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Yilite reported a 49.64% drop in first-half profit.

The Xinjiang-focused baijiu maker posted a 283 million yuan operating cash outflow after receivables swelled with distributor credit.

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Yilite, a baijiu producer centered on China’s Xinjiang market, reported a steep drop in first-half revenue and an even sharper decline in profit, while its cash flow turned more deeply negative and receivables surged as the company extended more credit to

distributors.

In its unaudited results for January through June 2026, the company said revenue fell 32.13% from a year earlier to 726 million yuan. That compares with roughly 1.07 billion yuan in the first half of 2025, a decrease of about 344 million yuan. Attributable net profit dropped 49.64% to 81.86 million yuan from 162.56 million yuan a year earlier, an absolute decline of 80.70 million yuan.

The figures, disclosed in the company’s interim report and highlighted Wednesday by Blue Whale Finance in a report republished by Eastmoney, show that profit weakened much faster than sales. That gap often signals heavier pressure on margins, pricing or channel support, although the company did not publish enough operating detail to separate the effect of lower sales volume from price and product mix changes.

Yilite also reported a negative operating cash flow of 283 million yuan for the half. The cash outflow increased 33.26% from a year earlier, or by roughly 71 million yuan. The deterioration in cash generation came at the same time that the company’s accounts receivable rose to 323 million yuan, more than 20 times the level at the beginning of the year.

The company said the jump in receivables was tied to credit extended to distributors. In consumer goods businesses, especially in the liquor trade, that can help move product into the channel in the short term, but it can also delay cash collection and shift financial pressure from the producer to wholesalers and retailers. Yilite also pointed to excess inventory and price disorder in some sales channels, two issues that can weigh on both revenue quality and the speed of cash recovery.

The combination of weaker profit, larger receivables and negative operating cash flow suggests that inventory clearing in the channel is still incomplete. The company’s own comments about oversupply and pricing disruption reinforce that picture. In practical terms, it means the sales network may still be carrying more product than it can absorb smoothly, forcing the producer to rely on looser credit and tolerate weaker pricing discipline to keep goods moving.

Yilite operates in the baijiu market, the traditional Chinese spirits segment that has faced uneven demand and more intense competition in several regions. The company’s core market is in China, mainly Xinjiang. Regional liquor producers have had to balance efforts to defend market share with the need to protect brand pricing, and those goals can come into conflict when distributors are already holding high stock levels.

The interim report leaves several important questions unanswered. Yilite did not disclose tonnage data or a quantitative breakdown by product tier that would allow investors to measure how much of the revenue decline came from lower volumes, lower average selling prices or a weaker sales mix. Without that detail, it is harder to judge whether the first-half drop reflected a broad contraction in demand, a deliberate reduction in shipments to clean up inventories, or a greater reliance on lower-priced products.

That lack of detail matters because the pattern in the headline numbers is not limited to sales. Revenue fell by roughly one-third, but attributable profit fell by almost one-half, indicating that the earnings impact was amplified somewhere in the business. Possible pressure points include discounting, sales incentives, higher channel support costs, a less favorable mix, or other operating expenses linked to clearing inventory and stabilizing distribution. The company’s comments on inventory and pricing problems in some channels are consistent with that broader strain.

For now, the first-half results show a company under pressure on four fronts at once: sales, earnings, cash flow and channel financing. Revenue dropped to 726 million yuan, attributable profit fell to 81.86 million yuan, operating cash flow stayed deeply negative at 283 million yuan, and receivables climbed to 323 million yuan as distributor credit expanded. Because the figures are based on unaudited interim results, investors and analysts will be watching later disclosures for clearer evidence on sell-through, inventory levels and whether the company can restore cash collection without further weakening prices in its core market.