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Stella Posts 3.8% Volume Growth in First-Half 2025 Supported by Sports Segment and New Customer Wins

Board Declares Interim Dividend of HK52 cents Per Share

Highlights:

- Shipment volume increased by 3.8%, led by Sports category
- Revenue increased by 0.7% to US\$775.1 million
- Maintained solid net cash position at US\$291.3 million
- Operating profit was US\$84.7 million with an operating margin at 10.9%
- Net Profit reported as US\$78.1 million and adjusted net profit¹ was US\$77.9 million
- Declared interim dividend of HK52 cents per share representing a dividend payout ratio of 71%

Hong Kong, 21 August 2025 – **Stella International Holdings Limited** ("Stella" or the "Group"; SEHK: 1836), a leading developer and manufacturer of quality footwear and leather goods products, today announced its interim results for the six months ended 30 June 2025.

In the first half of 2025, our non-customer-exclusive manufacturing facilities operated at close to full utilisation as we continued to ramp-up new customers in the Sports and high-end Fashion segments, and further expanded and diversified our customer portfolio in line with our Three-Year Plan (2023-2025).

Revenue and shipment volumes increased by 0.7% and 3.8% year-on-year, despite a high-base effect resulting from early shipments of approximately 1 million pairs to certain customers in the corresponding period of last year. However, we faced some temporary gross margin pressures during the period, due to short-term efficiency issues associated with the ramp-up of our expanded production capacities in Indonesia and the Philippines.

Due to the factors outlined above, the Group recorded a net profit of US\$78.1 million (first half of 2024: US\$91.5 million), including a marked-to-market net fair value gain of US\$0.2 million on financial instruments related to Lanvin Group.

As of 30 June 2025, our net cash position was US\$291.3 million, compared to a net cash position of US\$326.1 million as at 30 June 2024, following the final dividend payment for the 2024 financial year and the additional cash of US\$60 million returned in May 2025 under our excess cash return program. Therefore, the Group's net gearing ratio² was -26.6% as at 30 June 2025, compared to -29.6% as at 30 June 2024.

Interim Dividend with Steady Payout Ratio of 70%

After considering the Group's free cash flow situation, strong cash level, and pre-funded capital expenditure projects, the Board has resolved to declare an interim dividend of HK52 cents per ordinary share for the six months ended 30 June 2025, representing a payout ratio of 71%.

Shareholders to Benefit from Ongoing Excess Cash Return Program Amid Solid Cash Position

We will continue to execute our excess cash return program as part of our commitment to deliver more shareholder value. Under this program, we plan to distribute an additional US\$60 million annually for the 2025 and 2026 financial years through a combination of share repurchases and special dividends, in addition to our normal dividend payout ratio of about 70%.

¹ Adjusted net profit excluded net fair value gain of US\$0.2 million on financial instruments (related to Lanvin Group)

² Net gearing ratio = net debt/shareholder equity

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Three-Year Plan (2023–2025) Delivering on Goals

Under our Three-Year Plan (2023–2025), we have steadily improved our category mix, expanded our customer base, and diversified our manufacturing footprint. Under this plan, we set out a dual profitability target: achieving a 10% operating margin and delivering low-teens annualized growth in profit after tax for the full three-year period. We are confident that we will meet these targets under the Three-Year Plan (2023–2025), having already exceeded these marks in 2023 and 2024.

MSCI ESG Rating Upgraded to 'AA'

Our MSCI ESG rating was recently upgraded to 'AA', an improvement on its previous 'A' rating, and its second consecutive annual upgrade, as we uphold our commitment to improving sustainability practices and ensuring greater transparency within its operations.

Outlook: Strong Demand for Capacity Amid New Customer Wins and Ramp-ups

For the full year 2025, we expect a moderate increase in shipment volumes compared to 2024. However, our profitability will remain constrained as we continue implementing progressive efficiency improvements at our manufacturing facilities in Indonesia and the Philippines in the second half of 2025. We will see short-term margin pressure in the second half of the year as we deepen partnerships with key U.S. customers to optimise their production operations and reinforce our long-term strategic relationships with them.

We will continue to optimise the allocation of production capacity between our Luxury and high-end Fashion categories and our new Sports customers. Our non-customer-exclusive manufacturing facilities are expected to operate at close to full utilisation during the second half of the year as we commence shipments to two new customers in the Fashion and Sports categories in the second half of the year.

Despite the prevailing market uncertainties, demand for our product development and manufacturing capacity will remain strong as we continue to win new customers. Increasingly, more and more brands are revisiting their supply chain needs and consolidating with strategic vendors that offer differentiation, high quality and value.

Mr. Chi Lo-Jen, Chief Executive Officer of the Group, said, "Despite macroeconomic and trade pact uncertainties, demand for our products and diversified manufacturing capacity remains strong as we continue to win and ramp-up new customers in the Sports and high-end Fashion segments."

Mr. Lawrence Chen, Chairman of the Group, said, "We remain on track for sustained growth as we finalise our next three-year plan, starting in 2026. This includes our plan to scale up total capacity by an additional 20 million pairs and to accelerate the development of our handbag and accessories manufacturing business which we intend to establish as an important long-term growth driver."

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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

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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. It is a constituent of the Hang Seng Composite Index and the MSCI Hong Kong Small Cap Index, and eligible to be traded on the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

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