

For Immediate Release

Vitasoy Announced its Business Results for FY2021/2022

Financial Highlights

12 months ended 31st March 2022	<u>FY2021/22</u> <u>HK\$ Mn</u>	<u>FY2010/21</u> <u>HK\$ Mn</u>	<u>Change</u>	<u>Net of FX</u> <u>Impact</u>
Revenue	6,501	7,520	-14%	-17%
Gross Profit	3,071	3,954	-22%	-25%
EBITDA	340	1,281	-73%	-74%
(Loss)/Profit before Taxation	(236)	767	N/A	N/A
(Loss)/Profit Attributable to Equity Shareholders of the Company	(159)	548	N/A	N/A
Basic (Loss)/Earnings per Share (HK cents)	(14.9)	51.5	N/A	N/A

HKSAR, China, 29th June 2022 — Vitasoy International Holdings Limited (“Vitasoy” or the “Company”, together with its subsidiaries, including a structured entity the “Group”, SEHK Code: 00345) today announced its annual results ended 31st March 2022.

In FY2021/2022, Vitasoy Group faced a challenging operating environment because of the COVID-19 pandemic and the underperformance of its Mainland China business. The Group's revenues dropped by 14% to HK\$6,501 million. The loss attributable to equity shareholders of the Company was HK\$159 million, compared to last year's profit of HK\$548 million.

The resurgence of the COVID-19 pandemic caused multiple disruptions in both supply chain and consumption patterns. Its impact was aggravated by weak first half sales in Mainland China, the Company's biggest market, but followed by improvement in the second half.

In the context of the above disruptions, the Company continued to strengthen management team capacity, capability, and systems. It also made a number of interventions to improve both the sales execution of its core business and innovation, as well as its go-to-market strategy. Leveraging its strength in innovation, Vitasoy also renewed its efforts to bring new products to markets that appeal to different customer segments.

To counter the impact of rising material costs, the Company has continued to anticipatedly take selective pricing actions and lock in raw material prices in its procurement contracts, whilst exercising strict controls on operating expenses and capital expenditure.

As a result of this performance, the Board will prioritise on business recovery and has therefore not recommended a final dividend for FY2021/22.

Mr. Winston Yau-lai Lo, Executive Chairman of Vitasoy International Holdings Limited, said, "In this unprecedented period, we have been able to continue learning and building additional management capabilities. This puts us in an even stronger position for growing our business and fulfilling our mission to bring sustainable plant-based taste and nutrition to even more communities."

The ESG performance of the Company has been increasingly recognised in higher scores awarded by local and international ratings agencies, such as the Hang Seng Corporate Sustainability Index series, the Dow Jones Sustainability Indices (DJSI) and Morgan Stanley Capital International (MSCI). Its corporate positioning in plant-based foods and beverages and sustainability provides a very strong competitive advantage to the Company in the sector.

Mainland China Operation -

Overall weak sales in the first half, with strong recovery in the second half

Vitasoy's Mainland China operation recorded a revenue decline by 23% in HKD terms, due to weak sales in the first half of FY2021/2022 and the impact of COVID-19 in early 2022.

The resulting loss from operation was HK\$340 million for the year, versus a profit of HK\$524 million last year.

During the year, the Company maintained strong execution efforts on the core portfolio whilst building a solid basis for growth in the coming year with breakthrough innovation. VITASOY confirmed its soy category leadership, and entered the oat milk category with the launch of VITAOAT. This represents a whole new product platform that is now rapidly gaining a loyal following, thus opening an incremental yet sizable revenue stream for the coming year.

In the tea category, VITA tea remains the leader in the premium lemon tea segment, accelerating its leadership with the launch of VITA Sparkling Lemon Tea. The brand also launched a promising VITA Peach Tea product whilst gradually continuing to pilot VITA No Sugar Tea in selected markets.

The Company will launch exciting new brand equity building campaigns, and add new product platforms strategically tapping into promising new segments and occasions, while continuing the selective and gradual expansion into more high potential areas of Mainland China.

**Hong Kong Operation (the Hong Kong SAR, the Macau SAR and Exports) -
*Solid performance attributable to successful product launches and strong execution
as COVID-19 restrictions were gradually eased and consumer sentiment improved***

Net sales revenue reached HK\$1,934 million in FY2021/2022, representing a growth of 4% over the previous year, despite an inability to fully recover the Vitaland tuckshop school business, which was still partially affected by COVID-19 restrictions. Growth would have been even stronger had it not been for the disruption caused by the 5th wave of the pandemic in February and March of 2022.

As COVID-19 government subsidies were significantly reduced from the previous year, profit from operations dropped by 44% to HK\$199 million. Excluding government subsidies, profit from operations was down 13%, mainly because of the upward surge of raw material costs and escalating oil prices in the second half of the year.

The Company has efficiently integrated its marketing programmes in Mainland China and the Hong Kong SAR. It has successfully introduced VITAOAT and VITA Sparkling Tea in Hong Kong SAR and Macau SAR during the year.

In addition, the Company launched VITA Fresh Tea, a whole new platform that introduces the VITA brand into the chilled drink segment in convenience stores and supermarket outlets. The shopper response has been very encouraging, and the Company is determined to drive this platform further in the coming year as a profitable top line accelerator.

Beyond marketing and innovation programmes now integrated with Mainland China operation, the Company will launch additional revenue streams for both VITASOY and VITA in segments where it has built a strong route-to-market and presence over the years.

**Australia and New Zealand -
*Continued strong and broad-based growth, accelerated by new Oat Milk platform***

Vitasoy's operation in Australia and New Zealand continued its growth progression, with revenues increasing by 15% to HK\$607 million or up 12% in local currency, as the majority of platforms and channels performed strongly, more than offsetting weaker sales in the coffee shop channel that continued to be affected by COVID-19 limitations for part of the Financial Year.

Profit from operations reversed its decline from the previous year, rising by 14% to HK\$78 million or up 12% in local currency terms, as a result of growing revenue and gross margins, partially balanced by higher transportation and staff costs.

The overall growth was accelerated by the launch of the new VITASOY Oat Milk portfolio, providing tailored offerings across multiple channels and segments. This has propelled

VITASOY to a clear leadership position in this most promising Oat Milk segment, which is likely to deliver an incremental source of further revenue in the coming years.

In the year ahead, the Company expects to sustain its profitable revenue growth in both markets through its winning portfolio, strategic entry into complementary plant-based segments and recovery to pre-COVID-19 levels in the on-premise and coffee shop channels.

Singapore -

Revenue growth driven by tofu exports, beverage businesses and a new plant milk launch

Revenue from the Company's Singapore business grew in both Hong Kong dollar and local currency terms, driven largely by growth in tofu exports, the imported beverage business and launch of a new "VITASOY PLANT+" plant milk. The local tofu business underperformed due to COVID-19 restrictions which affected the workforce and consumption. However, the whole tofu portfolio has been repositioned with enhanced nutrition formulae and new packaging to restore growth in the coming year.

Loss from operation was HK\$12.7 million for the year, falling from last year's profit of HK\$3 million, primarily as a result of higher soybean and utility costs, higher operations cost due to COVID-19, induced labour shortage and logistic costs, as well as the reduction in pandemic related government subsidies.

The Company will focus on accelerating domestic tofu performance by leveraging its full relaunch in the market and scaling up its newly introduced "VITASOY PLANT+" line of plant milk products.

The Philippines

The Company's joint venture with Universal Robina Corporation continues to invest in building both VITASOY brand and soy category awareness and adoption. In the past year, the Company primarily leveraged the 1 Litre business due to the extended closures of convenience stores and on-the-go occasion outlets. Once COVID-19 restrictions are lifted, the Company will also activate its single-serve platform for additional growth behind a new brand building campaign. It will also selectively introduce local innovations tailored to local preferences in both single and multi-serve packs.

General Outlook

The Company expects further COVID-19 waves to continue across all markets, which may or may not severely affect the Company in the first half of the upcoming financial year. This will continue to cause operational, logistical and supply chain bottlenecks, aggravated in turn by rising energy and commodity prices that will further exacerbate inflation. The Company will continue to actively strengthen its readiness and agility by improving its organisational capabilities in order to flexibly adjust plans and synchronise them with external conditions.

For FY2022/2023, the Company will work to restore year-on-year profitable growth through its vectors of Execution, Expansion and Innovation, adequate investments in brand equity building and increase of availability across all its markets.

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For more details, please refer to the following documents.

Announcement of Results for the Year ended 31st March 2022:

[Link \(English\)](#)/ [Link \(Chinese\)](#)

About Vitasoy

Vitasoy International Holdings Limited is a leading manufacturer and distributor of plant-based food and beverages. Established in 1940 by the late Dr. Kwee-seong Lo in Hong Kong China, the Company strives to promote sustainable plant-based nutrition through provision of a variety of high-quality products with Nutrition, Taste and Sustainability as the guidelines for its portfolio offerings. Currently, Vitasoy has manufacturing operations in China, including Mainland China and Hong Kong Special Administrative Region, Australia, Singapore and the Philippines. Its products are available in about 40 markets worldwide.

Vitasoy is listed on the main board of the Hong Kong Stock Exchange (00345.HK) and included as a constituent of Morgan Stanley Capital International (MSCI) Hong Kong Small Cap Index, Hang Seng Stock Connect Hong Kong Index and Dow Jones Sustainability Index (DJSI) - Asia Pacific, among others.

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