



Serres, 31.5.2022

Press release

KRI-KRI Milk Industry has released its financial statements for the first quarter 2022. Its turnover amounted to €30.73m against €28.56m in 2021 (an increase of +7.6%). Basic profitability figures were as follows:

- EBITDA amounted to €1.75m against €4.53m in 2021,
- Profit before tax amounted to €0.55m against €3.55m in 2021,
- Net profit after tax amounted to €0.45m against €2.82m in 2021.

In the yogurt segment total sales increased by +8.6% in value and +5.7% in volume. Export yogurt sales show double digit increase of +15.4%, reaching €15m. Major boost in sales is contributed from Italy (increase + 18.8%), United Kingdom (increase + 4.2%) and other countries such as Sweden, Germany and Austria. For the 5-months period, yogurt export sales continue growing at a similar pace that exceeds +17% y-o-y. In the domestic yogurt market, sales show a slight increase of +1.4%, reaching €12.25m. The current situation of high inflation has contributed to an overall market decline of -11.3% in volume and -6.8% in value [IRI data, Jan.-Mar. 2022]. However, some sub-categories of the market, such as kids yogurts, infants yogurts and functional yogurts, in which KRI-KRI has a strong presence, exhibit high inelasticity resulting to little decline or even strengthening. Thus, the market share of KRI-KRI yogurts is now 16.9%, increased by 0.9 pp [IRI data in value, Jan.-Mar. 2022]. Besides, under the current situation, the market share of private label yogurts is strengthening, because of the shift of consumers to value for money products. This is expected to benefit KRI-KRI, as it is the largest producer for the domestic market of private label yogurts. In the 5-months period, the growth of domestic yogurt sales exceeds 6% y-o-y.

In the ice cream sector, where the first quarter is not representative of annual results due to high seasonality, domestic sales reached €1.93m from €2.50m in 2021. This decrease is a result of the adverse weather conditions that prevailed in the first months of this year. Currently, the sales trend has reversed, as the weather conditions improved, allowing sales to show the positive impact from the expansion of the sales network and the launch of new products. In the 5-months period, the domestic ice cream sales increased by +8% y-o-y.

High input costs of materials and energy have led to a reduction in profit margins. The Company has passed forward part of the inputs cost inflation to the products' selling prices. The first cycle of price increases was completed at the end of January, followed by a second cycle effective by mid-May or June. Lately, the increase in materials' prices has stopped, showing stabilizing trends and some signs of de-escalation on the horizon.

In the current economic situation, our primary goal is to manage inflationary pressures in such a way as to achieve passing higher inputs cost to products prices, without compromising the cooperation with our customers or our consumers. In the current turbulent economic environment, several opportunities are expected to emerge for expansion and strengthening of our presence. We can take advantage of these opportunities, as we possess all those necessary characteristics to operate efficiently, while at the same time we have a strong financial position. The expected de-escalation in input costs will allow our profit margins to recover, leading to higher levels of profitability.