Health and Happiness (H&H) International Holdings Limited
健合(H&H)國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1112)

UNAUDITED OPERATIONAL AND FINANCIAL UPDATE FOR THE SIX MONTHS ENDED 30 JUNE 2025

This announcement is made by Health and Happiness (H&H) International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to provide an update on the Group's unaudited operational and financial performance for the six months ended 30 June 2025.

OPERATIONAL UPDATE

During the six months ended 30 June 2025, the Group's total revenue recorded an approximate mid-single-digit increase on a like-for-like ("**LFL**")[1] basis, comparing with the same period of last year. This was mainly driven by the growth across all business segments – namely Adult Nutrition and Care ("**ANC**"), Baby Nutrition and Care ("**BNC**") and Pet Nutrition and Care ("**PNC**").

[1] LFL basis is used to indicate sales growth for this financial period compared with the same period of the previous year, excluding the impact from foreign exchange changes.

ANC segment achieved a mid-single-digit revenue growth on a LFL basis during the six months ended 30 June 2025, mainly driven by a double-digit growth of this segment in mainland China and continued strong growth in other expansion markets. Such ongoing growth was mainly driven by the increasing consumer demand for beauty, anti-aging and detox products, as well as the continued growth of the Group's innovative categories such as the Swisse Plus+ range, Little Swisse range, Smart Melts range and Swisse Magnesium Glycinate. Building on its leadership in e-commerce, Swisse has now captured the No. 1 position in overall vitamin, herbal and mineral supplement market in mainland China[2]. During the 618 online shopping festival in 2025, Swisse achieved robust GMV growth, securing the No. 1 position in the nutritional supplements category across major e-commerce platforms, including Tmall, JD.com, Douyin, and Vipshop[3]. The revenue increase in ANC segment was also driven by strong sales growth in the Group's expansion markets in Asia, including Hong Kong SAR, Thailand, Malaysia, India, and the Middle East.

Revenue from BNC segment regained its growth trajectory, achieving a low-single-digit year-on-year growth in the six months ended 30 June 2025. Within BNC segment, infant milk formula ("**IMF**") sales recorded a high-single-digit year-on-year increase, as the Group continued to acquire new consumers, particularly in the e-commerce and baby specialty store channels, while growing its market share, in line with its strategic priorities. Biostime continued to gain market share in the super-premium IMF segment in mainland China, with a year-to-date increase to 15.8%[4] as of May 2025, up from 13.0% a year earlier. Notably, the Group's stage 1 and Stage 2 IMFs maintained strong growth momentum, achieving 103% GMV growth during the 618 online shopping festival in 2025.

Revenue from pediatric probiotic and nutritional supplements recorded a double-digit year-on-year decline during the six months ended 30 June 2025. The decline was mostly attributed to the continued lower traffic and sector-wide challenges across the supplements business within the pharmacy channel in mainland China. However, the online sales of this category in mainland China continued to grow at a low-single-digit level.

PNC segment reached a high-single-digit revenue growth on LFL basis during the six months ended 30 June 2025 as compared with the same period of last year, as the Group continued to benefit from the well-established pet nutrition premiumisation and pet humanising trend, and the expanding pet population. The high-margin pet supplements segment continued to record healthy revenue growth at low-to-mid-teen level.

[2] According to the market share data for the past twelve months ended 31 March 2025 in the research statistics prepared by Early Data, an independent data provider.

[3] According to Tmall statistics, Swisse's overseas flagship store ranked No. 1 in sales in the health foods/dietary supplements category on Tmall during the period from 20 May to 18 June 2025. According to JD.com statistics, Swisse ranked No. 1 in GMV in the Nutrition and Health category under JD Health from 8:00 p.m. on 13 May to midnight on 18 June 2025. According to Douyin's statistics, Swisse ranked No. 1 in sales in the overseas dietary supplements category from 13 May to 18 June 2025. According to Vipshop's statistics, Swisse ranked No. 1 in sales in the nutritional supplements category from 17 May to 18 June 2025.

[4] According to research statistics by Nielsen, an independent research company, market share data for the past five months ended 31 May 2025.

FINANCIAL UPDATE

Based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2025, the Adjusted EBITDA[5] of the Group is expected to record a slight decline in the range of 0%-5% as compared with the same period of last year. The Adjusted EBITDA margin for the six months ended 30 June 2025 is expected to stay at a healthy level of mid-to-high-teens.

Thanks to the optimisation of debt structure and the reduction of finance costs (on adjusted basis excluding the one-time premium paid for the tender offer and early redemption of the senior notes due in 2026 and the related non-cash write-off of unamortised transaction costs), the Adjusted Net Profit[6] of the Group for the six months ended 30 June 2025 is expected to record an increase in the range of 1%-15% as compared with the same period of last year. In terms of the Reported Net Profit of the Group to be reported in accordance with the International Financial Reporting Standards, it is expected to reflect a decline in the range of 45%-65%. Such decline in the Group's Reported Net Profit is primarily attributable to the unfavorable impact from the one-time premium paid for the tender offer and early redemption of the senior notes due in 2026, and the related non-cash write-off of unamortised transaction costs.

As of 30 June 2025, the Group maintained a healthy liquidity position with a cash balance of approximately RMB1.83 billion. In January 2025, the Group further strengthened its debt profile by issuing new 3.5-year USD senior notes at a significantly more favourable coupon rate to refinance the USD senior notes due in June 2026. This proactive refinancing extended the Group's maturity profile and reduced its overall financing costs. The USD term loan and the new USD senior notes have predominately been hedged through cross-currency swaps. The Group remained committed to further reducing its leverage and strengthening its balance sheet, supported by its high cash-generating business model.

UPDATE ON TAX AUDIT ON BIOSTIME HEALTHY AUSTRALIA PTY LTD ("BHA")

On 10 April 2025, the Company announced that the Australian Tax Office ("**ATO**") had issued notices of amended assessment to BHA, a subsidiary of the Company. Such notices followed an audit (the "**BHA Tax Audit**") conducted by the ATO in respect of the value of intellectual property and other assets transferred as part of the Groupwide integration initiatives in 2018, for which BHA had paid AUD19 million of tax under the Australian capital gains tax ("**CGT**") rules. For further details, please refer to the announcements of the Company dated 25 March 2025 and 10 April 2025.

In June 2025, BHA formally objected to the ATO's amended assessments and specifically disputed the following amounts: (i) AUD234.5 million of primary tax in respect of the year ended 31 December 2018; (ii) AUD55.2 million of interest; and (iii) AUD117.3 million penalty, and with the assistance of its professional advisors, discussed with the ATO the payment arrangements regarding the tax and penalty payable as stated in its notices dated 10 April 2025.

5 EBITDA refers to earnings before interest, income tax expense, depreciation and amortization. Adjusted EBITDA is calculated by excluding the impact from non-cash and non-recurring items from reported EBITDA.

6 Adjusted Net Profit is calculated by excluding the impact from non-cash and non-recurring items from reported net profit.

On 4 July 2025, having considered BHA's proposals regarding payment arrangement, the ATO confirmed that it requires BHA to provide a cash deposit of AUD104 million to the ATO by 15 July 2025, in accordance with the ATO administrative practice for disputed tax debts. BHA will make the cash deposit by 15 July 2025. The cash deposit will be held as an asset on BHA's balance sheet. BHA will continue to vigorously and confidently defend its position and continue to be assisted by tax litigation lawyers and preeminent counsel. Should the ATO disallow BHA's objection, BHA is prepared and determined to initiate further legal proceedings. At this time, BHA does not consider that it is probable that there will be a final outflow of funds in relation to the matters in dispute. In the event BHA is successful in the dispute, BHA will be entitled to a refund of the deposit plus interest.

The Company maintains its view that BHA's position is correct. The Company will make further announcement(s) to keep its shareholders and potential investors informed of any progress as and when appropriate.

The information contained in this announcement is based on a preliminary assessment of the information currently available to the Board, including the unaudited consolidated management accounts of the Group for the six months ended 30 June 2025, which as at the date of this announcement are still under reviewed or audited by the Company's auditors.

The data do not constitute, represent, or indicate the full picture of the Group's total revenue or financial performance and the information contained in this announcement may be subject to change and adjustment. Shareholders and potential investors of the Company are advised to refer to the details of the Group's interim results announcement for the six months ended 30 June 2025, which is expected to be released on 26 August 2025 in accordance with the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Health and Happiness (H&H) International Holdings Limited
Luo Fei
Chairman

Hong Kong, 4 July 2025

As at the date of this announcement, the executive Directors are Mr. Luo Fei and Mr. Wang Yidong; the non-executive Directors are Mrs. Laetitia Albertini, Dr. Zhang Wenhui, Mr. Luo Yun and Mrs. Mingshu Zhao Wiggins; and the independent non-executive Directors are Mr. Tan Wee Seng, Mrs. Lok Lau Yin Ching and Professor Ding Yuan.