

ΚΡΙ-ΚΡΙ ΒΙΟΜΗΧΑΝΙΑ ΓΑΛΑΚΤΟΣ ΑΒΕΕ

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Press release

KRI-KRI SA Milk Industry has released its annual financial statements for the fiscal year 2021. Turnover amounted €134.60m against €125.98m of 2020 (an increase of +6.8%).

Basic profitability measures were as follows:

- Gross profit amounted €41.17m against €40.43m of 2020,
- EBITDA amounted €20.96m against €22.25m of 2020,
- Profit before tax amounted €16.53m against €18.39m of 2020,
- Net profit after tax amounted €13.21m against €15.84m of 2020.

In the domestic ice cream market, sales reached €23.43m from 20.70m (increase +13.1%). This is mainly due to the release of lockdown, along with the high flows of tourists from abroad. Furthermore, the expansion of our sales network with the addition of 1.025 new points and the launch of new products, such as Master Rich, played an important role in this growth. Overall, our market share in value reached 15.0% (NIELSEN data, December 2021).

In the yogurt market in Greece, our sales show a decrease of -0.8%. This performance was caused by the declining total market (-3.4% in value terms), along with the commercial tactics of our competitors. To address a wider consumer base, we are expanding our product range, focusing on higher margin sub-categories such as functional yogurts. Also, our advertising campaigns and targeted promotions motivate consumers and rise our market share. Branded yogurts market share reached 16.3% (2020: 16.1%) maintaining the 2nd place in the market (IRI data in value, December 2021).

In overseas markets, yogurt exports continue showing high growth (+9.8% year-on-year). Export sales reached €54.7m, which represents 52% of total yogurt sales.

The current global energy crisis has an impact on the Company's cost base. Firstly, increasing the cost of electricity and natural gas, which are used in the production process. In the year 2021, energy expenditures accounted for about 2.8% of total expenditures. It also indirectly increases transport and distribution costs. In the fiscal year 2021, these expenditures accounted for approximately 5.3% of total expenditures. Most importantly, however, it sparks high inflation. In our case, there is a significant increase in the production cost of raw milk, and consequently its price. This is explained by the increase

in the price of fertilizers which affected the cost of agricultural production of animal feed. Also, the prices of plastic, which is a basic packaging material, have increased significantly.

Regarding the investment activity, in 2021 CAPEX reached €10m. It included a major project, with a cost of €6m, the construction of a wastewater treatment plant. It produces biogas and then transformed to electricity. This is a project with significant environmental footprint, which demonstrates the high awareness of the Company in environmental protection.

KRI-KRI's management is cautious about the situation and developments in the economic environment. The inflationary environment has also affected our basic input costs. More specifically, the price of our basic raw materials, such as cow's raw milk, the price of energy and transportation costs have increased significantly. From this development, our profit margins are estimated to decline, despite our efforts to roll the inputs cost inflation, to the selling prices of the products.

According to current data, the Management estimates that in the year 2022, total sales can achieve a high single digit growth. Operating profit margins are expected to decline due to inflationary pressures on input costs. The magnitude of the decline in profit margins will depend on the degree and time of de-escalation of the prices of our inputs.

Finally, regarding dividend policy for the fiscal year 2021, the Board of Directors decided to propose to the Annual General Meeting the distribution of gross dividend of €0.20 per share (2020: €0.20 per share). This distribution is subject to approval by the Annual General Meeting.