



Haoxi Health Technology Limited Reports Financial Results for Fiscal Year Ended June 30, 2024

October 29, 2024

BEIJING, Oct. 29, 2024 (GLOBE NEWSWIRE) -- Haoxi Health Technology Limited (the "Company" or "HAO"), an online marketing solution provider headquartered in Beijing, China, today reported its financial results for the fiscal year ended June 30, 2024.

Financial Highlights for Fiscal 2024

- Net revenue for the fiscal year ended June 30, 2024 grew by 72% to \$48.52 million, up from \$28.23 million in 2023.
- Gross profit increased by 33% to \$2.75 million for the fiscal year ended June 30, 2024 from \$2.06 million in the fiscal year ended June 30, 2023.
- Net income grew by 33.0% to \$1.29 million for the fiscal year ended June 30, 2024, up from \$0.97 million in the fiscal year ended June 30, 2023.

Mr. Zhen Fan, Chairman and Chief Executive Officer of the Company, stated that, "HAO has experienced financial growth in the fiscal year ended June 30, 2024, with net revenue increasing from \$28.23 million in the fiscal year ended June 30, 2023 to \$48.52 in the fiscal year ended June 30, 2024, reflecting a 72% increase. This growth is largely due to a rise in average revenue per client in 2024, which increased from \$71,830 to \$89,355, and an expanded customer base that grew from 393 to 543 clients. These results are attributed to our marketing strategies and the growing demand for our services, particularly in the healthcare sector."

"While costs rose in tandem with revenue, which increased from \$26.17 million to \$45.77 million, this was in line with our growth strategy to scale up sales. Gross profit improved to \$2.75 million, though the margin dipped slightly to 5.7% due to competitive pressures. Overall, we achieved net income of \$1.29 million for the fiscal year ended June 30, 2024, up from \$0.97 million in the fiscal year ended June 30, 2023."

Recent Developments

On September 25, 2024, the Company announced a strategic partnership with AI platform Gauss Intelligence (Beijing) Technology Co., Ltd., a subsidiary of Global Mofy AI Ltd (Nasdaq: GMM). This collaboration aims to leverage the advanced capabilities of Gausspeed, a generative AI platform, with HAO's application scenarios to deliver AI marketing solutions.

On September 20, 2024, the Company announced the closing of a follow-on offering underwritten by EF Hutton LLC, to raise aggregate gross proceeds of \$12 million, before deducting underwriting discounts and other offering expenses.

Results of Operations for the Fiscal Year Ended June 30, 2024

Revenue

The Company generates revenue from one-stop online marketing solutions, including traffic acquisition from mainstream online media platforms, content production, data analysis and advertising campaign optimization, to advertisers through its operating entity, Beijing Haoxi Digital Technology Co. Ltd. in the People's Republic of China.

Net revenue was \$28.23 million and \$48.52 million for the fiscal years ended June 30, 2023 and 2024, respectively. The increase in revenue is mainly attributable to the increase in the average revenue per client from \$71,830 in fiscal 2023 to \$89,355 in the fiscal year ended June 30, 2024. The operating entity served 393 and 543 customers in the fiscal year ended June 30, 2023, and 2024, respectively. The higher average revenue per client in the current year is mainly attributable to higher advertisement expenditures made by our health care industry clients.

The average revenue per client under our advertisement pricing model consists of two components: 1) the average per unit-of-service price, which is the average price per click-through that we charge our advertiser customers, and 2) the quantity of services, which is the actual number of click-throughs with respect to each advertiser.

The increase in our quantity of services was because more people determined to use online services since the beginning of the COVID-19 pandemic, and the strong recovery from our client base since January 2024 occurred when the COVID control measures were lifted in China. In addition we attribute the increase in services, in part to the increasing popularity of ByteDance media platforms, which we mainly collaborated with, among our advertiser customers.

Cost of revenue

Our cost of revenue ("COR") consists primarily of the purchase of online traffic from third-party media platforms after deducting rebates, and salaries and benefits for business operation staff. The cost of revenue increased by \$19.60 million, or 75%, from \$26.17 million for fiscal 2023 to \$45.77 million for the fiscal year ended June 30, 2024. The increase in COR was in line with the increase in revenue.

Gross profit and gross margin

Our gross profit increased by \$0.69 million, from \$2.06 million for the fiscal year ended June 30, 2023 to \$2.75 million for the fiscal year ended June 30, 2024. Gross profit as a percentage of revenue ("profit margin") was 5.7% for the fiscal year ended June 30, 2024, lower than 7.3% for the fiscal year ended June 30, 2023, which was mainly due to market competition. The Company needed to provide rebates to some customers, to maintain and expand the customer base.

Selling and marketing expenses

Our selling and marketing expenses primarily consist of payroll costs and office related expenses. Selling and marketing expenses increased by 30% from \$32,133 in the fiscal year ended June 30, 2023 to \$41,613 in the fiscal year ended June 30, 2024. This was mainly because we had a higher customer retention rate in fiscal 2024, leading to lower marketing expenses.

General and administrative expenses

Our general and administrative expenses mainly consist of salaries and bonus, as well as office related expenses. General and administrative expenses increased by \$135,570, or 17%, from \$775,961 for the fiscal year ended June 30, 2023 to \$911,531 for the fiscal year ended June 30, 2024. The increase was mainly attributable to an increase in salary and bonuses of the management team and professional fees in connection with our initial public offering on January 30, 2024.

Research and development expenses

Our research and development("R&D") expenses mainly consist of salaries and benefits of our R&D staff for the development of Bidding Compass, our online ads bidding analysis software. R&D expenses increased by \$21,824, or 38%, from \$58,161 for the fiscal year ended June 30, 2023 to \$79,985 for the fiscal year ended June 30, 2024. It was mainly attributable to the increase in salaries of R&D staff.

Income taxes

We had income taxes of \$220,653 and \$443,582 for the fiscal year ended June 30, 2023 and 2024, respectively.

Net (loss)/income

As a result of the foregoing, we had net income of \$0.97 million and \$1.29 million for the fiscal year ended June 30, 2023 and 2024, respectively.

Cash and equivalents

As of the fiscal year ended June 30, 2024, HAO had \$6,655,734 in cash and cash equivalents as compared to \$1,203,203 as of the fiscal year ended June 30, 2023.

About Haoxi Health Technology Limited

Haoxi Health Technology Limited is an online marketing solution provider headquartered in Beijing, China, specializing in serving healthcare industry advertiser clients. The Company's growth is driven by the rise of news feed ads and the rapid development of the healthcare sector. The Company offers one-stop online marketing solutions, especially in online short video marketing, helping advertisers acquire and retain customers on popular platforms in China, such as Toutiao, Douyin, WeChat, and Sina Weibo. The Company is dedicated to reducing costs, increasing efficiency, and providing easy online marketing solutions to advertisers. For more information, please visit: <http://ir.haoximedia.com>.

Forward-Looking Statement

This press release contains forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements that are other than statements of historical facts. When the Company uses words such as "may," "will," "intend," "should," "believe," "expect," "anticipate," "project," "estimate" or similar expressions that do not relate solely to historical matters, it is making forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause the actual results to differ materially from the Company's expectations discussed in the forward-looking statements. These statements are subject to uncertainties and risks including, but not limited to, the uncertainties related to market conditions, and other factors discussed in the "Risk Factors" section of the registration statement filed with the U. S. Securities and Exchange Commission (the "SEC"). For these reasons, among others, investors are cautioned not to place undue reliance upon any forward-looking statements in this press release. Additional factors are discussed in the Company's filings with the SEC, which are available for review at www.sec.gov. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

For more information, please contact:

Investor Relations
WFS Investor Relations Inc.
Janice Wang, Managing Partner
Email: services@wealthfsllc.com
Phone: +86 13811768599
+1 628 283 9214

HAOXI HEALTH TECHNOLOGY LIMITED

CONSOLIDATED BALANCE SHEETS

	As of June 30,	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6,655,734	\$ 1,203,203
Trade receivables, net	226,747	7,748
Advances to suppliers	5,174,302	2,404,680
Prepaid expense, receivables and other assets	3,323,047	58,474
Total current assets	15,379,830	3,674,105

Non-current assets		
Property and equipment, net	126,743	143,836
Operating right-of-use asset	—	89,544
Deferred listing costs	—	556,752
Total non-current assets	<u>126,743</u>	<u>790,132</u>
Total Assets	<u>\$ 15,506,573</u>	<u>\$ 4,464,237</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans	\$ 833,521	\$ 511,409
Accounts payable	653,694	27,312
Advance from customers	1,185,130	1,493,947
Due to a related party	6,187	20,210
Taxes payable	1,044,532	328,093
Accrued expenses and other liabilities	102,436	41,517
Salary and welfare payable	41,075	37,145
Operating right-of-use liabilities-current	—	89,544
Long-term accounts payable-current	—	27,344
Total current liabilities	<u>3,866,575</u>	<u>2,576,521</u>
Non-current Liabilities		
Long-term accounts payable	66,365	72,104
Long-term borrowing	301,678	249,107
Total non-current liabilities	<u>368,043</u>	<u>321,211</u>
Total Liabilities	<u>4,234,618</u>	<u>2,897,732</u>
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Class A Ordinary Shares (Par value US\$0.0001 per share, 150,000,000 shares authorized 14,970,000 and 12,210,000 shares issued and outstanding as of June 30,2024 and June 30,2023)	1,497	1,221
Class B Ordinary Shares (Par value US\$0.0001 per share, 50,000,000 shares authorized, and 17,270,000 shares issued and outstanding)	1,727	1,727
Additional paid-in capital	10,589,916	2,176,796
Retained earnings (Accumulated deficit)	723,207	(568,460)
Accumulated other comprehensive loss	(44,392)	(44,779)
Total shareholders' equity	<u>11,271,955</u>	<u>1,566,505</u>
Total liabilities and shareholders' equity	<u>\$ 15,506,573</u>	<u>\$ 4,464,237</u>

HAOXI HEALTH TECHNOLOGY LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Years Ended June 30,		
	2024	2023	2022
Revenues	\$ 48,519,836	\$ 28,229,149	\$ 16,156,865
Cost of revenues	<u>45,769,459</u>	<u>26,167,083</u>	<u>15,508,144</u>
Gross profit	2,750,377	2,062,066	648,721
Operating expenses:			
Selling	41,613	32,133	37,488
General and administrative	911,531	775,961	239,941
R&D	<u>79,985</u>	<u>58,161</u>	<u>102,524</u>
Total operating expenses	<u>1,033,129</u>	<u>866,255</u>	<u>379,953</u>
Income from operations	1,717,248	1,195,811	268,768
Other income (loss):			
Interest expense	(41,186)	(20,902)	(9,961)
Interest income	76,096	—	—
Other income (expense)	<u>(16,909)</u>	<u>15,496</u>	<u>788</u>
Total other income (loss), net	<u>18,001</u>	<u>(5,406)</u>	<u>(9,173)</u>

Income before income taxes	1,735,249	1,190,405	259,595
Income tax expense	<u>(443,582)</u>	<u>(220,653)</u>	<u>(15,008)</u>
Net income	<u>\$ 1,291,667</u>	<u>\$ 969,752</u>	<u>\$ 244,587</u>
Comprehensive income			
Net income	\$ 1,291,667	\$ 969,752	\$ 244,587
Foreign currency translation gain	387	68,180	63,037
Total Comprehensive income	<u>\$ 1,292,054</u>	<u>\$ 1,037,932</u>	<u>\$ 307,624</u>
Earnings per ordinary share*			
– Basic and diluted	<u>\$ 0.04</u>	<u>\$ 0.04</u>	<u>\$ 0.010</u>
Weighted average number of ordinary shares outstanding			
– Basic and diluted	<u>30,600,000</u>	<u>27,613,333</u>	<u>25,000,000</u>

HAOXI HEALTH TECHNOLOGY LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended		
	2024	2023	2022
Cash flows from operating activities			
Net income	\$ 1,291,667	\$ 969,752	\$ 244,587
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation	10,567	8,393	2,212
Changes in operating assets and liabilities:			
Accounts receivable	(217,900)	(4,279)	665,618
Advances to suppliers	(2,723,828)	(2,473,178)	439,423
Prepayments, receivables and other assets	(175,298)	51,862	8,088
Accounts payable	623,168	(1,201,034)	(1,604,129)
Advance from customers	(328,077)	1,393,774	(369,220)
Accrued expenses and other liabilities	60,069	14,406	(31,572)
Taxes payable	708,658	330,316	(29,025)
Operating lease right-of-use assets	(90,377)	(7,618)	90,409
Operating lease liabilities	90,377	29,402	(87,689)
Salary and welfare payable	3,398	16,072	(4,063)
Net cash used in operating activities	(747,576)	(872,132)	(675,361)
Cash flows from investing activities			
Purchase of property and equipment	(55,367)	(45,500)	(8,698)
Loans to third parties	(3,073,684)	—	—
Net cash used in investing activities	(3,129,051)	(45,500)	(8,698)
Cash flows from financing activities			
Proceeds from short-term borrowings	478,404	453,123	329,869
Repayment of short-term borrowings	(115,934)	(345,604)	(52,062)
(Repayment of) due to a related party	(14,329)	21,038	(811,260)
Payment received from related party	—	—	1,302,752
Proceeds from IPO (a shareholder)	8,975,416	1,994,258	163,920
Proceeds from long-term borrowings	—	259,311	—
Deferred listing costs	—	(579,558)	—
Net cash provided by financing activities	9,323,557	1,802,568	933,219
Effect of foreign exchange rate on cash and restricted cash	5,601	24,756	(11,534)
Net increase in cash	5,452,531	909,692	237,626
Cash at the beginning of the year	1,203,203	293,511	55,886
Cash at the end of the year	\$ 6,655,734	\$ 1,203,203	\$ 293,511
Supplemental disclosures of cash flow information:			
Income taxes paid	\$ 27,570	\$ —	\$ 7,388
Interest paid	\$ 37,265	\$ 19,775	\$ 206

Operating right-of-use asset

— \$ 89,544 \$ 88,528