

[For Immediate Release]

# DAPHNE

## Daphne Announces 2024 Interim Results Revenue and Profit Attributable to Shareholders up 54% and 83% respectively

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### Proactive in Seeking Change and Capturing Growth Opportunities to Achieve Long-term Sustainable Development

(RMB' million)	Six months ended 30 June		
	2024	2023	Change (%)
Revenue	168.8	109.3	+54%
Gross profit	85.8	56.6	+52%
Operating profit	56.7	33.9	+67%
Profit attributable to shareholders	56.1	30.7	+83%
Basic earnings per share (RMB)	0.028	0.017	+65%

(21 August 2024 – Hong Kong) – A renowned ladies' footwear brand group in China – Daphne International Holdings Limited (“Daphne” or the “Group”, stock code: 210), today announced its unaudited consolidated interim results for the six months ended 30 June 2024 (the “Period”).

In the first half of 2024, the Group has achieved substantial revenue and operating profit growth through the collective efforts, consistently beating the general market and demonstrating the Group's effective strategies and ability to maintain sustained and healthy growth in operations. For the Period, the Group's total revenue surged 54% year-on-year, amounting to approximately RMB168.8 million. Gross profit up by 52% to approximately RMB85.8 million. Operating profit rose 67% to approximately RMB56.7 million and profit attributable to shareholders significantly increased by 83% to approximately RMB56.1 million. Basic earnings per share was RMB0.028. Driven by this continued outperformance, the Group is poised to emerge as an even stronger industry leader with sharper competitive edge and greater operational efficiency, positioning it for sustainable growth.

Commenting on the interim results, **Mr. Chang Chih-Chiao, Daphne's Chief Executive Officer**, said, “Recognising the highly competitive women's footwear market in the first half of 2024, the Group steadfastly reinforced its core brand, ‘DAPHNE’, created the youthful brand ‘DAPHNE.LAB’ and enhanced its operational efficiency. Undaunted by the sluggish consumer market recovery, the Group allocated resources in bolstering the brand's industry-leading position, while integrating the management team to optimise operations. Complementing its seasoned management team, the Group introduced young talents to bring fresh perspectives and innovative ideas, enabling it to persistently fine-tune its operating model. The Group worked cohesively to optimise the brand licensing business, streamline the supply chain system, and strengthen the management of franchisees. By staying attuned to the market dynamics, the Group prudently but nimbly adapted its development plans for the online licensing network and physical retail network operated by franchisees. These ongoing efforts, coupled with the Group's long-term brand-building efforts and high-quality products, enabled it to overcome market challenges and achieved impressive growth.”

### **Brand Licensing and Distribution Business**

In the first half of 2024, the Group's unwavering strategic focus enabled it to maintain a robust and resilient growth. Given the proven track record of the online licensing business as a growth driver, the Group consistently amplified its investments and initiatives in this segment, further leveraging on its long-established reputation and valuable brand resources. The Group further bolstered its footprint on interest-based e-commerce platforms by forging more collaboration with leading and popular platforms, such as "Douyin" (抖音) and "Pinduoduo" (拼多多). As interest-based e-commerce platforms prioritise enhancing user experience and reinforcing their pricing and service advantages, the Group saw sustained robust growth in sales and market penetration across these platforms.

Furthermore, the Group continued exploring more social media-based emerging sales channels, such as "RED" (小紅書) and "POIZON" (得物), to engage with the younger demographic and amplify its brand's reach. Coupled with the consumer-friendly pricing of its footwear products, the Group doubled down on its digital marketing efforts, thereby fostering deeper interactions with its target audience and consolidating a strong brand presence across various high-traffic online platforms. These strategic initiatives once again demonstrated their efficacy, fuelling its online licensing business to achieve sales growth that outshines the industry average. Meanwhile, the Group was mindful of the ongoing consumer confidence challenges and strategically adjusted its online licensing and offline distribution networks to streamline store operations and improve profitability, while adapting to the evolving macroeconomic environment and retail market landscape. For the period under review, the Group's online licensing fee income grew 49% year-on-year to approximately RMB68.6 million, underscoring its strong ability to seize the evolving e-commerce landscape. The wholesales of goods under licensing arrangement also grew 46% year-on-year to approximately RMB91.5 million.

### **Retail Business**

As a key strategy to differentiate the Group from other women's footwear market players, the Group has remained true to its innovative spirit. Since the debut of original collections and the "DAPHNE.LAB" brand last year, the Group's innovative endeavours have met with encouraging receptivity and demand in the market. Empowered by this success, the Group steadfastly upheld the pace of development last year, further exploring the path to originality. In the first half of 2024, the Group cautiously invested resources to further strengthen its product competitiveness and raise brand recognition. It introduced two creative themes, namely "Protagonist" (主角) in this spring and "Day Off" (離線) in this summer to captivate the new generation of consumers who favours self-expression. Both creative themes are staying true to the bold and innovative concept of "DAPHNE.LAB". The positive market response of both collections has further reinforced the Group's strategic direction. In addition, embracing the power of influencer marketing, the Group continued to collaborate with social media influencers, to amplify the reach of "DAPHNE.LAB" brand ethos and products to new generation consumers. Driven by the outstanding market reception, the Group launched a series of pop-up events during the reporting period.

During the reporting period, the Group once again joined creative forces with artists to launch the co-branded “Quirky Romantic Collection” (浪漫怪咖聯名系列). Integrating the artists’ imaginative spirit with “DARE TO BE 就敢” ethos of “DAPHNE.LAB”, the collection incorporates whimsical plastic flower motifs into stylishly unconventional footwear products, showcasing the bold “DARE TO BE DIFFERENT 就敢不同” attitude. This collaboration encourages women to explore an unconventional world full of imagination and has been warmly embraced by consumers. The Group’s string of successful collaborations has demonstrated the effectiveness of its strategy to partner with artists and create products that resonate with consumers.

The Group also regularly reviewed its supply chain system and actively improved the product development process to increase operational efficiency. In response to the accelerated online sales, the Group implemented rigorous quality control across the supply chain, refining its well-established system to deliver superb products. Leveraging on a robust supply chain infrastructure, the Group remained focused on enhancing product competitiveness, refreshing its brand image, and elevating brand awareness, strengthening the Group’s foundation to sustain sales growth despite lacklustre consumption.

### **Prospects**

Despite persisting headwinds in Mainland China, a raft of measures announced by the Chinese government earlier this year to expand domestic demand are expected to be gradually implemented in the second half of the year, which could help spur accelerated growth in consumption. While the Group is optimistic about the long-term development of China's consumer market, it maintains a conservative, “wait-and-see” stance towards the national economic development in the second half in light of the rising trend of rational consumption.

Looking ahead to the second half of 2024, **Mr. Chang Chih-Chiao, Chief Executive Officer**, said, “In order to better navigate upcoming challenges and capture growth opportunities, Daphne will intensify efforts to optimise its offerings, supply chain management, licensing and franchising models and brand management. Recognising the ‘DAPHNE’ and ‘DAPHNE.LAB’ brands as the Group’s greatest assets to achieve sustainable growth, the Group will strategically invest resources in building the brands apropos to the market situation. ‘DAPHNE’ will launch new products, introduce a new brand ambassador, unveil a new store concept complemented by a new logo designed to better represent the brand’s free-style image. Meanwhile, the Group will forge ahead with ‘DAPHNE.LAB’s collaborative endeavours in a bid to attract more young, affluent consumers base. Furthermore, capitalising on the burgeoning e-commerce market powered by tech-savvy consumers, the Group will allocate greater resources to expand its online reach. Although the consumer market remains a wild card, the Group is positive that it will continue to outshine its peers leveraging on years of expertise, brand equity, and proven strategies to provide high-quality products to consumers and create ideal returns for investors.”

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## **About Daphne**

Daphne is a renowned ladies' footwear brand group in China which primarily engaged in the brand licensing, distribution and sale of footwear products and accessories in Mainland China. The Group's core own-brand, "Daphne", is now a leading ladies' footwear brand in Mainland China. The Group is dedicated to promoting the licensing and distribution of footwear products under the "DAPHNE" brand, including women's dress shoes and casual shoes, across online and offline channels. In 2023, the Group successfully launched a new brand "DAPHNE.LAB" and its original collections, garnering favorable market response.

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