mix, such as Sol de Janeiro and ELEMIS.
- Operating profit reached €76.8 million, a decrease of 11.8% as compared to the same period last year. This was mainly a result of the Group's significantly higher marketing investments allocated for key brands in strategic markets and channels.
- On a management basis, i.e. excluding the losses/profits in joint ventures and associates, the operating profit margin in FY2024 H1 was 8.4%, a decrease of 3.1 points as compared to the management operating profit margin of FY2023 H1.

KEY INTERIM FINANCIAL INFORMATION

The board (the "**Board**") of directors (the "**Directors**") of L'Occitane International S.A. (the "**Company**") is pleased to announce the consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2023 ("**FY2024 H1**") together with comparative figures for the six months ended 30 September 2022 ("**FY2023 H1**"). The following financial information, including the comparative figures, has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 September	*Notes*	2023 *€ '000*	2022 *€ '000*	% Change
Net sales	2	**1,072,024**	**900,505**	**19.0**
Cost of sales		(232,109)	(178,229)	30.2
Gross profit		**839,915**	**722,276**	**16.3**
% of net sales		*78.3%*	*80.2%*	
Distribution expenses		(391,722)	(353,072)	10.9
Marketing expenses		(237,475)	(160,620)	47.8
Research and development expenses		(11,334)	(10,169)	11.5
General and administrative expenses		(114,069)	(96,341)	18.4
Other operating income	3	2,232	3,467	(35.6)
Other operating expenses	4	(2,321)	(14,437)	(83.9)
Share of profit/(loss) from associates and joint ventures accounted for using the equity method	5	(8,464)	(4,073)	107.8
Operating profit		**76,762**	**87,031**	**(11.8)**
Finance income	7	2,651	1,064	149.2
Finance costs	7	(26,388)	(15,528)	69.9
Foreign currency gains/(losses)		(2,282)	(896)	154.7
Profit before income tax		**50,743**	**71,671**	**(29.2)**
Income tax expense	8	(11,113)	(7,781)	42.8
Profit for the period		**39,630**	**63,890**	**(38.0)**
Attributable to:				
Equity owners of the Company		34,033	61,832	(45.0)
Non-controlling interests		5,597	2,058	172.0
Total		**39,630**	**63,890**	**(38.0)**
Effective tax rate		21.9%	10.9%	
Earnings per share for profit attributable to the equity owners of the Company during the period *(expressed in euros per share)*				
Basic		0.023	0.042	(45.0)
Diluted		0.023	0.042	(45.0)
Number of shares used in earnings per share calculation				
Basic	9	1,472,169,550	1,471,333,800	0.1
Diluted	9	1,474,324,900	1,473,647,433	0.0

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September	2023 *€ '000*	2022 *€ '000*
Profit for the period	**39,630**	**63,890**
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	(4,988)	(4,215)
Items that may subsequently be reclassified to profit or loss		
Reclassification of currency translation differences relating to the sale of L'Occitane Russia	–	10,805
Currency translation differences*	35,467	124,367
Total items that may subsequently be reclassified to profit and loss	**30,479**	**130,957**
Other comprehensive income for the period, net of tax	**30,479**	**130,957**
Total comprehensive income for the period	**70,109**	**194,847**
Attributable to:		
Equity owners of the Company	63,550	183,261
Non-controlling interests	6,559	11,586
Total comprehensive income for the period	**70,109**	**194,847**

* The currency translation differences were mainly generated by the US Dollar and notably for concerned goodwill, trademarks and right-of-use assets.

INTERIM CONSOLIDATED BALANCE SHEET

As At	Notes	30 September 2023 € '000	31 March 2023 € '000
ASSETS			
Property, plant and equipment		129,728	125,234
Right-of-use assets		260,046	271,656
Goodwill		910,593	893,542
Intangible assets		499,972	490,188
Deferred income tax assets		107,335	84,966
Investments accounted for using the equity method		40,126	66,124
Other non-current assets		70,622	76,636
Non-current assets		**2,018,422**	**2,008,346**
Inventories	11	390,951	317,197
Trade receivables	12	297,827	256,553
Other current assets		125,038	84,740
Derivatives financial instruments		609	2,337
Cash and cash equivalents		104,040	147,255
Current assets		**918,465**	**808,082**
TOTAL ASSETS		**2,936,887**	**2,816,428**
EQUITY AND LIABILITIES			
Share capital		44,309	44,309
Additional paid-in capital		342,851	342,851
Other reserves		(596,222)	(368,342)
Retained earnings		1,108,115	1,120,146
Capital and reserves attributable to the equity owners of the Company		**899,053**	**1,138,964**
Non-controlling interests		53,094	48,037
Total equity		**952,147**	**1,187,001**
Borrowings		312,969	324,819
Lease liabilities		182,790	193,309
Other financial liabilities		589,257	338,650
Other non-current liabilities		29,314	22,343
Deferred income tax liabilities		99,814	99,488
Non-current liabilities		**1,214,144**	**978,609**
Trade payables	13	265,408	210,103
Payroll and tax liabilities		110,580	98,461
Current income tax liabilities		17,088	25,424
Borrowings		212,195	194,040
Lease liabilities		85,213	82,393
Derivative financial instruments		1,846	248
Provisions		3,273	3,683
Other current liabilities		74,993	36,466
Current liabilities		**770,596**	**650,818**
TOTAL EQUITY AND LIABILITIES		**2,936,887**	**2,816,428**
NET CURRENT ASSETS/(LIABILITIES)		**147,869**	**157,264**
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,166,291**	**2,165,610**

NOTES TO THE KEY INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

This interim condensed consolidated financial information for the six-month period ended 30 September 2023 ("**period ended 30 September 2023**") has been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board. The interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2023, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union.

The accounting policies and methods used to prepare this interim condensed consolidated financial information are consistent with those used to prepare the annual consolidated financial statements for the year ended 31 March 2023, except as described below:

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

Other new and amended standards

Interpretations and amendments to IFRSs effective for reporting periods beginning on or after 1 April 2023 listed below have no material impact on the interim condensed consolidated financial information.

- 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.

- 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 will disclose separately the deferred tax assets on lease liabilities and the deferred tax liabilities on right-of-use assets.

Interpretations and amendments to IFRSs effective for reporting periods beginning on or after 1 April 2023 listed below have material impact on the interim condensed consolidated financial information.

- International Tax Reform — Pillar Two Model Rules — these amendment to IAS 12 provides temporary relief from accounting for deferred taxes arising from the implementation of the Pillar Two model rules. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules to reform international corporate taxation with the aim of ensuring that multinational enterprises with global revenue exceeding €750 million pay a minimum effective corporate tax rate of 15%. For the Group, the Pillar Two model rules should be applicable as from FY25. The Group is currently working to measure the impact of this reform and to coordinate the processes necessary to ensure compliance with its obligations. In the consolidated financial statements as at 31 March 2024, the Group will disclose qualitative and quantitative information on the Pillar Two impacts.

2. Net sales and segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. 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 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.

- Sol de Janeiro — the sale of fragrances, skincare, haircare and bodycare from the 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).

- 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).

- Other brands — the sale of Erborian, L'OCCITANE au Brésil, Grown Alchemist, LimeLife and Melvita skincare, makeup, floral water, beauty oils and other products. These brands mostly have the same economic characteristics, primarily in terms of type of product, customer, distribution channel ("Retail", "Online" and "Wholesale & other" channels), and financial performance, and they do not individually or cumulatively exceed the quantitative criteria defined in IFRS 8.

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

2.1. Performance by operating segment

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

For the six months ended 30 September 2023 *In thousands of euros*	**L'OCCITANE en Provence**	**Sol de Janeiro**	**ELEMIS**	**Other brands**	**Total**
Net sales	**595,638**	**269,988**	**109,156**	**97,242**	**1,072,024**
In % of total	*55.6%*	*25.2%*	*10.2%*	*9.1%*	*100.0%*
Gross profit	**496,114**	**189,408**	**82,837**	**71,556**	**839,915**
% of net sales	*83.3%*	*70.2%*	*75.9%*	*73.6%*	*78.3%*
Distribution expenses	(276,385)	(41,249)	(32,559)	(41,529)	(391,722)
Marketing expenses	(129,026)	(50,699)	(30,351)	(27,399)	(237,475)
Research & development expenses	(7,741)	(1,184)	(1,190)	(1,219)	(11,334)
General and administrative expenses	(73,453)	(18,345)	(11,685)	(10,586)	(114,069)
Share of profit/(loss) from associates and joint ventures accounted for using the equity method	(8,464)	–	–	–	(8,464)
Other operating income	2,022	–	–	210	2,232
Other operating expenses	(2,321)	–	–	–	(2,321)
Operating profit/(loss)	**746**	**77,931**	**7,052**	**(8,967)**	**76,762**
% of net sales	*0.1%*	*28.9%*	*6.5%*	*(9.2)%*	*7.2%*

For the six months ended 30 September 2022 *In thousands of euros*	L'OCCITANE en Provence	Sol de Janeiro	ELEMIS	Other Brands	Total
Net sales	**610,322**	**94,605**	**105,118**	**90,460**	**900,505**
In % of total	*67.8%*	*10.5%*	*11.7%*	*10.0%*	*100.0%*
Gross profit	**513,643**	**64,556**	**78,036**	**66,041**	**722,276**
% of net sales	*84.2%*	*68.2%*	*74.2%*	*73.0%*	*80.2%*
Distribution expenses	(274,183)	(7,512)	(27,282)	(44,095)	(353,072)
Marketing expenses	(95,262)	(19,745)	(26,720)	(18,893)	(160,620)
Research & development expenses	(7,230)	(279)	(969)	(1,691)	(10,169)
General and administrative expenses	(66,181)	(10,105)	(11,704)	(8,351)	(96,341)
Share of profit/(loss) from associates and joint ventures accounted for using the equity method	(4,073)	–	–	–	(4,073)
Other operating income	3,095	–	19	353	3,467
Other operating expenses	(14,437)	–	–	–	(14,437)
Operating profit/(loss)	**55,372**	**26,915**	**11,380**	**(6,636)**	**87,031**
% of net sales	*9.1%*	*28.4%*	*10.8%*	*(7.3)%*	*9.7%*

2.2. Performance by geographic area

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

For the six months ended 30 September *In thousands of euros*	2023 Total	2023 *In %*	2022 Total	2022 *In %*
Asia Pacific	371,361	34.6%	370,280	41.1%
Including China	*134,862*	*12.6%*	*117,380*	*13.0%*
Americas	442,381	41.3%	280,990	31.2%
Including the United States	*389,920*	*36.4%*	*231,753*	*25.6%*
EMEA	258,282	24.1%	249,235	27.7%
Net sales	**1,072,024**	**100.0%**	**900,505**	**100.0%**

3. Other operating income

For the six months ended 30 September	2023 *€ '000*	2022 *€ '000*
Net gain on disposal of Duolab International SARL	1,320	–
Government grants	675	552
Profit on sales of assets	210	372
Other items	27	843
Capital gain arising from the change in the % of interest in associates and joint ventures	–	1,700
Total	**2,232**	**3,467**

4. Other operating expenses

For the six months ended 30 September	2023 *€ '000*	2022 *€ '000*
Net loss on disposal of CAPSUM	(1,993)	–
Loss on sale of assets	(328)	–
Reclassification to income statement of the charge previously recognised in other comprehensive income (currency translation differences)	–	(10,805)
Capital loss from the sale of L'Occitane Russia before reclassification of currency translation differences	–	(3,632)
Total	**(2,321)**	**(14,437)**

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

For the six months ended 30 September	2023 *€ '000*	2022 *€ '000*
Good Glamm Group	(11,404)	(4,759)
CAPSUM	468	406
L'Occitane Middle East	2,472	280
Total	**(8,464)**	**(4,073)**

6. Depreciation, amortisation and impairment

For the six months ended 30 September	2023 *€ '000*	2022 *€ '000*
Depreciation, amortisation and impairment	76,711	76,816

7. Finance income and costs

For the six months ended 30 September	2023 *€ '000*	2022 *€ '000*
Interest on cash and cash equivalents	2,651	1,064
Finance income	**2,651**	**1,064**
Change in the fair value of the receivable from the sale of L'Occitane Russia	(8,645)	(7,885)
Interest expense	(13,546)	(4,088)
Interest and finance expenses paid/payable for lease liabilities	(4,197)	(3,555)
Finance costs	**(26,388)**	**(15,528)**
Finance costs, net	**(23,737)**	**(14,464)**

8. Taxation

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

	2023 *€ 000*	2022 *€ 000*
Profit before income tax excluding profit/(loss) from associates and joint ventures	59,207	74,044
Income tax calculated at corporate tax rate *(Luxembourg tax rate of 24.94% as at 30 September 2023 and 2022)*	(14,766)	(18,467)
Effect of different tax rates in foreign countries	9,714	19,132
Effect of unrecognized tax assets	(6,472)	(8,199)
Expenses not deductible	(1,552)	(1,335)
Effect of unremitted tax earnings	1,963	1,088
Income tax (expense)	**(11,113)**	**(7,781)**

9. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to equity owners of the Company of €34.0 million for the six months ended 30 September 2023, as compared to €61.8 million for the six months ended 30 September 2022, and the weighted average number of shares in issue of 1,472,169,550 (basic) and 1,474,324,900 (diluted) for the period ended 30 September 2023 and 1,471,333,800 (basic) and 1,473,647,433 (diluted) for the period ended 30 September 2022.

10. Dividends

In line with its policy to declare and pay only a final dividend each year, the Board has recommended that no distribution would be made from the profits of the six months ended 30 September 2023.

11. Inventories

Inventories consist of the following items:

	30 September 2023 *€ '000*	31 March 2023 *€ '000*	30 September 2022 *€ '000*
Raw materials and supplies	64,884	55,104	44,423
Finished goods and work in progress	354,695	285,379	282,071
Inventories, gross	419,579	340,483	326,494
Less: allowance	(28,628)	(23,286)	(16,990)
Inventories	**390,951**	**317,197**	**309,504**

12. Trade receivables

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

	30 September 2023 *€'000*	31 March 2023 *€'000*	30 September 2022 *€'000*
Current and past due within 3 months	278,490	236,155	249,967
Past due from 3 to 6 months	13,726	15,333	3,660
Past due from 6 to 12 months	5,408	3,464	4,867
Past due over 12 months	5,039	6,104	3,434
Less: allowance for doubtful accounts	(4,836)	(4,503)	(5,197)
Trade receivables	**297,827**	**256,553**	**256,731**

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

13. Trade payables

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

	30 September 2023 *€ '000*	31 March 2023 *€ '000*	30 September 2022 *€ '000*
Current and past due within 3 months	261,795	208,063	212,613
Past due from 3 to 6 months	1,762	812	397
Past due from 6 to 12 months	1,051	32	797
Past due over 12 months	800	1,196	2,203
Trade payables	**265,408**	**210,103**	**216,010**

MANAGEMENT DISCUSSION & ANALYSIS

Summary:

For the six months ended 30 September	Management[1] 2023 *€ million or %*	Reported 2023 *€ million or %*	Management[2] 2022 *€ million or %*	Reported 2022 *€ million or %*
Net sales	1,072.0	1,072.0	904.5	900.5
Operating profit	89.7	76.8	104.1	87.0
Profit for the period	n/a	39.6	n/a	63.9
Gross profit margin (% to net sales)	78.3%	78.3%	80.3%	80.2%
Operating profit margin (% to net sales)	8.4%	7.2%	11.5%	9.7%
Net profit margin (% to net sales)	n/a	3.7%	n/a	7.1%

(1) Management 2023 — reported results excluding losses/profits in joint ventures and associates (Good Glamm Group and CAPSUM) for proper comparison. The management believes these costs should be excluded when comparing to the management results of the same period last year.

(2) Management 2022 — 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 losses/profits in joint ventures and associates (Good Glamm Group and CAPSUM) were also excluded for proper comparison. The net sales included a reclassification of sales for the Sol de Janeiro brand in the marketplace channel to properly record the sell-out sales value. The management believes that this management version provides a truer view of the operational performance in 2022.

Definitions:

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

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

SEASONALITY OF OPERATIONS

The Group is subject to significant seasonal variation in its sales, which are substantially higher in its third financial quarter (between 1 October and 31 December) in anticipation of and during the Christmas holiday season. Sales generated during the period ended 30 September 2022 represented 42.2% of the Group's annual sales for the year ended 31 March 2023 ("**FY2023**") and operating profit in that period represented 36.4% of the Group's annual operating profit for FY2023. These ratios are not representative of the sales and operating profit expected for the year ended 31 March 2024 ("**FY2024**").

Seasonality also has an impact on the production schedule and the use of working capital. The Group generally uses a significant part of its working capital between April and November in order to increase the production in anticipation of increased sales during the Christmas holiday season.

REVENUE ANALYSIS

The Group's reported net sales amounted to €1,072.0 million in FY2024 H1, representing 19.0% growth at reported rates as compared to the reported net sales of €900.5 million in FY2023 H1. Sol de Janeiro's sales in FY2023 H1 were modified due to a reclassification of sales in the marketplace channel, hence the Group's comparable net sales in FY2023 H1 amounted to €904.5 million. The revenue analysis from here on uses the modified figure as the basis of comparison. As such, the Group recorded sales growth of 18.5% at reported rates or 24.9% at constant rates, as compared to the net sales of €904.5 million in FY2023 H1. Sales growth in the three months ended 30 September 2023 ("**FY2024 Q2**") was 17.1% at reported rates or 25.3% at constant rates. The growth was mainly driven by the stellar performance of Sol de Janeiro and the steady growth of L'OCCITANE en Provence with the recovering trend in China, despite the difficult market context.

The Group's total number of retail locations increased from 2,774 as at 31 March 2023 to 3,292 as at 30 September 2023, an increase of 518 locations or 18.7%. The number of own retail stores increased from 1,362 as at 31 March 2023 to 1,364 as at 30 September 2023, an increase of 2 or 0.1%. At the end of September 2023, the breakdown of the 1,364 own stores by brand and change compared to the end of March 2023 were as follows: L'OCCITANE en Provence (1,234; -2), Melvita (34; -1), Erborian (2; nil), L'OCCITANE au Brésil (68; +3) and ELEMIS (26; +2).

Performance by Brand

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

	FY2024 H1	**FY2023 H1**	**Growth at reported rates**	**Growth at constant rates**
	€ 'million	*€ 'million*	*%*	*%*
L'OCCITANE en Provence	595.6	610.3	(2.4)	3.5
ELEMIS	109.2	105.1	3.8	7.6
Sol de Janeiro[(1)]	270.0	98.6	173.9	188.8
Others[(2)]	97.2	90.5	7.5	10.7
Total	**1,072.0**	**904.5**	**18.5**	**24.9**

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

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

The Group maintained solid sales momentum in FY2024 H1. L'OCCITANE en Provence performed steadily with 3.5% growth at constant rates in FY2024 H1, contributed mainly by the double-digit sales growth in China. The solid growth in China was attributed to the additional marketing investments focusing on the key product categories of face care, body care and hair care. The brand's agile product strategy featuring high-value body care bestsellers aimed to increase the average ticket helped compensate for the reduced traffic in offline channels. The recently launched marketplace channel in China, Douyin, also drew new online traffic. Excluding Russia, from which the Group divested in June 2022, the brand posted sales growth of 4.8% at constant rates in FY2024 H1.

ELEMIS grew at 7.6% at constant rates in FY2024 H1. In FY2024 Q2, ELEMIS's overall sales in the UK and the US declined, in line with the management's expectations as the brand continued to execute the premiumization strategy. This resulted in the brand's 2.4% sales decline at constant rates in FY2024 Q2. In the UK, ELEMIS's planned reduction in investment in certain web partners strategically drove traffic to its e-commerce channel where it delivered double-digit growth. Meanwhile, the US was impacted by an expected shortfall in the maritime business due to a timing shift of order shipments into the second half of FY2024. Excluding the maritime channel, the US domestic business grew by 18.3% at constant rates in FY2024 Q2. The e-commerce channel of both markets continued to grow well with an ongoing focus on reducing discounting depth and frequency, in line with the outlined strategy. ELEMIS in China progressed nicely with sales growth exceeding 200% in FY2024 H1, thanks to accelerated marketing investments on social media channels to highlight one of its global bestsellers, the *Pro-Collagen Cleansing Balm*.

Sol de Janeiro continued its impressive sales momentum with 188.8% growth at constant rates to reach €270.0 million sales in FY2024 H1, exceeding its annual sales in FY2023. The brand saw triple-digit growth across all geographies, driven by a highly successful summer campaign and its equally sought after core products and new launches.

Other brands together showed healthy growth of 10.7% at constant rates for FY2024 H1. Erborian and L'OCCITANE au Brésil performed particularly well with 44.3% and 35.7% growth respectively at constant rates in FY2024 H1. Melvita narrowed its sales decline to a single-digit percentage in FY2024 H1, while LimeLife continued to be sluggish, declining by over 20%.

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 H1 *€ 'million*	FY2023 H1 *€ 'million*	Growth at reported rates *%*	Growth at constant rates *%*	Same store sales growth[1] *%*
APAC	371.4	371.1	0.1	9.2	4.4
Americas	442.4	284.1	55.7	63.6	15.8
EMEA	258.3	249.2	3.6	4.1	4.1
Total	**1,072.0**	**904.5**	**18.5**	**24.9**	**7.8**

[1] Excluding Russia, from which the Group divested in FY2023.

The Group's regional sales mix remained quite balanced. The Americas was the largest region, accounting for 41.3% of the Group's sales. APAC was the second largest region at 34.6% of net sales while EMEA accounted for the remaining 24.1%. In terms of single markets, the US was the largest market and accounted for 36.4% of the Group's net sales, mainly due to the rapid growth of Sol de Janeiro. The second largest market was China at 12.6%, followed by the UK at 7.6%.

The Americas continued to lead the growth with 63.6% at constant rates in FY2024 H1, mainly driven by Sol de Janeiro in the US. APAC grew 9.2% at constant rates in FY2024 H1. This was mostly contributed by the strong 28.0% growth at constant rates in China, thanks to both the contribution from L'OCCITANE en Provence and the continued development of ELEMIS. EMEA grew 4.1% at constant rates in FY2024 H1, mainly due to Sol de Janeiro's strong growth and the encouraging results of Erborian. Excluding Russia, EMEA grew by 8.7% at constant rates.

Performance by Channel

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

	FY2024 H1 *€ 'million*	FY2023 H1 *€ 'million*	Growth at reported rates *%*	Growth at constant rates *%*
Retail	313.2	321.7	(2.6)	3.7
Online channels	321.1	268.6	19.5	26.9
Wholesale & others	437.7	314.2	39.3	44.9
Total	**1,072.0**	**904.5**	**18.5**	**24.9**

Wholesale & others led the growth with 44.9% at constant rates in FY2024 H1, with dynamic growth in wholesale chains and international distribution. This channel accounted for 40.8% of the Group's net sales, a marked increase from 34.7% in the same period last year, mainly due to the addition of newer brands in the Group's portfolio such as ELEMIS and Sol de Janeiro, which has a higher wholesale sales mix compared to L'OCCITANE en Provence.

Online channels posted a growth of 26.9% at constant rates in FY2024 H1, mainly driven by the strong performance of Sol de Janeiro and ELEMIS, as well as L'OCCITANE en Provence's recently launched marketplace channel in China. Retail sales maintained a steady growth of 3.7% at constant rates, thanks to the improved conditions in China. Excluding Russia, the retail growth was 5.5% at constant rates.

PROFITABILITY ANALYSIS

All the analyses in this section are based on the reported figures for FY2024 H1 as compared to the reported figures for FY2023 H1.

Cost of sales and gross profit

Cost of sales increased by 30.2%, or €53.9 million, to €232.1 million in FY2024 H1 as compared to the same period last year. The gross profit margin decreased by 1.9 points to 78.3% for FY2024 H1, due mainly to the following factors:

- Unfavourable brand mix for 2.0 points, mostly due to the increase in share of the Sol de Janeiro brand as it 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;
- Increase in the use of mini products and boxes for 0.3 points; and
- Unfavourable channel mix and industrial cost increase for 0.2 points.

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

- Improved commercial conditions with the Group's sell-in customers for 0.8 points;
- Price increase for 0.3 points; and
- Reclassification of sales commissions to distribution expenses for 0.3 points.

Distribution expenses

Distribution expenses increased by 10.9%, or €38.6 million, to €391.7 million for FY2024 H1 as compared to the same period last year. As a percentage of net sales, the distribution expenses improved by 2.7 points to 36.5% of net sales for FY2024 H1. This improvement was attributable to a combination of the following:

- Favorable brand mix for 5.6 points, mainly from the increase in share of the Sol de Janeiro and Erborian brands which have a lower level of distribution costs;
- Higher sales leverage, channel mix and FX for 0.7 points; and
- Efficiencies thanks to network rationalization and fewer renovations, as well as decrease in freight costs for 0.5 points.

The improvement was partly offset by:

- Higher investment in organization and staff, IT and others for 1.5 points;
- Cost increase linked to a rise of commission rate to sell-in partners for 1.2 points, mostly due to the sales growth in marketplace channels and additional livestreaming activities in China;
- Increase of travel and entertainment ("**T&E**"), positive one-off impacts last year including COVID-19 subsidies received from governments and an impairment on store lease contracts performed in March 2022, and other one-off items for 0.8 points; and
- Reclassification of sales commissions from gross profit and others for 0.6 points.

Marketing expenses

Marketing expenses increased by 47.8%, or €76.9 million, to €237.5 million for FY2024 H1 as compared to the same period last year. The marketing expenses as a percentage of net sales increased by 4.4 points to 22.2% of net sales for FY2024 H1. The increase was attributable to the following:

- Higher strategic marketing investments in both traditional and social media for 4.0 points, of which:
    - o 3.6 points were for the L'OCCITANE en Provence brand, of which 2.2 points were allocated to China focusing on key product categories and for the launch of Douyin, and 1.4 points were allocated to other key strategic markets and channels such as the US, Japan, Korea and travel retail; and
    - o 0.4 points were for the other brands, of which 0.2 points were allocated to ELEMIS in China focusing on its global bestsellers.
- Higher investment in staff, salary increase and fees for 0.7 points; and
- Brand mix for 0.7 points.

The increase was partly offset by:

- Higher sales leverage for 0.8 points; and
- FX and channel impact for 0.2 points.

Research & development expenses

Research and development ("**R&D**") expenses increased by 11.5%, or €1.2 million, to €11.3 million for FY2024 H1 compared to the same period last year. The R&D expenses as a percentage of net sales was almost flat and remained at 1.1% for FY2024 H1, due mainly to higher sales leverage.

General and administrative expenses

General and administrative expenses increased by 18.4%, or €17.7 million, to €114.1 million for FY2024 H1 compared to the same period last year. As a percentage of net sales, general and administrative expenses decreased by 0.1 points to 10.6% for FY2024 H1. The decrease was attributable to the following:

- Higher sales leverage for 2.1 points; and
- Favourable brand mix and phasing for 0.3 points.

The improvement was almost completely offset by:

- Higher bonus and incentives for 0.7 points;
- Higher operating costs such as salary and T&E increase, as well as recruitment fees and others for 0.7 points;
- Higher investment in organization and staff, IT and others for 0.7 points; and
- FX for 0.2 points.

Other operating income/expenses and share of net losses from associates and joint ventures

Other operating income amounted to €2.2 million in FY2024 H1 as compared to €3.5 million in FY2023 H1. Other operating income as a percentage of net sales decreased by 0.2 points to 0.2% of net sales for FY2024 H1. The income last year was mainly related to the capital gain arising from the change in the percentage interests in Good Glamm Group.

Other operating expenses amounted to €2.3 million in FY2024 H1 as compared to €14.4 million in FY2023 H1. Other operating expenses as a percentage of net sales decreased by 1.4 points to 0.2% of net sales for FY2024 H1. The expense last year was due to the capital loss from currency translation on the divestiture of Russia.

Share of net losses from associates and joint ventures amounted to €8.5 million in FY2024 H1 as compared to €4.1 million in FY2023 H1. As a percentage of net sales, the ratios for FY2024 H1 and FY2023 H1 were 0.8% and 0.5% respectively. The deterioration was driven by a higher share of loss for Good Glamm Group, partially offset by an increase in the profit this year from the Group's joint venture in the Middle East representing 0.2 points as a ratio of sales for FY2024 H1.

Operating profit

Operating profit decreased by 11.8%, or €10.3 million, to €76.8 million for FY2024 H1 and the operating profit margin decreased by 2.5 points to 7.2% of net sales compared to the same period last year.

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

- Increase in marketing and organizational investments to sustain the development of the brands for 7.0 points;
- Cost increase and inflation, mostly due to increase in commission rate and supply chain costs for 1.6 points;
- One-off items, phasing and other for 1.2 points;
- Unfavourable FX impact for 0.8 points;
- Non-management one-off items, mainly from Good Glamm Group's capital gain last year and this year's loss on CAPSUM's disposal for 0.4 points; and
- Increase in the share of losses from associates and joint ventures, mainly from Good Glamm Group which was partly offset by L'Occitane Middle East for 0.3 points.

This decrease was partly offset by:

- Leverage of fixed costs on higher sales for 3.3 points;
- Brand mix for 3.1 points mainly driven by the new brands;
- Divestiture of the Group's business in Russia last year for 1.6 points;
- Channel mix for 0.5 points as sell-in channels rebounded; and
- Efficiencies on the retail network, freight and price increase offset by salary increase and higher incentives for 0.3 points.

On a management basis, the operating profit margin this year was 8.4% (excluding Good Glamm Group and CAPSUM's share of losses and loss on disposal of CAPSUM for 1.2 points) as compared to the operating profit margin of 11.5% last year (excluding the divestiture of the Group's business in Russia, Good Glamm Group and CAPSUM's share of losses and the capital gain on Good Glamm Group for 1.9 points).

Finance costs, net

Net finance costs were €23.7 million for FY2024 H1, €9.3 million higher than that for the same period last year. The increase in finance costs was due mainly to the finance cost of €7.9 million relating to the interest expenses on borrowings.

Foreign currency gains/losses

Net foreign currency losses amounted to €2.3 million for FY2024 H1, as compared to net currency losses of €0.9 million for FY2023 H1. The net foreign currency losses comprised €2.9 million realised losses and €1.3 million unrealised gains.

The net foreign currency losses of €0.7 million were mainly related to IFRS 16 impact.

Income tax expense

Income tax expense amounted to €11.1 million in FY2024 H1, representing an effective tax rate of 21.9%, as compared to an income tax expense of €7.8 million or an effective tax rate of 10.9% in FY2023 H1. If excluding the profit or loss in associates and joint ventures, the effective tax rates of FY2024 H1 and FY2023 H1 were 18.8% and 10.5% respectively. The increases in income tax expense and in effective tax rate were mainly explained by the higher proportion of taxable income achieved in territories with higher tax rates.

Profit for the period

Net profit for FY2024 H1 decreased by €24.3 million or 38.0% to €39.6 million, as compared to the same period last year. Both basic and diluted earnings per share were €0.023 and both decreased by 45.0% as compared to the earnings per share for the same period last year.

BALANCE SHEET REVIEW

Liquidity and capital resources

As at 30 September 2023, the Group had cash and cash equivalents of €104.0 million, as compared to €150.6 million as at 30 September 2022 and €147.3 million as at 31 March 2023.

The total borrowings, including term loans, bank borrowing, revolving facilities and other borrowings, amounted to €525.2 million as at 30 September 2023, as compared to €624.8 million as at 30 September 2022 and €518.9 million as at 31 March 2023. The Group had a net increase of borrowings by €6.3 million for the six months ended 30 September 2023 as compared to 31 March 2023.

Net debt including lease liability and dividend payable as at 30 September 2023 amounted to €735.2 million, decreased by €87.9 million or 10.7% as compared to €823.1 million as at 30 September 2022.

As at 30 September 2023, the aggregate amount of undrawn borrowing facilities was €465.3 million, as compared to €343.2 million as at 30 September 2022 and €461.5 million as at 31 March 2023.

Investing activities

Net cash used in investing activities was €21.0 million for FY2024 H1, as compared to €50.9 million for the same period last year, representing a decrease of €29.9 million. The decrease was explained by the sale of CAPSUM participation, which was accounted for using the equity method, for a total consideration of €25 million.

Capital expenditures amounted to €28.7 million for FY2024 H1, as compared to €21.2 million for the same period last year. The capital expenditures represented investing in the following:

- Leasehold improvements in progress and other tangible assets relating to point of sales for €11.3 million;
- Investment in production line, warehouses and offices for €9.4 million;
- IT equipment, software and projects for €7.9 million; and
- Other projects and items for €0.1 million.

Financing activities

Financing activities resulted in a net outflow of €61.3 million in FY2024 H1, compared to a net outflow of €176.0 million during the same period last year. The net outflow this year was mainly resulted from the principal components of lease payments for €49.4 million, a payment for acquisition of non-controlling interests in a non-wholly owned subsidiary for €11.1 million and a net repayment of borrowings for €1.5 million.

Inventories

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

For the six months ended 30 September	2023	2022
Average inventory turnover days[(1)]	278	293

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

Inventory net value was €391.0 million as at 30 September 2023, an increase of €81.5 million or 26.3% as compared to €309.5 million as at 30 September 2022. The increase in inventory net value was mainly from the strong growth of Sol de Janeiro and the expectation of sales in the festive seasons in the third quarter.

The decrease in inventory turnover days by 15 days was attributable to the following:

- Finished goods and mini products and pouches ("**MPPs**") for -12 days; and
- Favourable FX impacts for -10 days.

This was partially offset by:

- Raw materials and work in progress for +7 days.

Trade receivables

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

For the six months ended 30 September	2023	2022
Turnover days of trade receivables[(1)]	47	46

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

The increase in turnover days of trade receivables by 1 day for FY2024 H1 was mainly attributable to increase in sell-in sales, in particular, with the strong growth of Sol de Janeiro selling mainly to sell-in clients having longer payment terms.

Trade payables

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

For the six months ended 30 September	2023	2022
Turnover days of trade payables[(1)]	68	80

(1) Turnover days of trade payables equals average trade payables divided by expenses (including cost of sales and excluding amortisation, depreciation and employee benefits expenses) and multiplied by 182.5. Average trade payables equals the average of trade payables at the beginning and end of a given period. FY2023 H1 was updated to reflect the current calculation method.

The decrease in turnover days of trade payables by 12 days for FY2024 H1 was explained by the lower turnover days in accruals, trade payables and other liabilities for 2 days and FX impact for 10 days.

BALANCE SHEET RATIOS

The Group's profitability ratios for FY2024 H1 varied slightly as compared to the same period last year. The capital employed varied as compared to FY2023 H1 by €488.7 million mainly due to the significant increase of the valuation of the put option granted to Sol de Janeiro non-controlling interests, linked to the stellar growth of the brand.

For the six months ended	30 September 2023 *€ '000*	30 September 2022 *€ '000*
Profitability		
EBITDA[1]	151,191	162,953
Net operating profit after tax (NOPAT)[2]	58,168	76,784
Capital employed[3]	1,687,361	2,176,100
Return on capital employed (ROCE)[4]	3.4%	3.5%
Return on equity (ROE)[5]	3.8%	4.8%
Liquidity		
Current ratio (times)[6]	1.2	1.1
Quick ratio (times)[7]	0.7	0.7
Capital adequacy		
Gearing ratio[8]	27.0%	28.5%
Debt to equity ratio[9]	77.2%	60.8%

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

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

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

(4) NOPAT/capital employed

(5) Net profit attributable to equity owners of the Company/shareholders' equity at period 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 Group enters into forward foreign exchange contracts to hedge anticipated transactions, as well as receivables and payables not denominated in our presentation currency, the Euro, for periods consistent with our identified exposures. As at 30 September 2023, the Group had foreign exchange derivatives net liabilities of €1.2 million in the form of foreign exchange forward contracts and interest rate derivatives (in accordance with fair market valuation requirements under IFRS). The notional principal amounts of the outstanding sales and purchase forward exchange derivatives were €211.0 million and €126.8 million respectively.

DIVIDENDS

At the Board meeting held on 26 June 2023, the Board recommended a distribution of a gross final dividend of €0.03129 per share for an aggregated sum of €46.0 million or 40.0% of the FY2023 net profit attributable to the equity owners of the Company. 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 approved the final dividend at the annual general meeting held on 27 September 2023. The dividend was paid on 20 October 2023.

In line with its policy to declare and pay only a final dividend each year, the Board has recommended that no distribution would be made from the profits of FY2024 H1.

POST BALANCE SHEET EVENTS

On 6 June 2023, the Group signed a lease contract for a warehouse located in the United States. On the commencement date, estimated on 1 December 2023, the best estimate of right-of-use assets and lease liabilities is €37 million. The duration of the agreement is 10 years.

The Israeli-Palestinian conflict commenced on 7 October 2023 and is not considered to have material impact on the business in the Middle East. Management will continue to follow the evolution of the conflict to properly assess its potential effect on the consolidated financial information.

STRATEGIC REVIEW

The Group saw solid sales momentum in the first half of FY2024, with net sales growing 24.9% at constant rates to exceed €1 billion. The growth was driven by the continued outperformance of Sol de Janeiro, which delivered triple-digit growth in each of its geographies, and the steady performance of its core band, L'OCCITANE en Provence, which grew solidly in China despite a difficult market context.

The Group's operating profit margin was 8.4% on a management basis, mostly a result of significantly higher marketing investments for all of its brands in key markets and channels that will allow the Group to fully capture new growth opportunities and protect its market share in an increasingly competitive environment.

The Group continues to strengthen its position as a competitive multi-brand, generationally appealing and geographically balanced organization. It is expanding Sol de Janeiro into new product categories that are equally sought after as its core products, proactively implementing a premiumization plan for ELEMIS to enhance its long-term growth and profitability and adjusting its channel strategy across its business to enhance the image of its brands.

Strong marketing push and agile product strategy to drive core brand awareness and relevance in key markets

The Group is investing proactively to secure its status as a multi-billion-euro group in the years to come. In FY2024, the Group significantly increased investments for its key priorities in line with its 3P model — for People, the Planet and Profit — mostly in marketing for core brands, but also in improving its CRM capabilities, data security and upgrading factories to become more water and energy efficient, to name a few.

L'OCCITANE en Provence received the largest portion of the marketing budget to invest in key markets, notably in China but also in other strategic markets and channels such as the US, Japan, South Korea and travel retail. This is already having a pronounced effect, with core brand sales in China growing by 22% at constant rates in the first half of FY2024 despite muted consumer confidence in the overall economy.

The additional investment in China focused on the key face care, body care and hair care categories, including highly impactful marketing campaigns for its bestsellers that drove brand awareness and increased average ticket value to compensate for reduced offline traffic.

One of the major marketing initiatives held in China in the first half of FY2024 was to drive awareness and build relevance around the bestselling *Almond* range, featuring lifestyle content marketing and occasion-based KOL content, cooperative marketing with social platform Little Red Book and crossovers with premium yoga studios. The campaign delivered strong double-digit sales growth for the product range in the January-September 2023 period and established *Almond Shower Oil* as the No. 1 searched shower product on social media platforms.

Another campaign was for the launch of the *White Lavender* range, utilizing omni-channel engagement to tell a unique Provence vacation story, including celebrity and KOL content to drive social media buzz, immersive experiences at physical PR events and pop-up cafés, and 3 livestreaming sessions during Tmall's Super Brand Day. This achieved a 65% recruitment rate, more than 430 million online impressions and a more than 100% improvement in Tmall's and Little Red Book's search index.

In line with the brand's continued focus on face care, it relaunched its iconic *Immortelle Divine Cream*, featuring mass KOL engagement to generate product-focused content to drive awareness and build word of mouth, including inviting one of China's top livestreamers to Corsica to trace and discover the uniqueness of the product, cooperative marketing with Little Red Book, and highly-visible outdoor advertising exposures. This delivered strong triple-digit sales growth for *Immortelle Divine Cream* in the July-September 2023 quarter, a three-place improvement in sales ranking in the cream category in the same quarter and a triple-digit percentage increase in social buzz.

Stellar performance of Sol de Janeiro powered by core product success and new launches

Sol de Janeiro maintained its impressive momentum with sales growing by 188.8% at constant rates in the first half of FY2024, with triple-digit growth across all geographies and a strong contribution to the Group's profit, delivering an operating profit margin of 28.9%. It is now the second largest brand, making up 25.2% of the Group's net sales.

The brand's performance was boosted by a major summer campaign in its home market of the US, where Sol de Janeiro maintained the No. 1 skincare brand ranking in Sephora North America and the overall No. 1 brand ranking at Kohl's. The brand also demonstrated its year-round appeal with its limited edition Fall fragrance mist, *After Hours*, experiencing strong sales through with a sales level on par with its highly successful summer mists collection which had three SKUs.

Following on from the ongoing success of its *Brazilian Bum Bum Cream* hero product and blockbuster launches in the fragrance mist category, Sol de Janeiro is set to launch a new moisturizing body butter in December 2023 that will further fill a gap in its product portfolio and address one of the top consumer needs in the body care category.

ELEMIS pushes forward with premiumization strategy

ELEMIS grew a solid 7.6% at constant rates in the first half of FY2024. Although sales growth slowed down in FY2024 Q2, it was in line with the management's expectations as it continued to implement its premiumization strategy. Under this strategy, the brand reduced investments with certain web partners in the UK to drive traffic to its own website, where it delivered double-digit growth amid an ongoing focus on reducing discounting depth and frequency. ELEMIS's e-commerce channel in the US also continued to grow well, in line with the same strategy. Its performance in the US was impacted by its cruise ship business due to a slight delay of order shipments from FY2024 Q2 into the second half of FY2024. Excluding this channel, the US domestic business grew a healthy 18% in the quarter.

In China, ELEMIS saw sales growth of over 200% as it accelerated marketing investments on social media channels, highlighting its global bestsellers such as the *Pro-Collagen Cleansing Balm*. KOL livestreaming via Douyin also had a powerful impact on the brand's sales growth.

Despite the weaker growth in FY2024 Q2, ELEMIS remains on track to reach its annual targets, with sell-out growth in the US of over 40% in the first half of FY2024, alongside double-digit sell-out growth in its UK and cruise ship businesses, pointing to the continued strength of the brand.

Refinement of omni-channel strategy to enhance brand image

Similar to ELEMIS, the Group took steps to refine the omni-channel strategy of its core brand and re-focus on its own sell-out channels to enhance brand image, ceasing the distribution of L'OCCITANE en Provence in pharmacy channels in France.

In recent years, the Group's channel mix has become more diversified, having been balanced by the rapid growth of Sol de Janeiro and ELEMIS which have a higher wholesale sales mix. These newer brands, along with expansion and growth in travel retail channels led by Sol de Janeiro and Grown Alchemist, saw wholesale and other channel sales grow by 44.9% at constant rates in the first half of FY2024. It is currently the Group's largest channel, accounting for 40.8% of net sales.

Online channels posted a solid 26.9% growth at constant rates, mainly driven by Sol de Janeiro and ELEMIS, as well as the Group's newly launched marketplace channel on Douyin in China, where engagement with top livestreamers boosted sales growth and new traffic for the core brand and ELEMIS. Retail sales globally grew a steady 3.7% at constant rates, mostly contributed by the improved situation in China compared to the same period last year.

A certified B Corporation™

The Group has a clear focus on delivering against the triple bottom-line – People, the Planet and Profit. In August 2023, the Group became a certified B Corporation™, highlighting its ongoing commitment and further solidifying its status as a pioneer in premium sustainable beauty and wellness.

As a globally recognized standard, what sets B Corp apart is that it measures and verifies a company's entire social and environmental performance and ensures transparency and accountability. During its two-year journey to certification, the Group used the B Corp framework to rigorously evaluate its impact on all stakeholders across five pillars – its governance, workers, environment, community and customers.

In line with its mission to positively impact people and regenerate nature through empowerment, the B Corp certification will help the Group to keep pushing for better as it pursues its long-term ambition to create a nature-positive world. As part of the B Corp community, the Group will also be able to leverage its position as a global company to drive positive change in and beyond its value chain.

OUTLOOK

Looking ahead, the Group remains cautiously optimistic about its prospects in the second half of FY2024 as it heads into the holiday and gifting seasons. Although the Group's additional marketing investments will weigh on its profit margins this fiscal year, it is also necessary for building upon the existing strengths of all of its brands and fully capturing the opportunities in key strategic markets and channels. Targeted campaigns focused on global bestsellers are already bearing fruit in boosting brand awareness and engagement, and are vital in supporting the core brand's ability to outperform the overall premium beauty market in China.

Although the macroeconomic environment remains uncertain, the Group's portfolio of strong and unique premium beauty brands and its commitment to invest for the long-term will drive sustainable growth and profitability for its shareholders and stakeholders.

AUDIT COMMITTEE

As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, (the "**Listing Rules**"), the Company has an audit committee (the "**Audit Committee**") comprising of three non-executive Directors, two of whom are independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls and financial reporting matters including the review of the consolidated results of the Group for the six months ended 30 September 2023.

CORPORATE GOVERNANCE

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

The Company has complied with all of the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2023.

The Company refers to its annual report for FY2023 published on 31 July 2023. For options exercised during FY2023, granted pursuant to the Share Option Plan 2016, the weighted average closing price per share immediately before the exercise date was HK$23.89 (for options granted on 10 February 2017) and HK$24.91 (for options granted on 29 March 2018).

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in the securities of the Company by the Directors. Having made specific enquiry of all Directors, they have confirmed that they have complied with the Model Code during the six months ended 30 September 2023.

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

During the six months ended 30 September 2023, the Company transferred out of treasury a total of 560,300 shares held in treasury pursuant to the employees' free share and share option plans of the Company. The Company held 4,795,341 shares in treasury on 30 September 2023. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2023.

GENERAL INFORMATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 September 2023 have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM REPORT

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

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

Hong Kong, 28 November 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Reinold Geiger (Chairman), Mr. André Hoffmann (Vice-Chairman and Chief Executive Officer), Mr. Karl Guénard (Company Secretary), Mr. Séan Harrington (Chief Executive Officer of ELEMIS) and Mr. Laurent Marteau (Group Managing Director); the non-executive Director of the Company is Mr. Thomas Levilion and the independent non-executive Directors of the Company are Mrs. Christèle Hiss Holliger, Mr. Charles Mark Broadley, Ms. Betty Liu and Mr. Jackson Chik Sum Ng.

Disclaimer

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