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 YEAR ENDED 31 DECEMBER 2024

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 year ended 31 December 2024.

OPERATIONAL UPDATE

During the year ended 31 December 2024, the Group's total revenue recorded an approximate mid-single-digit decrease both on a reported basis and on a like-for-like ("**LFL**")[1] basis, comparing with last year. The Group's highest-margin and fast-growing nutritional supplements remained the core revenue growth driver, with vitamin, herbal and mineral supplements ("**VHMS**") and pet supplements delivering double-digit growth within this category. However, the growth was offset by the decline in infant milk formulas ("**IMF**") segment. Despite the longer than expected time to complete the new GB transition, the Group continued to gain its market shares in the super premium IMF segment in mainland China.

Adult Nutrition and Care ("**ANC**") segment achieved a high single-digit revenue growth during the year ended 31 December 2024, mainly driven by the healthy growth momentum in mainland China, Australia and New Zealand ("**ANZ**") and other expansion markets. The

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.

ongoing growth of this segment was driven by robust consumer demand for beauty, multi-vitamins and detox products in all core markets, as well as the continued strong growth of innovative categories such as the Swisse Plus+ range and gummies. The revenue increase in ANC segment was also driven by strong sales growth in Southeast Asia, India and Mideast markets.

Revenue from Baby Nutrition and Care ("**BNC**") segment declined at a double-digit level in the year ended 31 December 2024. Within BNC segment, IMF sales during the year ended 31 December 2024 recorded a double-digit year-on-year decline, showing a similar trend with the first nine months of 2024. The decrease was mainly due to the longer than expected time to complete the new GB transition. Despite this, the Group continued to grow its market share in the super-premium IMF segment, increasing from 12.4% to 13.3%[2] over the twelve-month period, and reaching a peak of 14.5%[3] in December 2024. In addition, the early sign of market stabilization has been witnessed with the decline of the overall super-premium IMF segment having significantly narrowed in the final months of the year.

Revenue from pediatric probiotic and nutritional supplements recorded a double-digit year-on-year decline during the year ended 31 December 2024. The decline was mostly attributed to the high base effect following a one-off surge in demand for probiotics in the first half of last year and continued lower traffic and sector-wide challenges across the supplements business within the pharmacy channel. However, the decline was partially offset by the strong sales growth of paediatric nutritional supplements, thanks to the increasing consumer demand and the launch of new innovative products including calcium, DHA, and gummies that support the physical and mental well-being of children.

Pet Nutrition and Care ("**PNC**") segment reached a single-digit revenue growth on LFL basis during the year ended 31 December 2024 as compared with last year, in which the pet supplements segment continued healthy revenue growth at mid-teen level. The slower year-on-year growth in PNC segment was primarily attributed to Solid Gold's product portfolio premiumisation and channel optimisation exercises in both mainland China and North America to drive its long-term profitability.

FINANCIAL UPDATE

Based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2024, the Adjusted EBITDA[4] margin is expected to stay at a healthy level of mid-teens. The Adjusted EBITDA of the Group for the year ended 31 December 2024 is expected to record a decline in the range of 10%-15% as compared with last year.

[2] According to research statistics by Nielsen, an independent research company, market share data for the past twelve months ended 31 December 2024.

[3] According to research statistics by Nielsen, an independent research company, market share data for one month ended 31 December 2024.

[4] 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.

The Adjusted Net Profit[5] of the Group for the year ended 31 December 2024 is expected to record a decline in the range of 30%-40% as compared with 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 80%-100%. Such decline in the Group's Reported Net Profit is primarily attributable to the unfavorable impact from (i) the double-digit decline of the BNC segment sales; (ii) the non-cash foreign exchange losses mainly attributable to the revaluation of a US dollar-denominated intragroup loan payable by one subsidiary of the Group to the Company post the refinancing of the USD term loan; (iii) the one-time marketing and promotional expenses in relation to the launch of new GB IMF; (iv) the one-time restructuring costs in relation to the product portfolio premiumisation and channel optimisation exercises for Solid Gold business in North American market; (v) the non-cash impairment of goodwill and intangible assets in relation to a previous small acquisition in Europe; and (vi) the increased finance costs resulted from the higher full-year coupon cost on the USD senior notes originally issued in June 2023 and due in June 2026, the depreciation of RMB against USD and the non-cash write-off of unamortized transaction costs upon refinancing for the USD term loan due in June 2025.

As of 31 December 2024, the Group maintained a healthy liquidity position with a cash balance of approximately RMB1.6 billion. Throughout 2024, the Group took significant steps to diversify its funding sources and optimise its capital structure. These efforts included successfully completing certain RMB bilateral loans, a RMB bond of RMB500 million, a USD bond tap of USD120 million, a CNH term loan facility equivalent to USD150 million, and a USD sustainability-linked term loan facility of USD540 million. This allowed the Group to fully prepay the USD term loan due in June 2025. In January 2025, the Group further strengthened its debt profile by issuing new 3.5-year USD senior notes at a much more favourable coupon rate to refinance the USD senior notes due in June 2026. This proactive refinancing extends the Group's maturity profile and reduces its overall finance costs. It also marks the successful completion of all major refinancing exercises planned for 2024 and 2025, establishing a solid foundation for its future strategic growth and funds for any contingencies in a relatively volatile market and regulatory environment.

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 year ended 31 December 2024, 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 are advised to refer to the details of the Group's annual results announcement for the year ended 31 December 2024, which is expected to be released on 25 March 2025 in accordance with the Listing Rules.

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

Shareholders and potential investors 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, 5 March 2025

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