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Stella Sustains Top-Line Momentum in First-Half 2026 with Commissioning of Three New Factories On Track

Board Declares Interim Dividend of HK42 cents Per Share

Highlights:

- Revenue increased by 1.5% to US$786.7 million
- Operating profit was US$74.3 million and net profit reported as US$63.6 million
- 2026 is an important investment year, with progress on commissioning three new factories and Vietnam product development centre on track
- Integration and investment to expand handbag manufacturing business underway
- Maintained healthy net cash position at US$191.7 million
- Declared interim dividend of HK42 cents per share, representing a dividend payout ratio of approximately 70%

Hong Kong, 20 August 2026 – **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 2026.

In the first half of 2026, we continued to see solid demand for our products, with our diversified manufacturing base remaining a core differentiator, supporting both customer retention and new customer acquisition, and protecting our top-line momentum. During the period, revenue increased by 1.5% to US$786.7 million, while shipment volumes were flat at 27.5 million pairs, along with 1.8% growth in the average selling price. This performance was largely underpinned by strong demand from several Sports customers, alongside front-loaded seasonal volume within the Casual segment.

However, our profitability was affected by increased raw material costs, operating deleverage at our dedicated factories for our largest Sports customer in the PRC as its product mix shifted from export-oriented footwear styles to styles targeted at the domestic PRC market, as well as by the costs associated with our current capacity expansion investments. As a result, we recorded a half-yearly net profit of US$63.6 million during the period (first half of 2025: US$78.1 million).

As of 30 June 2026, the Group's net cash position was US$191.7 million and net gearing ratio was -17.6%.

Interim Dividend with Steady Payout Ratio of 70%, Alongside Commitment to Return US$60 million to Shareholders for 2026

The Board has resolved to declare an interim dividend of HK42 cents per ordinary share for the six months ended 30 June 2026, maintaining the Company's normal payout ratio of approximately 70% set against its adjusted net profit[1] of US$64.2 million.

We also remain committed to returning additional cash up to US$60 million per year to shareholders in 2026 under our Excess Cash Return Program, through a combination of share repurchases and special dividends, on top of paying regular dividends with a payout ratio of approximately 70%.

[1] *Adjusted net profit excluded net fair value loss of US$0.6 million on financial instruments (related to Lanvin Group)*

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2026 an Important Investment Year under Current Three-Year Plan (2026-2028)
2026 is an important investment year for the Group, with the commissioning and ramp-up of our three new factories in Bangladesh, Indonesia and Vietnam progressing on schedule and expected to come progressively online in the second half of 2026, subject to customer certification and regulatory approvals. We are confident in our ability to minimise ramp-up risks, having brought forward the onboarding of management teams for each of these facilities into the period under review, despite incurring pre-production operational expenses.

We also continue to invest in our research and development capabilities in Vietnam, including building a new R&D product development hub for all our footwear customers, as well as a dedicated product development centre for a new Sports customer.

2026 is also a pivotal investment year for our handbag and accessories manufacturing business, as we expand its customer base, sharpen its capabilities and develop new styles to move up the value curve.

MSCI ESG Rating Upgraded to 'AAA'
Our MSCI ESG rating was recently upgraded from 'AA' to 'AAA' by MSCI ESG Research, our third consecutive annual upgrade, with our sustainability efforts continuing to be recognised by distinguished external parties.

Outlook: Solid Order Visibility Amid Heightened Uncertainties
We expect shipment volumes in the 2026 full year to remain broadly flat against the backdrop of heightened geopolitical and economic uncertainties. Forward order visibility remains solid, with our non-customer-exclusive facilities expected to continue operating at close to full utilisation in the second half of 2026. Meanwhile, operating deleverage is expected to persist at our dedicated factories serving our largest Sports customer in the PRC.

In July 2026, after assessing its limited expansion prospects, we commenced a phased shutdown of our smaller capacity manufacturing operations in the Philippines, which will allow us to focus our management teams on regions offering stronger long-term returns.

Mr. Chi Lo-Jen, Chief Executive Officer of the Group, said, "Our enduring strengths in design and commercialisation have proven to be a vital anchor, as we continue to navigate persistent economic, geopolitical and trade policy headwinds. This allowed us to achieve sustainable revenue performance and empowered us to expand our customer base."

Mr. Lawrence Chen, Chairman of the Group, said, "We continue to see solid demand for our products, with our diversified manufacturing base remaining a core differentiator. Under our Three-Year Plan, we will further invest in innovation and product development to reinforce our market leadership and build on our long-held strengths and proven reputation for quality."

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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 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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