



達利食品集團有限公司
DALI FOODS GROUP COMPANY LIMITED

RESULTS ANNOUNCEMENT FOR THE FIRST HALF YEAR OF 2022

August 2022



Disclaimer

This presentation and all other opinions, data, documents and materials (collectively the “Materials”) proposed or distributed during the presentation are compiled by Dali Foods Group Company Limited (the “Company”, together with its subsidiaries and associated companies collectively the “Group”), solely for information purpose, and the confidential and proprietary information owned by the Group are included. The Materials are only used for presentation on the preliminary and strictly confidential basis by the Company. The registered trademarks, commercial trademarks and logos or photographic materials used in the Materials are for reference only, which innocently infringes the rights of creators and/or applicable intellectual property law.

The information and opinions contained in this presentation materials are unintentionally provided complete and comprehensive analysis of the business or financial condition or prospects of the Group, and you shall not rely on such information of the business or financial condition or prospects of the Company to conduct complete and comprehensive analysis. No representation or warranty express or implied is made in respect of the Materials by the Company or its any executive, director, associate, consultant or representative, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the data or opinions contained in the Materials. The Materials do not form all or part of any prospectus or other offering circular, and do not form a part of offer to sell or subscribe any share or security or invitation of offer to subscribe any share or security and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto. Data contained in the Materials are provided in the date of this presentation, which can be amended or modified without prior notice, and no update would be made for the important progress maybe occurred after the date of the presentation announcement. None of the Company and its executive, director, associate, consultant or representative shall have liability whatsoever (in negligence, infringement behavior, false statement, omission or otherwise) for any loss however arising from decision-making of any use of or reply on the Materials or its contents.

When attending this presentation and/or receiving the Materials, representing that you agree and understand that (i)the Materials are solely for your reference, and shall not use for any other purpose (whether commercial or other relevant purposes); (ii)shall not use, copy, plagiarize, disseminate, distribute, reproduce or otherwise to disclose the Materials and any other part to any third party without the prior written notice of the Company; (iii)you accept full responsibility for the evaluation on the market and market position of the Company, and you perform analysis on the potential future performance of the business of the Company yourselves and accept full responsibility for the view formed from such analysis; and (iv)you undertake take keeping the Materials strictly confidential, and indemnify and has been indemnified all losses, damages, costs and expenses maybe suffered or incurred directly or indirectly violating any terms of this disclaimer. The Materials shall not be duplicated, copied and/or directly or indirectly distributed or delivered all of part of the Materials to any other people at any time without prior written notice of the Company.

The shares of the Company have not been and will not be registered under the U.S. Securities Act of 1933 (amended) (“U.S. Securities Act”) or any state securities law in the United States. This presentation materials do not constitute a part of an offer for sell securities in the United States or an invitation for purchase or subscribe securities and do not directly or indirectly distribute in the United States (including its territories and possessions, other states in U.S. and Columbia District). You shall not copy, take along or distribute any part or any copy of the Materials by any form to Australia, Bermuda, Dubai, Canada, the European Economic Area, France, Ireland, Italy, Japan, Bahrain, Saudi Arabia, Macau(China), Malaysia, Netherlands, New Zealand, Indonesia, Korea, South Africa, Kuwait, Qatar, Taiwan(China), Cayman Islands, the People's Republic of China, Singapore, Switzerland, United Arab Emirates, United Kingdom, United States or distribute into its territories. Any non-compliance with this limit may constitute a violence of the relevant securities law. Distribution of this document into other jurisdictions maybe limited by law and any person whom owns the Materials should understand and comply with such limits. The shares of the Company have not been and will not be registered under the relevant laws in Canada, Australia or Japan. In Hong Kong, any share of a company shall not be offered publicly, unless the prospectus in relation to such selling or subscription has been authorized under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “the Companies (Winding Up and Miscellaneous Provisions) Ordinance”) through The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), and has been registered in registered by the Registrar of Companies and registered under the requirements. Otherwise, a prospectus without formally registration shall not distribute, announce or publish in Hong Kong, except for distribute to the professional investors in accordance with Part 1 under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or other requirements under the ordinance. This document has not been and will not be registered as prospectus in Hong Kong, and shall not be distributed, announced or published to the public or any public in Hong Kong directly or indirectly. The Materials shall only be distributed (i) the professional investors defined in Part 1 under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or other requirements under the ordinance and/or (ii) other circumstances qualified with the provisions in the Seventeenth Schedule under the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

By attending this presentation and/or accessing the materials, you are agreeing to be bound by the foregoing limitations.

CONTENTS

1 Business Highlights

2 Performance by Segments

3 Outlook












1. Business Highlights



Financial Highlights

| | 1H2021 | 1H2022 | YoY | | 1H2021 | 1H2022 | YoY |
|---|--------|--------|---------|---|--------|--------|---------|
|  Revenue | 11,287 | 10,318 | -8.6% |  Net Profit | 2,013 | 1,706 | -15.3% |
|  Gross Profit | 4,325 | 3,637 | -15.9% |  Net Profit Margin | 17.8% | 16.5% | -1.3ppt |
|  Gross Profit Margin | 38.3% | 35.3% | -3.1ppt |  Net Cash ¹ | 13,762 | 11,834 | -14.0% |
|  EBIT | 2,741 | 2,346 | -14.4% |  Payout Ratio | ~50% | ~50% | - |

1. Cash and bank deposits minus interest-bearing bank borrowings.

Financial Results by Segment

Revenue and gross margin by segment

Household Consumption

Snack Food

RTD Beverage

| | Revenue | GP Margin | Revenue | GP Margin | Revenue | GP Margin |
|-----|--------------|-----------|--------------|-----------|--------------|-----------|
| | 1,726 RMB mn | 40.7% | 4,528 RMB mn | 32.9% | 2,965 RMB mn | 48.0% |
| YoY | +2.8% | -3.8ppt | -6.8% | -2.4ppt | -19.5% | -2.0ppt |

- **Robust growth**
- Gross profit margin declined due to fast growing Meibeichen and raw material price increase

- Terminal sales was impacted by COVID-19 resurgence
- High-frequency purchase massive market products with **strong resilience**

- Sales impacted by closure of terminals
- Energy drink continued **steady expansion**

Highlights by segment

Revenue
660mn
+7.5%
yoy

Revenue
1,066mn
+0.1%
yoy

- Both brands continued to growth
- Household consumption **strengthened brand proposition**

Healthy Gross Profit Margin



Drastic price hike for oil, egg and sugar

- Optimized product mix and productivity
- Strong resilience



- ✓ **Sizable** energy drinks market potentials
- ✓ **Structural growth opportunity** for herbal tea



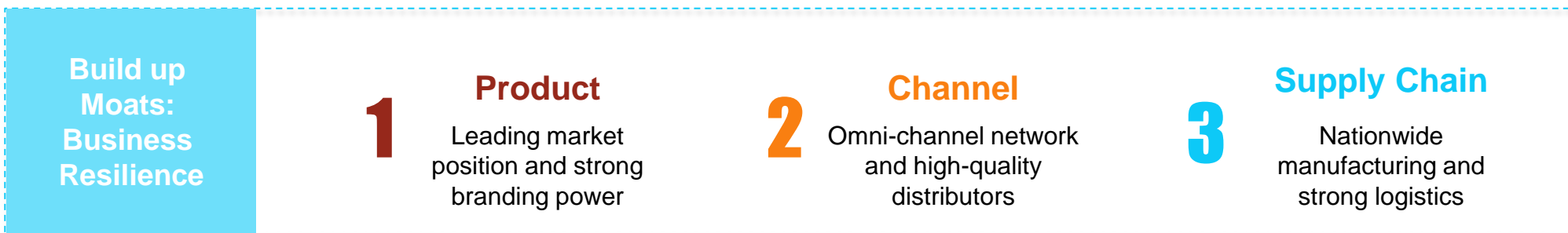
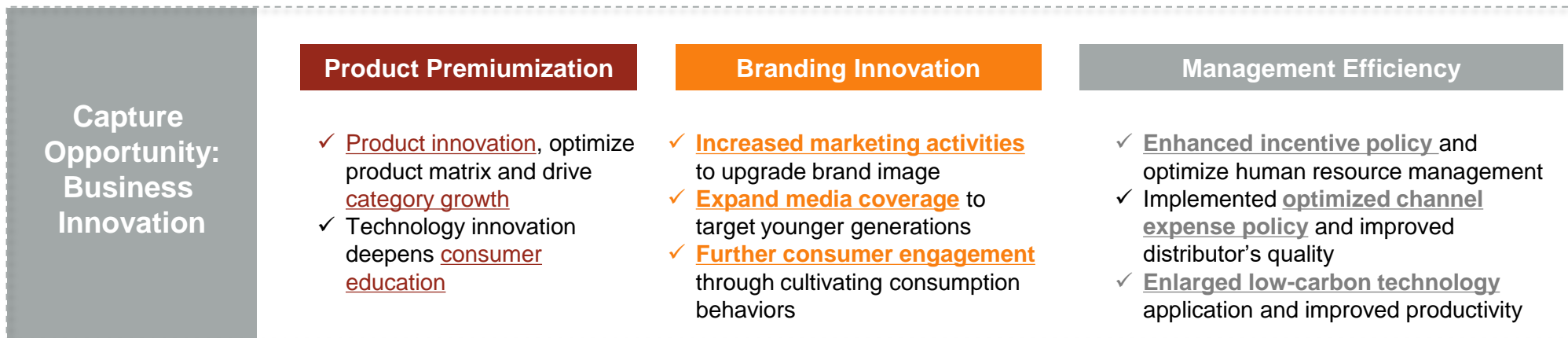
- ✓ **Above industry average** gross profit margin
- ✓ **Scalability and product mix upgrading** drive margin growth

Drive Industry Upgrade

✓ Doubendou ranked No. 1 in market share

✓ Ongoing share expansion of Meibeichen

✓ Hi-tiger captured opportunity in industry landscape evolution





2. Performance by Segments



Doubendou: Promote Industry Evolution and Development

Doubendou Leads Market Education and Achieves Stable Growth

Market Awareness Continues

- ✓ **“Double-Proteins”** trend emerges as a new dynamic
- ✓ **Plant-based nutrition is necessary for balanced diet**

| | | |
|---|---|---|
| <p>Doubendou 1H2022 Revenue</p> <p>1,066 mn</p> | <p>Doubendou Market Share</p> <p>No.1</p> | <ul style="list-style-type: none"> ✓ Doubendou is the No.1 domestic brand ✓ Lead industry evolution through category and brand education and continue to strengthen market position |
|---|---|---|

Drive Evolution through Product Premiunization

Brand Awareness Increase via Innovative Marketing

Launch Organic Soymilk Series



Organic soybean from northeast black earth region



Organic and tractable sources



Whole-soybean technology and rich plant-based nutrition



Emulsifying technology and better taste

1

- ✓ **Promote "Double-proteins" concept** by partnering with renowned nutritionists based on Nationwide Nutrition Program (2017-2030)

2

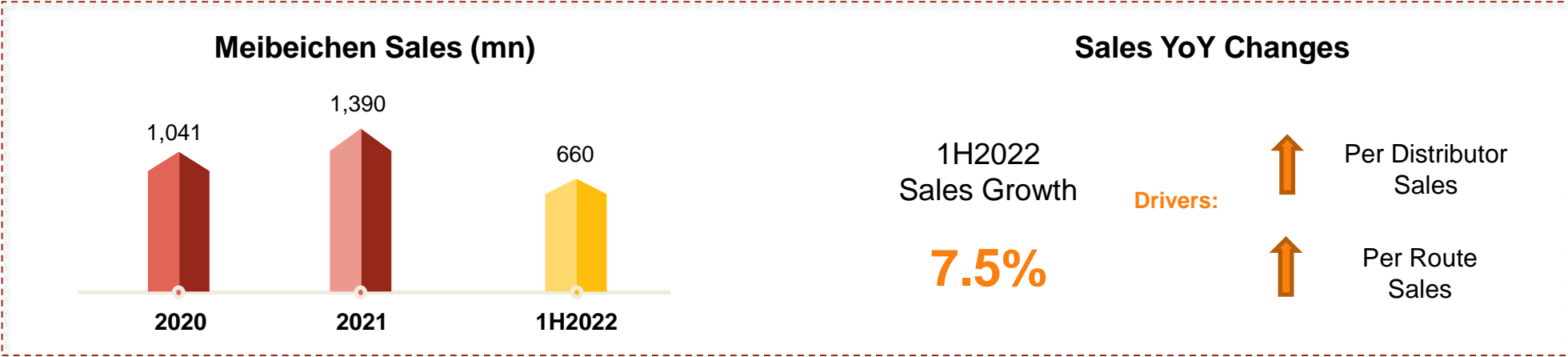
- ✓ **Comprehensive branding approach** with targeted marketing and optimized efficiency

3

- ✓ **Invest in the depth and breadth of advertisements** to improve consumer engagements and category education

Meibeichen: Strengthen Leading Position and Improve Growth Quality

Solid Growth to Consolidate Nationwide Leading Position



Continue to Scale

Further Improve Operational Efficiency



+150K POS, steadily expanding

- ✓ Further strengthened nationwide image



Propel flagship product strategy

- ✓ Number of flagship products number has increased



Expanding distributor's scalability and profitability

- ✓ Distributor eco-system continues to advance



Mid-shelf life bread enriches product matrix and optimizes execution capability

- ✓ Lead to effective and high quality growth of POS

Snack Foods: Consolidate Leading Competiveness and Drive Industry Upgrade



Leading Position in Snack Food Industry



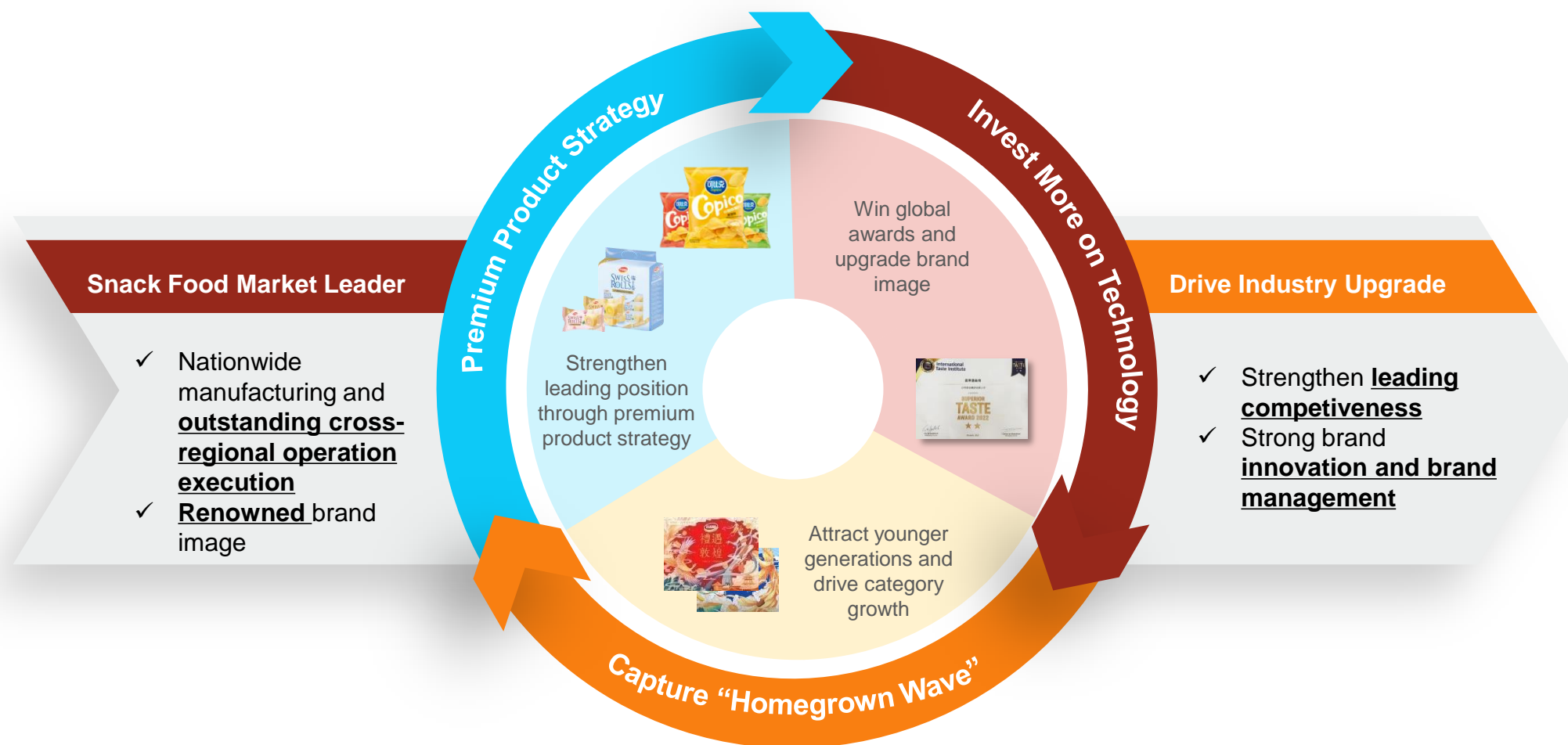
No.1 Bakery Brand



No.1 Domestic Potato Chips Brand



No.1 Domestic Biscuit Brand



Beverage: Differentiation and Innovation Enhance High Quality Growth



Differentiated Product Position

- ✓ Hi-tiger focuses on **professional energy drink sector**
- ✓ Heqizheng **captures opportunities from younger generations**



Leading Innovation Capability

- ✓ Constant **product upgrade and targeted marketing**
- ✓ Convey **strong brand value**



Capture Market Opportunities and Enhance Market Operation Strategy

1H2022 Revenue

1,751
mn

1H2022 Revenue Growth

-7.8%

Comprehensive Operational Strategy



POS

- ✓ Increase dedicated channel focus



Distributorship

- ✓ **Enhance execution efficiency**



Market

- ✓ **Deepen consumer engagements** and strengthen professional energy drink image



Stable Landscape and Attractive Growth Potentials from New Products

1H2022 Revenue

676
mn

1H2022 Revenue Growth

-35.4%

Herbal centric position



Traditional functional drink

Launched innovative flavored tea beverages and further released growth potentials





3. Outlook



01



Invest in Healthy Trend

- ✓ **Provide greener, healthier and more delicious products**

Develop new products and upgrade legacy products

- ✓ **Select from premium sources and upgrade techniques**

Continue to improve raw material quality and deploy environment-friendly techniques

02



Strengthen Innovation Capability

- ✓ **R&D Capability**

Continue to enhance R&D capability and aim at leading industry trend

- ✓ **Build up full-cycle innovation capability**

Strengthen all-round innovation capabilities in manufacturing, R&D, packaging and branding

03



Optimize Management

- ✓ **Talent cultivation and incentives**

Recruit talents, refine training systems and develop more accurate KPIs

- ✓ **Eco-system to support and cultivate distributors**

Frame more accurate targets and build a team of strong distributors



Thank you!



For further information on Dali Foods,
please go to www.daligroup.com
or contact us:
ir@daligroup.com