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Serres, 16.4.2024

Press release

KRI-KRI Milk Industry has released its annual financial statements for the financial year 2023. Turnover amounted to €216.33m compared to €171.88m in 2022 (an increase of +25.9%).

Basic profitability measures were as follows:

- Gross profit amounted to €72.47m compared to €31.46m in 2022,
- EBITDA amounted to €45.12m compared to €8.86m in 2022,
- Profit before tax amounted to €40.30 compared to €3.83 in 2022,
- Net profit after tax amounted to €32.27m compared to €3.18m in 2022.

In the yogurt segment total sales increased by +28.6% in value and +15.3% in volume. Yogurt export sales show a strong double-digit growth of +34.4%, exceeding €97.5m. This boost in sales is contributed by the major markets of Italy and the UK as well as other countries such as Sweden, Austria and Belgium. The profitability margins have recovered back to their normal levels. The EBIT margin has improved significantly. That is mainly a result of economies of scale and the dilution of sales and admin costs, which are, for the most part, fixed.

Yogurt sales show a strong growth in the domestic Greek market too. Specifically, our sales increased by +21.8% in value, exceeding €76m. The current inflationary environment has led the overall market to a slight increase in consumption volume (+3.4%), while in consumption value the market shows a double-digit increase by +10.1% [Circana data (ex. IRI), Jan.-Dec. 2023]. At the same time, there is a strong shift of consumers to private label yogurts, because of their preference to value-for-money products. Those market developments have strengthened private label market share in volume, which has increased by +2.7 p.p. in volume (+7.7p.p. compared to 2021), applying strong downward pressure on branded yogurts. That constant pressure has led KriKri branded yogurts to a slight market share loss (-0.7 percentage points in value) [Circana data (ex. IRI), Jan.-Dec. 2023]. In general, KriKri seems to benefit from those market developments, since it is the largest producer of private label yogurts in the domestic market. In terms of profitability, the gross profit margin reached 29.9%, approaching the 2021 level (2021: 30.1%). Economies of scale in yogurt segment led to strong double-digit EBIT margin (2023: 15.5%).

In the domestic ice cream market, our sales show a strong double-digit increase (+20.4%) in value. Our ice cream market share increased by 0.4p.p. in volume (12.7%) and decreased by 0.4p.p. in value (13.8%) [NIELSEN data, Jan.-Dec. 2023]. Within the current highly inflationary environment, that facilitates private label products' growth, KriKri was the only company that managed to increase its branded ice cream market share in volume.

During the financial year 2023, as the Company's profit margins have recovered back to their normal levels of 2021, and under a strongly inflationary economic and business environment, KriKri continued its initiatives aiming to support its consumers, farmers and employees.

More specifically:

- Consumers: direct or indirect price reductions on our products through targeted promotions, which exceeded €5m.

- Farmers: An additional payment of a total of €500,000 as a "premium for cooperation", recognizing their trust and their great personal efforts to keep uninterruptedly supplying KriKri with milk.

- Employees: An additional average monthly salary is given to each employee, as an one-off bonus. The total cost of this initiative is €1,000,000.

As far as our investment activity is concerned, we have planned and we are implementing investment projects to increase production capacity, as well as technological upgrading, of both yoghurt and ice cream factories. During the financial year 2023, total CAPEX reached €13m. For the financial year 2024, CAPEX is expected to be between €21m to €25m.

KriKri's Management is optimistic about the Company's financial results in 2024, despite the current demanding economic and business environment. For the financial year 2024, the Company's sales are expected to continue their upward trend. Based on the Management's estimate, sales are expected to grow by 8% - 11% compared to 2023, exceeding €233m. For 2024 a pressure to profit margins is expected, so that EBIT margin to be around 15%.

Finally, for the financial year 2023, the Board of Directors decided to propose to the Annual General Meeting of shareholders the distribution of an increased gross dividend of €0.35 per share (2022: €0.20 per share). The distribution is subject to the approval of the Annual General Meeting of shareholders.