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## Transcript of analyst briefing on FY2020 results

Hello and welcome to this analysts briefing for the annual 2020 financial results. I am Kostas Sarmadakis, Kri Kri's CFO. In this session, I will try to give you some further insight about our last year's performance and some taste of our expectations about 2021 results. This presentation is estimated to last about 20 minutes; then a Q&A part will follow. You can post your questions using the "chat" tool. I will try to answer as much as possible. However, in case of questions that are too technical or need some preparation, you can send me an email and then I will answer it privately.

As a general comment, and for those who might have seen our financial statements released on Wednesday, I would say that we are very happy with our performance last year. We had many challenges to face and I believe that we did a fantastic job and coped with all this very effectively. We have met both our targets for sales growth and operating margins.

Let's now move to some figures. In 2020, the robust topline growth continued. We achieved a sales figure of 126 million €, up by 11.6%. Gross profit reached 40.4 million € and we had some slight decline in margins, so the gross profit margin stood at the 32.6% against 34.6% the last year 2019. EBITDA reached 22.3 million € against 21.1 million €, with a decline of margin by 1 percentage point, reaching 17.7%. EBIT stood at 18.6, profit before taxes 18.4 and net profit at 15.9.

Let's now move at the page that explains the sales difference. Here we can see that starting with sales of 2019, on the left-hand side, which were at 113 million €. We had a decline in the sales of ice cream in Greece by 4.6% and also in sales of ice cream exports by 26.8%. This decline in sales of ice-cream contributed to the decline in total sales of 2.4%. However, we had a strong growth in the yogurt segments both in Greece and exports. So, Greece had an increase in sales of around 13% and yogurt exports of 24%. As you have might have seen, yogurt Greece and exports are now 50-50 in sales. As we look to 2021, we expect to continue growing at the similar rate. The key here is

the strong recovery of ice-cream sales. Currently available sales data supports this hypothesis.

Now let's move on explaining the difference of our gross profit, as you have seen that we had a decline in the gross profit margin of 2.5 percentage points. Let me explain these bars: we start with the gross profit of 2019 that was 39.1 million €. If we had maintained the profit margin, the gross margin of 2019, with the extra sales achieved, we would have 4.5 million € added to our gross profit. However, we had lost 1.3 million € that comes from the sales mix, among segments and also among different categories, like branded and private label products. Also, we had to give extra discounts to our customers, mainly for the ice cream segment in Greece and this is attributed to the mix of categories and also channels. To elaborate more on that, there are product categories like scooping ice cream that bare less discounts and on the other hand more, let's say, "expensive" channels like the super market channel, that bares higher discount rates. Also, we had to spend extra half a million for trade marketing activities; this is extra discounts that are given to consumers. Some increases in the raw material prices affected us by losing around 400,000€ and all other prices and costs affected by losing 200,000€. All these explain this 2.5 percentage points decline in gross margin.

Let me now move to the EBIT bridge. Starting with the EBIT of 2019 of 17.8, gross profit added 1.3 million €, we had extra bad debt provision of 0.3 million € and all other elements contributed 0.2 million €. So, overall, the EBIT of 2020 stood at 18.6. As you have seen, we were stable at all operational expenses, except for the bad debt provision which is an accounting figure. For 2021, we believe that we can maintain, at least, operational margins of 2020, but it is more probable to improve these.

Some comments about the cash flow. The cash flow from operating activities stood at 17.1 million €, against 13.7 last year. Here there are two elements that need commenting. One is that we had much higher stock. Change in the stock was of around 4 million €. This came from an effort to stabilize raw material prices, because we were expecting some raw material prices increases and some inflationary pressure on raw materials. On the other hand, there was a positive effect to the cash flow from operating activities, from paying less income taxes. For investing, we spent around 11 million €. Finally, cash flow from financing activities was negative, at 7.3 million €. Overall free cash flow in 2020 stood at 6.1 million €.

As a comment on working capital elements, I explained before the raw materials stock increase. What you might have also seen on our balance sheet is that we had less trade receivables, by 0.7 million €, despite the strong growth in sales. This comes from the sales mix among customers, where the exports have much lower payment terms.

CAPEX for 2020 was at 10.2 million € and we had around 900 thousand for advanced payments. For 2021, we have planned to spend around 5 million € for building Biogas plant, for sewage treatment and also, we have another 6 million € for investment in plant and equipment.

About the ESG, on the environmental segment, we have the initiative of this Biogas plant for sewage treatment. It will provide environmentally friendly treatment of factory's sewage. We also have an initiative to reduce the plastic in our packaging materials by 20%. On the social aspect, last year we have donated equipment and materials to local hospitals, for the Covid-19 care. We also provide continuing education to our farmers, both for veterinary purposes and also for advancing their business knowledge. And finally, for governance, we have a plan to improve all our governance procedures and our risk management function.

Let's move to dividend. For 2020 the board of directors is going to propose to the general meeting a dividend of 20 cents per share. This is higher by around 11% and gives a dividend payout ratio of 42% and a dividend yield of 3.1%.

So, this is the end of this presentation. I will allow you a couple of minutes to post your questions with the "chat" tool and then I will try to answer as much as possible. Thank you.

All right, thank you everyone for your questions.

We had some questions regarding our expectations for the profit margins for 2021. In general, we expect the ice cream segment to present a strong recovery this year and this will drive the overall gross margin up.

A question about the effective tax rate. Yesterday, the Prime Minister announced that he will cut the corporate tax rate to 22%. So, we expect for 2021, this 22% as a tax rate, minus a tax relief of around two million € that concerns to the state's subsidy of past investment projects that we have.

And finally, a comment for the competition and how the sector in Greece evolves. Competition might strengthen this year and we try to address this issue by improving our operational efficiency. We are running a large-scale project to improve

all inefficiencies in our operations. Also, we have seen that there is some inflationary pressure. This might prove an opportunity, because there might be cases that we will be able to increase the prices of our products, and this will also drive margins higher. Finally, the recent M&A activity in the dairy sector in Greece may prove positive because it is a way of settling down the market.

Once again, thank you very much for your participation to this session and please send all the questions that I could not answer to our email and I will answer these privately.

Have a nice day and a nice weekend. Bye bye. Thank you.