



## Stella 1Q FY2023 Performance In Line with Group Expectations

Hong Kong, 20 April 2023 – **Stella International Holdings Limited** (“Stella” or the “Group”; SEHK: 1836), a leading developer, manufacturer and retailer of quality footwear and leather goods products, today announced its unaudited first quarter business update for the three months ended 31 March 2023.

### Financial & Operational Highlights:

	For the three months ended 31 March (Unaudited)	
	<u>2023</u>	<u>2022</u>
Manufacturing revenue (US\$ million)	277.4	374.6
Shipment volume (million pairs)	9.6	14.0
Average selling price (“ASP”) (manufacturing) (US\$/pair)	28.8	26.8

For the three months ended 31 March 2023, the Group’s unaudited consolidated revenue<sup>1</sup> decreased by 25.8% to approximately US\$284.6 million, compared to the unaudited consolidated revenue of approximately US\$383.3 million for the corresponding period of last year. Shipment volumes in the three months ended 31 March 2023 decreased by 31.4% year-on-year due to a high base effect with the Group’s manufacturing business running at a full utilisation rate during the corresponding period of last year, and with certain Sports and Casual customers clearing their excess inventory during the first quarter of 2023. ASP increased by 7.5% year-on-year due to changes to the Group’s product mix and customer mix.

For the three months ended 31 March 2023, the Group’s unaudited consolidated profit after tax is in line with our expectations and we remain confident of reaching the medium-term goals of our Three-Year Plan (2023-2025), achieving an operating margin of 10% and low-teens annualised growth rate on profit after tax by the end of 2025.

**Mr. Chi Lo-Jen, Chief Executive Officer** of the Group said, “While the revenue in the first three months of 2023 decreased, our profit after tax was in line with our expectations due to better customer mix and operational efficiencies. We expect our order book in the first half of the year to be impacted as some of our major customers deal with inventory challenges. That said, the removal of COVID-19 restrictions in China from late 2022 may lead these customers to increase their ordering activity in the second half of the year.”

**Mr. Lawrence Chen, Chairman** of the Group, said, “Our three-year growth and margin expansion plan remains on track as our new Luxury and high-end Fashion customers continue to grow their orders. We remain optimistic about our long-term prospects.”

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<sup>1</sup> Including our manufacturing business, branding business and other businesses not covered hereof, and after the elimination of inter-segment sales.

**About Stella International Holdings Limited**

Stella International (SEHK: 1836) is a leading developer and manufacturer of quality footwear and leather goods. A trusted partner to many of the world's most sought-after brands, it offers a unique proposition of unparalleled craftsmanship, production flexibility, and strong speed-to-market and commercialization capability, supported by a broad, diverse and proven manufacturing base across China and Southeast Asia.

Stella International was listed on the Hong Kong Stock Exchange in 2007 and is a constituent of the MSCI Hong Kong Small Cap Index.

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# Operational Highlights - 1Q2023

## Group Profit After Tax Performance In Line with Group Expectations

