Groupe L'OCCITANE

L'OCCITANE INTERNATIONAL S.A.

49, Boulevard Prince Henri L-1724 Luxembourg

R.C.S. Luxembourg: B80359

(Incorporated under the laws of Luxembourg with limited liability)

(Stock code: 973)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

HIGHLIGHTS

- The Group's net sales grew 24.1% at constant rates and exceeded the €2.5 billion milestone to reach €2,541.9 million in FY2024. The growth in FY2024 was driven by the strong performance of Sol de Janeiro and steady performance of L'OCCITANE en Provence.
- Reported operating profit was €233.1 million, representing an operating margin of 9.2%, mainly due to increased marketing investments allocated for the main brands in strategic markets and channels.
- On a management basis, i.e. excluding the exceptional impacts of the impairments and share of profit/loss of associates, the operating profit in FY2024 was €308.4 million, representing an operating profit margin of 12.1% compared to 15.8% last year.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of L'Occitane International S.A. (the "**Company**" or "**L'Occitane**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2024 ("**FY2024**") together with comparative figures for the year ended 31 March 2023 ("**FY2023**"). 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 and as adopted by the European Union.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 March	*Notes*	2024 *€ '000*	2023 *€ '000*	% Change
Net sales	2	**2,541,941**	**2,134,689**	**19.1**
Cost of sales		(525,630)	(416,548)	26.2
Gross profit		**2,016,311**	**1,718,141**	**17.4**
% of net sales		*79.3%*	*80.5%*	
Distribution expenses		(857,682)	(784,702)	9.3
Marketing expenses		(578,346)	(367,709)	57.3
Research and development expenses		(26,153)	(22,481)	16.3
General and administrative expenses		(259,529)	(201,498)	28.8
Other operating income	4	18,032	4,060	344.1
Other operating expenses	5	(64,740)	(90,089)	-28.1
Share of profit/(loss) from associates and joint ventures accounted for using the equity method	3	(14,807)	(16,590)	-10.7
Operating profit	6	**233,086**	**239,132**	**-2.5**
Finance income	7	6,949	2,799	148.3
Finance costs	7	(47,309)	(56,312)	-16.0
Foreign currency gains/(losses)		(3,516)	(6,002)	-41.4
Profit before income tax		**189,210**	**179,617**	**5.3**
Income tax expense	8	(87,387)	(61,424)	42.3
Profit for the year		**101,823**	**118,193**	**-13.9**
Attributable to:				
Equity owners of the Company		93,893	115,110	-18.4
Non-controlling interests		7,930	3,083	157.2
Total		**101,823**	**118,193**	**-13.9**
Effective tax rate		46.2%	34.2%	
Earnings per share attributable to the equity owners of the Company during the year *(expressed in euros per share)*				
Basic		0.064	0.078	-18.6
Diluted		0.064	0.078	-18.6
Number of shares used in earnings per share calculation				
Basic	9	1,474,862,900	1,471,609,250	0.2
Diluted	9	1,476,347,642	1,473,649,115	0.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	*Notes*	31 March 2024 € '000	31 March 2023 € '000
ASSETS			
Property, plant and equipment		137,636	125,234
Right-of-use assets		292,177	271,656
Goodwill		957,017	893,542
Intangible assets		488,271	490,188
Deferred income tax assets		78,569	84,966
Investments accounted for using the equity method		38,133	66,124
Other non-current assets		73,506	76,636
Non-current assets		**2,065,309**	**2,008,346**
Inventories	11	450,273	317,197
Trade receivables	12	305,344	256,553
Other current assets		152,978	84,740
Derivatives financial instruments		1,612	2,337
Cash and cash equivalents		139,519	147,255
Current assets		**1,049,726**	**808,082**
TOTAL ASSETS		**3,115,035**	**2,816,428**
EQUITY AND LIABILITIES			
Share capital		44,309	44,309
Additional paid-in capital		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		54,835	48,037
Total equity		**911,512**	**1,187,001**
Borrowings		11,934	324,819
Lease liabilities		213,088	193,309
Other financial liabilities		684,839	338,650
Other non-current liabilities		39,076	22,343
Deferred income tax liabilities		115,698	99,488
Non-current liabilities		**1,064,635**	**978,609**
Trade payables	13	308,987	210,103
Payroll and tax liabilities		124,522	98,461
Current income tax liabilities		21,561	25,424
Borrowings		562,128	194,040
Lease liabilities		89,017	82,393
Derivative financial instruments		859	248
Provisions		3,514	3,683
Other current liabilities		28,300	36,466
Current liabilities		**1,138,888**	**650,818**
TOTAL EQUITY AND LIABILITIES		**3,115,035**	**2,816,428**
NET CURRENT (LIABILITIES)/ASSETS		**(89,163)**	**157,264**
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,976,147**	**2,165,610**

NOTES

1. Basis of preparation and changes in accounting principles

The consolidated financial statements of the Group 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.

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 FY2025. As at 31 March 2024 based on a preliminary assessment, the impact on the Group by the International Tax reform considered as not material, is disclosed in the Note 27.6 of the consolidated financial statements in Annual Report. 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.

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.

2. Net Sales and Segment Information

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.

- 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).

- 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, Dr. Vranjes Firenze and Melvita skincare, makeup, floral water, beauty oils and other products. These brands mostly have the same economic characteristics, primarily in terms of type of product, customer, distribution channel ("Retail", "Online" channels and "Wholesale & other" channel), and financial performance, and they do not individually or cumulatively exceed the quantitative criteria defined in IFRS 8.

2.1. Sales and segment information

31 March 2024

€'000	**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 accounted for using the equity method	(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%*

31 March 2023

€'000	**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 accounted for using the equity method	(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%*

2.2. Performance by geographic area

From a geographical perspective, the management assesses the performance of different geographic areas. Net sales are allocated based on the geographic area of the invoicing subsidiary.

	FY2024 *€ 'million*	**FY2023** *€ 'million*	**Growth at reported rates** *%*	**Growth at constant rates** *%*
APAC	884.2	896.2	(1.3)	6.3
Americas	1,092.5	695.0	57.2	63.0
EMEA	565.2	543.4	4.0	4.0
Total	**2,541.9**	**2,134.7**	**19.1**	**24.1**

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

	FY2024 *€ '000*	**FY2023** *€ '000*
Good Glamm Group	(17,464)	(9,419)
L'Occitane Middle East	2,189	(7,024)
CAPSUM	468	(147)
Total	(14,807)	(16,590)

4. Other operating income

	FY2024	FY2023
	€ '000	*€ '000*
Net gain on disposal of Grown Alchemist	10,486	–
Capital gain arising from the change in the percentage of interests in associates and joint ventures (Good Glamm Group)	4,750	1,700
Government grants	1,448	1,514
Net gain on disposal of Duolab	1,320	–
Other items	28	846
Total	**18,032**	**4,060**

5. Other operating expenses

	FY2024	FY2023
	€ '000	*€ '000*
Impairment of Melvita and LimeLife goodwill	(61,045)	(75,364)
Net loss on disposal of CAPSUM	(1,993)	–
Loss on sale of assets	(1,700)	(288)
Other items	(2)	–
Reclassification to income statement of the charge previously 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	**(64,740)**	**(90,089)**

6. Operating profit

	FY2024	FY2023
	€ '000	*€ '000*
Employee benefit expenses	566,380	503,168
Rent and occupancy	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	494,673	305,758
Auditor's remuneration	3,812	2,677
Professional fees	282,887	205,897
Depreciation, amortisation and impairment *	155,391	157,415
Transportation expenses	126,347	106,348
Other expenses	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**

* included amortisation of right-of-use assets under IFRS 16

7. Finance costs, net

	FY2024 *€ '000*	FY2023 *€ '000*
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	(8,645)	(35,901)
Interest expense	(28,976)	(12,802)
Interest and finance expenses paid/payable for lease liabilities	(9,688)	(7,609)
Finance costs	**(47,309)**	**(56,312)**
Finance costs, net	**(40,360)**	**(53,513)**

8. Income tax expense

	FY2024 *€ '000*	FY2023 *€ '000*
Current income tax	(66,363)	(54,792)
Deferred income tax	(21,024)	(6,632)
Total income tax expense	**(87,387)**	**(61,424)**
Profit before income tax and share of profit/(loss) from associates and 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 31 March 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 unrecognised tax assets	(11,859)	(12,746)
Recognition of previously unrecognised tax assets	37	366
Expenses not deductible for taxation purposes	(14,711)	(20,706)
Impairment of previously recognised tax assets	(9,444)	–
Effect of unremitted tax earnings	(8,291)	(1,208)
Provision for tax risks	–	30
Minimum tax payments	20	(10)
Income tax expense	**(87,387)**	**(61,424)**

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 €93.9 million for FY2024 (€115.1 million for FY2023) and the weighted average number of shares in issue of 1,474,862,900 (basic) and 1,476,347,642 (diluted) for the year ended 31 March 2024 and 1,471,609,250 (basic) and 1,473,649,115 (diluted) for the year ended 31 March 2023.

10. Dividends

The Board has recommended that no distribution would be made from the profits of the year ended 31 March 2024 due to the proposed privatisation announced on 29 April 2024.

11. Inventories

As at 31 March

	2024	2023
	€ '000	*€ '000*
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, net	**450,273**	**317,197**

12. Trade receivables

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

As at 31 March

	2024	2023
	€ '000	*€ '000*
Current and past due within 3 months	280,563	235,152
Past due from 3 to 6 months	12,152	14,718
Past due from 6 to 12 months	8,130	3,129
Past due over 12 months	4,499	3,554
Trade receivables, net	**305,344**	**256,553**

For retails sales, no credit terms are granted to the end customers. For customers in the Sell-in distribution channel, sales are made with credit terms generally from 60 to 90 days.

13. Trade payables

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

As at 31 March

	2024	2023
	€ '000	*€ '000*
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**

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).

Performance by Brand

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

	FY2024 *€ 'million*	FY2023 *€ 'million*	Growth at reported rates *%*	Growth at constant rates *%*
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.

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;

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.

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.

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	2023
	€ '000	*€ '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.

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.

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.

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.

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.

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.

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 comprising of three non-executive Directors, two of whom are independent non-executive Directors. The Audit Committee together with an external auditor 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 and the consolidated financial statements of the Group for FY2024. This annual results announcement is based on the Group's audited consolidated financial statements for the year ended 31 March 2024.

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' return.

The Company has complied with all of the applicable code provisions of the Corporate Governance Code 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 FY2024.

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

During FY2024, the Company transferred out of treasury 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 have purchased, sold or redeemed any of the Company's listed securities during FY2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 20 September 2024 to Wednesday, 25 September 2024, both days inclusive, during which period no share transfers can be registered. The record date to determine which Shareholders will be eligible to attend and vote at the forthcoming annual general meeting of the Company (the "**AGM**") will be Wednesday, 25 September 2024. All transfers accompanied by the relevant share certificate(s) must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 19 September 2024.

PUBLICATION OF FINAL RESULTS AND FY2024 ANNUAL REPORT

The final results announcement of the Company is published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (group.loccitane. com). The annual report will be sent to the Shareholders 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.

ANNUAL GENERAL MEETING

The AGM will be held on 25 September 2024. A notice convening the AGM will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (group.loccitane.com) and will be sent to the Shareholders in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors are:

Executive Directors
Reinold Geiger *(Chairman)*
Laurent Marteau *(Chief Executive Officer)*
André Hoffmann
Karl Guénard *(Company Secretary)*
Séan Harrington *(Chief Executive Officer of ELEMIS)*

Non-executive Director
Thomas Levilion

Independent Non-executive Directors
Christèle Hiss Holliger
Charles Mark Broadley
Betty Liu
Jackson Chik Sum Ng

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

Luxembourg, 24 June 2024

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.