



AUSNUTRIA DAIRY CORPORATION LTD

澳優乳業股份有限公司

Strategic Plans Implemented Steadily with Core Businesses Resumed Growth

Revenue	Approximately RMB7,780.0 million to RMB7,850.0 million, representing a year-on-year (“YoY”) decrease of 11.5% to 12.3% (FY2021: RMB8,873.3 million), among which:
	<p><i>Own-branded cow milk formula</i> – Approximately RMB2,900.0 million to RMB2,950.0 million, representing a YoY decrease of 33.2% to 34.3% (FY2021: RMB4,414.1 million)</p> <p><i>Own-branded goat milk formula</i> – Approximately RMB3,585.0 million to RMB3,635.0 million, representing a YoY increase of 7.1% to 8.6% (FY2021: RMB3,348.2 million)</p> <p><i>Others</i> – Approximately RMB1,281.0 million, representing a YoY increase of 15.3% (FY2021: RMB1,111.0 million)</p>
Adjusted profit attributable to equity holders of the Company*	Approximately RMB455.0 million to RMB515.0 million, representing a YoY decrease of 50.5% to 56.3% (FY2021: RMB1,040.3 million)
Profit attributable to equity holders of the Company	Approximately RMB205.0 million to RMB265.0 million, representing a YoY decrease of 74.5% to 80.3% (FY2021: RMB1,040.3 million)

* Adjusted for the write-off of certain goodwill and one-off write-off of certain assets

(Hong Kong, 10 March 2023) **Ausnutria Dairy Corporation Ltd** (“**Ausnutria**” or the “**Company**”, together with its subsidiaries, the “**Group**”; stock code: **1717.HK**), wishes to inform the Company’s shareholders and potential investors that the Group will record a significant year-on-year (“YoY”) decrease in profit attributable to equity holders of the Company for the year ended 31 December 2022 (the “**FY2022**” or the “**Period**”).

In the Year 2022, the Group expects to record revenue of approximately RMB7,780.0 million

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to RMB7,850.0 million, and the profit attributable to equity holders of the Company was approximately RMB205.0 million to RMB265.0 million. The decrease in profit was mainly attributable to: I. the Company scientifically adjusted the previous sales strategy to reduce inventory pressure of channel partners; II. in order to cope with the downward pressure of the industry with our partners, the Company has further increased its support to channel partners in terms of policies and fees; III. during the period of announcement, the Company's gross profit margin was under further pressure due to the high overseas raw milk prices and high inflation in Europe, which elevated the cost of raw materials.

Despite the decrease in the sales of Own-branded Cow Milk Powder as reported in the Group's financial statement figures, according to AC Nielsen, the market share of Hyproca 1897 for the FY2022 increased by 0.2 percentage points YoY. The Group considers that such increase was attributable to its outstanding product quality and successful brand-building efforts over the years and therefore Hyproca 1897 maintained a healthy growth in actual retail end and a continuous increase in market share.

On the other hand, sales of the Group's Own-branded Goat Milk Powder recorded a YoY growth of no less than 7.1% in the FY2022, with the PRC and overseas markets grew by no less than 6.0% and 20.0% respectively. In the second half of the FY2022, sales in the PRC returned to a double-digit growth YoY. This is due to Kabrita's insistence on (1) intensive research of goat milk: joined hands with authoritative institutions to organise discussion forum with experts in the field of medical nutrition on the nutrition and feeding effects of infants and young children, launched nationwide academic cooperation meetings at all levels and brand academic activities, thereby enhancing the brand's professional reputation and strengthening the influence of the brand in the professional channel industry; (2) increasing investment in brand building and marketing by adopting the dual celebrity endorsements model by engaging Ms. Tang Yan and Mr. Huang Lei, releasing monthly trending dramas, and focusing on combinations of media attentions such as escalator advertising, commercial district screens, and new media platforms in key cities to achieve multiple interactions with target consumers; (3) focusing on the promotion of key baby chain stores, upgrading and iterating the channel value chain, controlling the flow of products, etc. to better protect the interests of the channels and achieve a "win-win" situation for the channels through long-termism; (4) focusing on consumer scene activities with the policy of "Innovation, Diversity, Quality and Efficiency"; and (5) diversification of new products with replacement and upgrades: launched the toddler growing-up nutrition goat milk formula "Xiang Yang", organic goat milk powder "Yue Bai"; middle-aged and elderly people goat milk powder "Ying Jia Bao Hu", goat milk formula "Ying Jia Ying Xin" and organic goat milk powder "Ying Jia". According to industry statistics, based on actual end-user sales data in 2022, the market share of Kabrita in the infant and young children's goat milk powder market in the PRC further increased by more than 5 percentage points and its position as the "leading goat" will continue. According to AC Nielsen, in terms of imported infant and young children's goat milk powder, Kabrita's market share in the imported infant and young children's goat milk powder market in the PRC exceeded 60.0% for four consecutive years (2018 to 2021).

In the Year 2022, the Group steadily implemented its strategic plans to further improve its layout of global supply chain. During the Period, the Company acquired 50% of the issued shares of Amalthea Group, a renowned Dutch goat cheese company at the price of for EUR18.4 million, officially entering the vigorous cheese consumer market. Through this acquisition, Ausnutria is expected to add approximately 45,000 tons of fresh goat milk supply annually, and achieve 45-50% control of the goat milk source in Dutch market, and this acquisition further consolidated the Group's leading position and advantages in the field of goat milk. In addition, the Group will continue to upgrade its R&D and innovation capabilities, strengthen its branding, and strive to build a social enterprise to steadily implement its strategic plans for the next decade.

In addition, the Company performed a thorough review of its financial reporting mechanism in respect of its customer loyalty program and distributor incentive program. The Company identified certain accounting errors in relation to, among others, the Group's distributor incentive program and corporate income tax. The Group would like to emphasize that the Accounting Errors will have no material effect on the consolidated financial statements of the Group for the FY2022, save for the corresponding changes to be made to address the Accounting Errors during the six months ended 30 June 2022, which will be reflected in the comparative figures in the interim report of the Company for the six months ending 30 June 2023.

Mr. Yan Weibin, Chairman of Ausnutria, remarked, "the year 2023 is the 20th anniversary of Ausnutria's establishment and the beginning of the Third Phase of the 'Golden Decade'. Looking ahead, we will adhere to the Company's strategic direction, center on consumers, focus on the frontline, take performance as the orientation, regard rules as the standards, and take win-win cooperation as a goal, making all efforts to strive for performance and wholeheartedly fighting for growth. We will achieve the three major goals of business development, capacity enhancement and efficiency growth, so as to continuously promote the Company's high-quality development and deliver long-term returns to shareholders."

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About Ausnutria Dairy Corporation Ltd

Ausnutria Dairy Corporation Ltd is a leading infant milk formula company with production facilities principally based in the Netherlands, the PRC, Australia and New Zealand. The Company is engaged in the worldwide production, R&D, and sales of infant formula, adult milk formula and other dairy and nutrition products. It owns several famous infant formula brands, including "Kabrita", "Allnutria" and "Hyproca". Ausnutria's factories in the PRC were among the first batch of factories that had been granted with the National Infant Formula Enterprise Production Permit. The factories in the Netherlands and Australia of Ausnutria were also among of the first infant milk formula manufacturers to obtain import licenses for overseas products under the new policy in the PRC.

Issued by Porda Havas International Finance Communications Group for and on behalf of **Ausnutria Dairy Corporation Ltd** For further information, please contact us at ausnutria@pordahavas.com, or as below:

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