

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. **November 8, 2022**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **21134**
3. BIR Tax Identification No. **000-234-398**
4. **VITARICH CORPORATION**
Exact name of issuer as specified in its charter
5. **Bulacan, Philippines**
Province, country or other jurisdiction
of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. **Marilao San Jose Road, Sta. Rosa I, Marilao, Bulacan** **3019**
Address of principal office Postal Code
8. **(+632) 8843-3033**
Issuer's telephone number, including area code
9. **Not applicable**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the
RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common Stock</u>	<u>3,054,334,014</u>
<u>Total Shares Issued and Outstanding</u>	

11. Indicate the item numbers reported herein: **Item 9. Other Events**

Item 9. Other Events

November 8, 2022– Vitarich Corporation (PSE: VITA) reported continued strong momentum in the third quarter, with record revenue performance despite macroeconomic uncertainties.

Revenues for the third quarter increased 17% year-on-year to P3.2 billion—its highest quarter ever. For the nine-month period, revenues grew 19% to P8.7 billion—another record, and is now poised to surpass the historical high of P9.7 billion set in 2021.

Attached is the full Press Release of Vitarich Corporation.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Registrant - **VITARICH CORPORATION**

By:



ATTY. MARY CHRISTINE DABU-PEPITO
Assistant Corporate Secretary, Corporate
Information Officer and Compliance Officer

Date: November 8, 2022

Execution drives Vitarich revenues to new highs



November 8, 2022– Vitarich Corporation (PSE: VITA) reported continued strong momentum in the third quarter, with record revenue performance despite macroeconomic uncertainties.

Revenues for the third quarter increased 17% year-on-year to P3.2 billion—its highest quarter ever. For the nine-month period, revenues grew 19% to P8.7 billion—another record, and is now poised to surpass the historical high of P9.7 billion set in 2021.

"I am pleased with our record third quarter revenues, an achievement that reflects the strength of our strategy and the execution of our committed team" said Rocco Sarmiento, President and CEO.

Cost of goods rose 19% to P7.9 billion as a result of higher sales volumes and prices of raw materials such as wheat, soybean, and corn, which surged by an average of 26%. Increases in fuel, energy, and labor costs added to cost pressures, impacting cost of goods as well as operating expenses, which rose 30%.

Gross profit grew 20% to P831.9 million and operating profit increased 5% to P276.6 million, benefiting from volume growth, pricing changes, and supply chain optimization, partially offset by sustained cost inflation and investments in technology, talent, and market-related initiatives.

Net income was P153.5 million with earnings per share of P0.05.

"We are responding to the current inflationary environment by creating value for customers, adjusting prices responsibly, and driving efficiency while also mindfully investing in growth and sustainability initiatives. Looking ahead, the fundamentals are in place for stronger margins and profitability. We are approaching 2023 with a focus on expanding our presence combined with cost discipline to perform well even if the macro backdrop continues to be volatile."

Segment highlights

- The Foods segment reached major milestones with record revenues of P4.6 billion, up 50% y-o-y. Volume was up 25% led by demand in Luzon and Mindanao, despite a shortage of day-old chicks. Average prices increased 18%. The Foods segment comprised 53% of revenues.

In the third quarter, VITA further strengthened its retail presence nationwide. In Luzon, it opened 9 accounts and started to supply Cook's branded products in select branches of Puregold and South Supermarket in the Greater Manila Area. It also increased distribution in Catanduanes and Sorsogon. In the Visayas and Mindanao, a total of 18 additional accounts were opened consisting of distributors, wet markets, and HRI customers, in addition to growing its distribution in Samar.

- Feeds revenues grew 7% to P3.7 billion driven by pricing which increased 17% compared to the year-ago period versus input costs of 23%. As expected, price actions had an unfavorable impact on volume which declined 7%. The Feeds segment comprised 42% of revenues.
- Farms revenues were down 48% y-o-y to P418.4 million due to the shortage of day-old chicks. Fair value adjustments on biological assets amounting to P55.0 million was recognized as part of revenues and P70.8 million as part of cost of goods. The Farms segment comprised 5% of revenues.

Update on key strategies

In November 2021, VITA announced its strategy to transition from a commodity-oriented to a high value-add business. An update on the company's progress is provided below.

- Grow the core



VITA added several key hotel, restaurant, and institutional (HRI) customers—including some leading fast food chains—which underscores the demand for joint product development and customization. It also invested in branding and further processing to differentiate its retail products.

As of September 30, 2022, HRI increased to 107 accounts in total, while Cook's widened its reach and is now available in over 2,000 stores in the country.

Production capacity increased 8% to 241,800 MT for feed mills and 23% to 74,600 MT for dressing plants, while production grew 16% to 196,100 MT and 25% to 32,850 MT, respectively. As a result, utilization rates came in at 81% and 80%, excluding dressing plant facilities owned by third parties.

- Transform the cost base



To secure forward raw material purchases, VITA worked with strategic alliances to bring in dry bulk commodities, aggregating its requirements with other parties to benefit from economies of scale and achieve sourcing efficiencies. By extension, the company set up and completed two warehouses in Davao primarily for the higher inventory requirement.

At the same time, it continuously optimized efficiency between different core ingredients for feeds to manage the fluctuations in prices and availability of raw materials. It also expanded its supplier base for key raw materials to maintain flexibility and price competitiveness.

- Invest for the future

VITA invested in transformative technologies and processes aimed at enhancing risk management and building relevant digital capabilities in the areas of supply chain management, innovation, brand building, and more.

Some initiatives implemented across the company include:

- digitization of processes and workflows;
- automation of the distributor management system for ordering and monitoring of inventory, and sales order validation for faster processing and approval;
- colocation of data center as an offsite backup location and disaster recovery site;
- completion of the upgrade of the Oracle Process Manufacturing, and the Advanced Supply Chain Planning application as well as the integration of other modules;
- use of online resources such as payment systems, channels to access consumers, social media, as well as tools for internal and external communications

In Bulacan, new machinery and additional facilities for blast freezing and cold storage were installed. On the automation front, a comprehensive dressing plant management system was developed to improve the accuracy of reporting and product inventory—from receiving of live birds to inventory management and further processing.

- Create shared value for all and contribute towards UN Sustainable Development Goals



Key to its framework for responsible production, VITA successfully renewed its ISO 22000:2018 certification on food safety for its feed mills in Pavia, Iloilo and Panacan, Davao City. The certification is valid until 2025.

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About Vitarich Corporation

Vitarich Corporation (PSE: VITA) is a leading poultry integrator and manufacturer of animal feeds and food products in the Philippines. Certified to international standards for sanitation, food safety, and quality, VITA operates in three primary industry segments: feeds, food, and farms—forging livelihood and nourishing lives. For more information, visit www.vitarich.com or contact ir@vitarich.com